

**SCOTT COUNTY SCHOOL BOARD  
MINUTES OF SPECIAL JOINT MEETING  
THURSDAY, APRIL 10, 2013**

The Scott County School Board met in a special joint meeting for the purpose of discussion and/or approval of the Memo of Understanding for the Performance Contract for Scott County Public Schools on Thursday, April 10, 2013, in the County of Scott Administrative Offices in Gate City, Virginia, with the following members present:

Kelly Spivey – (District 1)  
Steve Sallee – (District 2)  
Bill Quillen – (District 4) Vice-Chairman  
Gail McConnell – (District 5)  
James Kay Jessee – (District 6) Chairman

Absent: Jeff Kegley – (District 3)

Board of Supervisors present:

Darrel Jeter – (District 1)  
Joe Horton – (District 2)  
Landon Odle – (District 3)  
Joe Herron – (District 4)  
Danny Mann – (District 5) (Chairman)  
Beryl Maness – (District 6) (Vice-Chairman)  
Chad Hood – Supervisor At Large

Absent: None

**OTHERS PRESENT:** John I. Ferguson, Superintendent; Loretta Q. Page, Clerk Of The Board/Budget Specialist/Head Start Payroll & Invoice Clerk; K.C. Linkous, Deputy Clerk of the Board/Human Resource Manager; Robert Sallee, Supervisor of Building Services; Dennis McFarlane, Account Executive for Comfort Systems USA; Charlie Barksdale, Energy Efficiency & Performance Contracting Support - Division of Mines, Minerals & Energy; Kathy Musick, Virginia Professional Educators Representative; Kathie Noe, County of Scott Administrator; Tina Seay, County of Scott Administrative Assistant; and citizens.

**OPENING REMARKS FROM DANNY MANN, CHAIRMAN, COUNTY OF SCOTT BOARD OF SUPERVISORS:** County Board of Supervisors Chairman, Danny Mann, opened the Joint Meeting and welcomed the members of the Scott County School Board and the school division staff present.

**CALL TO ORDER:** Chairman Jessee called the meeting to order at 5:10 p.m.

**COMMENTS FROM SUPERINTENDENT FERGUSON REGARDING PURPOSE OF MEETING AND THE MEMO OF UNDERSTANDING (MOU) FOR THE PERFORMANCE CONTRACT:** Superintendent Ferguson expressed appreciation to the County Board of Supervisors for meeting with the School Board in a Joint Meeting. He stated that, as promised, he wanted to keep the Board of Supervisors informed of where the school system is in the process of the Performance Contract. He reported that Mrs. Kathie Noe and Mrs. Sally Kegley were present at the meeting held on March 28<sup>th</sup> in which several things were discussed in regard to the MOU for the Performance Contract. He also reported that Mr. Charlie Barksdale was present as well. He explained that there were concerns about the wording in the original document and reported that there are still some items to be worked out with the current MOU. Superintendent Ferguson reported that the school board attorney, Will Sturgill, is not present tonight due to a prior engagement but has reviewed the MOU. He stated that he also requested Mrs. Kegley, County Attorney, to provide input. He provided an opportunity to answer questions and reported that Mr. Barksdale and Mr. McFarlane were present and questions could also be directed to them.

**DISCUSSION CONCERNING TIMEFRAME TO COMPLETE AUDIT & COST:** Mr. Bill Quillen, school board member, asked how soon the audit will be complete so the board can proceed. Superintendent Ferguson stated that 18 weeks was noted but explained that if the timeframe would allow the company

to do what needs to be done during the technical audit that timeframe could be shortened. He asked Mr. McFarlane for his comments in regard to the matter.

Mr. McFarlane reported that he thought that their company could get it done in 90 days. He explained that one thing that made it a little bit fuzzy is that they don't exactly understand what all they are going to be looking at until they take a look at all the schools. He further commented that based on the information provided by the schools, depending on how many meetings are held and communication, you are probably looking at 90 work days to probably complete the audit.

Some members of the County Board of Supervisors expressed that, although the cost of the technical audit was reduced they still had a concern for the amount that would be charged per square foot since other companies could do a technical audit at no cost or a lower cost.

Mr. Barksdale stated that he didn't think the audit fee is associated with the energy savings you are going to realize with the project that you are going to have. He further stated that he thinks it is associated with the cost of the company doing the audit. He explained that if the school system does not want to move forward it would not be a total loss to the company. He also explained that some companies are willing to take the risk and are confident that you are going to move forward. He further explained he found out that at the meeting they had in March that in the business model that they bring to the table is that they self-perform probably 95% of their work which means they do everything internally without subcontracting work out for the subcontractors to do markups on all the work and then the ESCO do a markup on the work. He stated that the amount of money that you are going to pay out is going to be considerably less with that business model than the true ESCO model because of not all the middle men being in there. He also stated that you are going to get a lot more work done as you move forward and it is going to pale in comparison to this five cents to eight cents per square foot for the audit. Mr. Barksdale pointed out that the hourly rates are included if you want them to do more work after they have done the project. He stated that hardly anybody does that, they do most everything in the project. He further stated that he had never seen anybody do extra work that's not already included but they have to put them in there.

**RECOMMENDATION TO DELAY APPROVAL OF MEMORANDUM OF UNDERSTANDING FOR PERFORMANCE CONTRACT FOR SCOTT COUNTY PUBLIC SCHOOLS:** Superintendent Ferguson asked that it be kept in mind that this (MOU) is not a complete document at this time. He expressed appreciation for the assistance of board member, Jeff Kegley, for his expertise in the contracting business; and, appreciation for both the school board attorney, Will Sturgill; and County Attorney, Sally Kegley. Mr. Jeff Kegley, board member, and Mr. Will Sturgill, school board attorney, were unable to attend the meeting; therefore, Superintendent Ferguson stated that he would not ask for approval of the MOU without their recommendation.

After discussion, Chairman Jessee stated that the school board doesn't need to approve anything until they get the Memorandum of Understanding completed.

**COMMENTS AND QUESTIONS FROM BOARD OF SUPERVISORS:** Members of the board of supervisors questioned whether all schools are to be included in the Performance Contract project, whether the school board is considering closing any school facility or consolidation; and, if so, several members commented that it would be useless to include school facilities that may be closed. Members of the board of supervisors also pointed out that consolidation needs to be looked at since times are different now in comparison to the 70's and 80's. Members of the board of supervisors questioned whether the school board is considering more than the 15 year payback and if replacement of the old boilers are included in the project. Comments were also presented on school system personnel having to assist with the technical audit along with their daily responsibilities.

**RESPONSE FROM SUPERINTENDENT FERGUSON TO BOARD OF SUPERVISORS QUESTIONS:** In response to questions from members of the board of supervisors, Superintendent Ferguson reported that all schools and some out buildings are included in the project and that there are no plans for more than a 15 year payback. He stated that he wasn't going to say that school closing or consolidation is not a reality

and further commented that he realizes that and that it happens. He stated that he takes pride in the schools as they are and that we have been very fortunate to keep some that are probably looked at upon closing or considered to be consolidated but they're still open. He stated that it is realized that depending on the needs of the school there may not be as much completed at some as is expected to be at others. He explained that it may just include the lighting and commented that it may vary from one to the next.

**COMMENTS FROM BUILDING SERVICES SUPERVISOR REGARDING TECHNICAL AUDIT:** Mr.

Robert Sallee reported on the items included in the technical audit and pointed out that it includes engineering and mechanical drawings and what has to be done for systems to be put into place in the schools as well. He asked Mr. McFarlane to verify this is correct.

Mr. McFarlane indicated that it gets them enough, which may be one line in some cases, until everybody says "yes that's what we want to do." He further commented that they do enough engineering to make sure that (1) we get the energy savings and (2) that that system will meet all the code requirements and things that have to be done—structural, engineering and those type of things and, the cost. He explained that all that is put together and is part of the presentation made as the process is gone through. He indicated to Mr. Robert Sallee in response to his question that "yes" it is all included.

**SCHOOL BOARD WILL REQUEST RFP FROM BOARD OF SUPERVISORS ONCE MOU IS APPROVED AND FINAL FIGURES ARE RECEIVED:** Superintendent Ferguson explained that the school board will be making a request to the board of supervisors once the school board gets beyond the Memorandum of Understanding and gets final figures. He further stated that at that time the school board will present a request to the board of supervisors for a Request for Proposals (RFP) to secure financing for that amount.

Superintendent Ferguson stated that there is some language yet to be resolved with the MOU but that he wants to keep everyone informed and provide a finished copy for approval and information to review as well.

**DISCUSSION REGARDING INCLUSION IN THE PERFORMANCE CONTRACT OF A FACILITY THAT MAY BE SHUT DOWN:** Mr. Barksdale replied to the questions of if you should decide to shut down one school would that mess up the contract. He cited an example of a state prison being shut down that had a performance contract and they had no idea that it would be shut down. He reported that the money is still owed but instead of being down you're not just saving a little bit of energy in that building you are saving 100%. He stated that you just move forward and still pay your debt back if the facility is shut down. He explained that on these projects one of the things he asks is do you have a five year plan or a ten year plan to shut down any facilities and informs them that you don't want to do a performance contract in those facilities. He also explained that if you have a ten year plan to shut down a school and the lighting will pay for itself in three years then you have seven years of savings to look at but otherwise you leave them out. He further explained that after the building is shut down, the ESCO will do what they call a baseline adjustment on the guaranteed savings because those will no longer be part of the project and you will adjust the baseline guarantee when you report those buildings that are open.

Chairman Jessee stated that the school system is trying to keep up with maintenance of facilities. He expressed appreciation for their help with this much needed project for our school system. He expressed appreciation to each of them as servants of this county and for the job that they are doing.

**ADJOURNMENT:** On a motion by Mr. Quillen, seconded by Mr. McConnell, all members voting aye, the Board adjourned at 5:35 p.m.