



**REPRESENTATIVE TOWN MEETING
TOWN OF GREENWICH**

**EXPLANATORY COMMENTS FOR
MAY 2013 MEETING**

ADDITIONAL ITEM

ITEM NO.: **4**
DEPARTMENT: Board of Education
CONTACT: William McKersie, Ph.D. 203-625-7425
william_mckersie@greenwich.k12.ct.us
REFERRED TO: *Education and Finance Committees*
VOTES: Board of Education 5-2-0 (April 10, 2013)
Board of Estimate and Taxation
Budget Committee 2-2-0 (April 18, 2013)
Board of Estimate and Taxation 7-6-0 (April 24, 2013)

RESOLVED, that the sum of \$9,866,000 be and the same is hereby appropriated to be added to Capital Account Number B6801689-59560-12149, known as “MISA - Construction”.

FURTHER RESOLVED, that the attached Bond Resolution be the same hereby is approved.

RESOLUTION APPROPRIATING \$9,866,000 FOR CONSTRUCTION OF THE GREENWICH HIGH SCHOOL MUSIC INSTRUCTION SPACE AND AUDITORIUM AND AUTHORIZING THE ISSUANCE OF \$9,866,000 BONDS OF THE TOWN TO MEET SAID APPROPRIATION AND PENDING THE ISSUE THEREOF THE MAKING OF TEMPORARY BORROWINGS FOR SUCH PURPOSE

BE IT RESOLVED BY THE REPRESENTATIVE TOWN MEETING:

Section 1. The sum of \$9,866,000 is hereby appropriated by the Town of Greenwich, Connecticut (the “Town”) for construction of the Greenwich High School music instruction space and auditorium, and for legal, administrative and other related costs (the “Project”), said appropriation to be inclusive of any sources of public and private funding to become available for such purpose, and any and all State and federal grants-in-aid for such purpose.

Section 2. To meet said appropriation, \$9,866,000 bonds of the Town or so much thereof as shall be necessary for such purpose, shall be issued, maturing not later than the fifth year after their date. Said bonds may be issued in one or more series as determined by the Comptroller in the amount necessary to meet the Town’s portion of funding for the Project not met from private and public funding available for such purpose, including the estimated amount of the State and Federal grants-in-aid of the Project, or the actual amount thereof if this be ascertainable, and the anticipated times of the receipt of the proceeds thereof, provided that the total amount of bonds to be issued shall not be less than an amount

which will provide funds sufficient with other funds available for such purpose to pay the principal of and the interest on all temporary borrowings in anticipation of the receipt of the proceeds of said bonds outstanding at the time of the issuance thereof, and to pay for the costs of issuance of such bonds. The bonds shall be in the denomination of \$1,000 or a whole multiple thereof, be issued in fully registered form, be executed in the name and on behalf of the Town by the facsimile or manual signatures of the Chairman of the Board of Estimate and Taxation, the Treasurer, and shall be countersigned by the Comptroller, have the seal of the Town affixed and attested by the Town Clerk, be certified by a bank or trust company, and be approved as to their legality by nationally recognized bond counsel. The bonds shall be general obligations of the Town and each of the bonds shall recite that every requirement of law relating to its issue has been duly complied with, that such bond is within every debt and other limit prescribed by law, and that the full faith and credit of the Town are pledged to the payment of the principal thereof and interest thereon.

Section 3. The aggregate principal amount of the bonds of each series to be issued, the annual installments of principal, redemption provisions, if any, the certifying, registrar and transfer agent and paying agent, the date, time of issue and sale and other terms, details and particulars of such bonds, including the approval of the rate or rates of interest, shall be determined by the Comptroller, in accordance with the General Statutes of Connecticut, as amended from time to time (the "Connecticut General Statutes").

Section 4. Said bonds shall be sold by the Comptroller, in a competitive offering or by negotiation, in his discretion. If sold in a competitive offering, the bonds shall be sold at not less than par and accrued interest on the basis of the lowest net or true interest cost to the Town. A notice of sale or a summary thereof describing the bonds and setting forth the terms and conditions of the sale shall be published at least five days in advance of the sale in a recognized publication carrying municipal bond notices and devoted primarily to financial news and the subject of state and municipal bonds. If the bonds are sold by negotiation, provisions of the purchase agreement shall be approved by the Comptroller.

Section 5. The Comptroller is authorized to make temporary borrowings in anticipation of the receipt of the proceeds of said bonds. Notes evidencing such borrowings shall be signed by the Chairman of the Board of Estimate and Taxation, the Treasurer, and shall be countersigned by the Comptroller, have the seal of the Town affixed and attested by the Town Clerk, be payable at a bank or trust company designated by the Comptroller, be approved as to their legality by nationally recognized bond counsel, and be certified by a bank or trust company designated by the Comptroller, pursuant to Section 7-373 of the Connecticut General Statutes. They shall be issued with maturity dates which comply with the provisions of the Connecticut General Statutes governing the issuance of such notes, as the same may be amended from time to time. The notes shall be general obligations of the Town and each of the notes shall recite that every requirement of law relating to its issue has been duly complied with, that such note is within every debt and other limit prescribed by law, and that the full faith and credit of the Town are pledged to the payment of the principal thereof and the interest thereon. The net interest cost on such notes, including renewals thereof, and the expense of preparing, issuing and marketing them, to the extent paid from the proceeds of such renewals or said bonds, shall be included as a cost of the project. Upon the sale of the bonds, the proceeds thereof, to the extent required, shall be applied forthwith

to the payment of the principal of and the interest on any such notes then outstanding or shall be deposited with a bank or trust company in trust for such purpose.

Section 6. The Board of Education is authorized in the name and on behalf of the Town to apply to the Connecticut Commissioner of Education for any and all State grants-in-aid of the Project.

Section 7. The Town hereby expresses its official intent pursuant to §1.150-2 of the Federal Income Tax Regulations, Title 26 (the "Regulations"), to reimburse expenditures paid sixty days prior to and any time after the date of passage of this resolution in the maximum amount and for the Project with the proceeds of bonds, notes, or other obligations ("Tax Exempt Obligations") authorized to be issued by the Town. The Tax Exempt Obligations shall be issued to reimburse such expenditures not later than 18 months after the later of the date of the expenditure or the substantial completion of the Project, or such later date the Regulations may authorize. The Town hereby certifies that the intention to reimburse as expressed herein is based upon its reasonable expectations as of this date. The Comptroller is authorized to pay project expenses in accordance herewith pending the issuance of Tax Exempt Obligations.

Section 8 The Comptroller is hereby authorized, on behalf of the Town, to enter into agreements or otherwise covenant for the benefit of bondholders to provide information on an annual or other periodic basis to the Municipal Securities Rulemaking Board (the "MSRB") and to provide notices to the MSRB of material events as enumerated in Securities and Exchange Commission Exchange Act Rule 15c2-12, as amended, as may be necessary, appropriate or desirable to effect the sale of the bonds and notes authorized by this resolution. Any agreements or representations to provide information to the MSRB made prior hereto are hereby confirmed, ratified and approved.

Section 9. The time for the issuance of bonds, notes or other obligations authorized hereunder shall not be limited but shall remain in full force and effect until the Project is completed, all payments made and all borrowings completed.

Section 10. The Comptroller is hereby authorized, on behalf of the Town, to enter into any other agreements, instruments, documents and certificates, including tax and investment agreements, for the consummation of the transactions contemplated by this resolution. The Comptroller is hereby authorized, on behalf of the Town, to apply for and accept any and all Federal and State loans and or grants-in-aid of the Project, to expend said funds in accordance with the terms hereof, and in connection therewith to contract in the name of the Town with engineers, contractors and others.

EXPLANATORY COMMENTS

The Board of Education (BOE) initially expected to request an additional \$3,115,000 in the FY13-14 budget in order to sign contracts and break ground on the auditorium this summer for a projected total project cost of \$37 million. However, due to delays from regulatory agencies, the project missed the favorable bidding environment and bids came in significantly over budget, resulting in a \$5.4 million higher estimated cost for the project, to \$42.4 million. At its April 24th meeting, the BET voted to increase the BOE requested amount by a further contingency of \$1,261,000 (for a total contingency of \$3,761,000 or 11.1%) resulting in a total project cost of \$43,681,000. The environmental

issues within the MISA footprint have impacted total project costs by over \$6 million. The total project cost is an all-in cost that includes the initial feasibility study, the architectural and engineering planning, the initial phase of site work, renovation of the GHS technology education classrooms, unexpected environmental clean-up costs, environmental investigation in the MISA footprint, construction costs, furniture, fixtures and equipment, soft costs and contingency. These costs do not include the expected donations and reimbursements that will reduce the Town's outlay by over \$5 million -- State reimbursement funds of over \$4 million and pledges from the Campaign for MISA of over \$1.2 million.

The BOE evaluated additional project scope changes that would reduce the project cost. After a thorough review, the BOE determined that these changes either resulted in higher cost risk (due to delays and/or requiring re-bidding of entire project) or negatively impacted programming flexibility. The BOE recognizes this is a significant investment in our schools that would provide additional tangible evidence of the value our community places on public education.

The project was expected to commence in late 2011. Delays caused by the discovery of contaminants on the GHS site have pushed the start date to July 2013 should approval of this appropriation be granted. The current timeline is the auditorium would be completed by early 2015 and the music instructional space would be completed in mid-2016.

With an appropriation of \$9,866,000, the Building Committee can commence construction on the full scope of the project – a project which has been justified on student need. The BOE recommends this appropriation.

Further information is available in the separate attachment.