

**Minutes of the Special Meeting of the Board of Education  
Pomona Unified School District  
Mendoza Center – Multi-Purpose Room  
851 S. Hamilton Avenue, Pomona, California 91766  
Via teleconference at Dechert LLP  
27/F Henley Bldg., 5 Queen’s Road Central, Hong Kong, Hong Kong**

Thursday, February 1, 2018

7:15 a.m.

**CALL TO ORDER**

Roberta A. Perlman, Board President, called the meeting to order at 7:19 a.m.

**MEMBERS PRESENT**

Roberta A. Perlman, President; Frank Guzman, Vice President; Adrienne Konigar-Macklin; Jason A. Rothman. Andrew S. Wong joined the meeting via teleconference.

**ADMINISTRATIVE STAFF PRESENT**

Richard Martinez, Superintendent

Leslie Barnes, Assistant Superintendent and Chief Financial Officer, Business Services

Lilia Fuentes, Director, Elementary Curriculum and Instruction, Educational Services

Fernando Meza, Assistant Superintendent, Pupil & Community Services

Oliver Unaka, Public Information Officer

**OTHERS PRESENT**

Jim C. Moore, Attorney, Mundell, Odlum & Haws, LLP

**1 OPENING BUSINESS**

7:15 a.m.

**Information: 1.01 Pledge of Allegiance**

The Pledge of Allegiance was led by Mr. Stacey Wilkins.

**Information: 1.02 Superintendent’s Comments: None**

**Information: 1.03 California School Employees Association Representative Comments: None**

**Information: 1.04 Associated Pomona Teacher Representative Comments: None**

**Information: 1.05 Audience Comments: None**

**2 INFORMATION ITEMS/PRESENTATIONS**

**Information: 2.01 Staff Report:**

Energy Efficiency Program – Dr. Leslie Barnes gave a review of an energy efficiency program that has been developed over the last six months in anticipation of presenting it to the board for their comments and approval. She said there are no action items for

today's meeting. Enviser representative Miss Jennie Lee will give an introduction of her company and the project scope. Dr. Barnes said our needs assessment resulted in \$742 million, \$500 million being infrastructure upgrades and with only \$250 million in bond funds available. She said funds from a bond measure normally last approximately 10 years. We are hoping we don't have to go out to the public any sooner than 10 years. This project would help to extend the life of the bond. Lifecycles of our current infrastructure have either expired or are nearing their expiration.

Dr. Barnes said there are legislative requirements that are necessitating this. The department of energy eliminated T12 linear fluorescent lights back in 2012. Due to funding constraints we have not been able to change all of our lighting at our sites and have been paying a premium for lightbulbs. The need to change all of the lighting and ballasts at our sites is pretty daunting. Our air conditioners (AC), because they are so old run on a refrigerant called R22, and that's been banned effective January 1, 2020. We will no longer be able to get the refrigerant that cools our AC's and need to upgrade them at all of our sites. She said if we cannot find another way to fund it, all of the lighting and the HVAC (heating, ventilation, air conditioning) will have to come out of our bond. We have heard from the outgoing governor that there's a possibility before he leaves that he will mandate that all government and including school district buildings go net zero in the future.

Since being selected as our energy efficiency partner after engaging in an RFP (request for proposal) in February 2016, Enviser has worked closely with fiscal, facilities and maintenance and operations staff to gain an understanding of the districts needs and what objectives we would have relative to an energy efficiency program. Some of the objectives that staff put forward was it must be guaranteed that there would be no out of pocket cost to district, it must address our key infrastructure needs, and it must free up bond funds to extend the life of the bond. These objectives and the possibility of a comprehensive energy efficiency program were first shared with the board at their study session of April 2017. Subsequently the board approved a resolution on June 28 for Enviser to enter into the energy or preconstruction phase to determine a recommended scope. The board was provided an update regarding the objectives of the program and its anticipated benefits at its study session on September 18<sup>th</sup>. At that meeting the board was asked to approve an application for CREBS which would have helped to pay for part of this project. The district submitted an application and was awarded roughly \$11 million dollars however the federal tax bill eliminated CREBS so we don't have that option at this point. She said today we will provide you with the recommended scope based on the findings of the engineering study.

Jennie Lee from Enviser said it is a wholly owned subsidiary of Southland Industries founded in 1949. She provided background information about their company and similar projects they have worked on. She said the vision here is an improved learning environment through upgraded facilities such as lighting and HVAC districtwide. Facility conditions assessment resulted in \$500 million in district needs, specifically \$85 million of those needs for mechanical systems alone. She highlighted key benefits for the district and said the savings will help pay for infrastructure upgrades, as energy costs will help reduce costs by 74% with 54% coming from energy efficiency.

Miss Lee shared an overview of their proposed energy project and what it would do. Roughly about \$73 million divided evenly amongst the buildings is approximately \$1.7 million for each building and 100% financed by savings. Additional moneys would be added to the general fund after the debt service payment each year. The first three stages of the process have been completed and they are at the end of the preconstruction phase. She said they visited every site gathering utility details and needs and what can be done with the district objectives while working with district staff.

Miss Lee said bundling all of the sites together and looking at this comprehensively is the best way to go to make energy efficiency and replacing the HVAC systems affordable. Energy savings calculations will be verified by a third party and they guarantee energy savings. They recommend hiring an energy manager to ensure the behavioral/cultural shift becomes institutionalized and to help equipment perform as designed throughout its entire lifecycle.

Dr. Barnes said per the resolution approved in June, if the board moves forward with the project there is no cost, and if not Enviser is paid for their time spent already. She said we would have 900 HVAC units replaced, be in compliance with the R22 elimination by 2020, and replace all of the T12 lighting with LED lighting which is much more effective, brighter and provides a better atmosphere for the kids. This saves approximately \$73 million in bond funds; extending the life of the bond and saving taxpayer's money because this project would be financed and the savings guaranteed by Enviser. She said they actually are taking on the risk rather than the district. The guarantee is that the energy we save and the savings to the district would pay for financing and actually be above the financing, and add additional funds to the district. She said she recommends we do hire an energy manager after the first year paid out of the savings to guarantee the savings continue.

Dr. Barnes said when we looked at the project we had certain objectives we wanted to meet. After they looked at all of different options for energy efficiency at the district she said we found we actually exceeded our objectives. Some of those provide savings above what the districts' payment was. As she mentioned it provides energy efficiency controls for each HVAC, lighting and water. It provides warranties on all new equipment including the solar panels. Normally if you transition to ownership of solar the district takes on the liability of those panels however Enviser is willing to warranty those so we would not have to take that on. This will provide the M & O department with the tools necessary to improve customer service to sites. Once the project is done they would be able to have, either on their phones or iPads, automatic notification when an AC system has gone down or malfunctioned so the site would not have to submit a work order. Staff would already know when a site is down which would be a huge benefit. It builds capacity regarding energy efficiency through training of an energy manager. It provides students and staff with an environment conducive to learning and aligns with the districts "green" initiatives. She said at our last board meeting we were thanked for changing our buses away from diesel. We have our tree grant which is helping to go a long way with reducing our energy and carbon footprint.

Mr. Rothman asked several questions about the actual project costs and financing not including the savings. Dr. Barnes said the project costs \$73 million. None of the

financing takes place until the project is complete so the savings are already generating. We don't front anything as far as the equipment or any of that; it is all done by Enviser. We would have the savings established before making any payment and those savings are guaranteed. Enviser is taking the liability rather than us. Dr. Barnes said we are working with our financing team to look at the low interest rate options we have available and would not move forward unless we can guarantee that the interest rate would be sufficient to pay the debt service.

Mrs. Konigar-Macklin asked how the program will coordinate with work currently being done and any future plans for additional work, her concerns about technology and equipment becoming dated and what guarantees are associated with this. Dr. Barnes said any infrastructure that needs to be done will be paid for by this project. We saved some money during the optimization program which took the AC units we have and brought them up to optimal use but they weren't replaced and are still using the R22 refrigerant. Although they are running better and it has helped to reduce our costs, it is not a long-term solution and that is why this dovetails off of that. Miss Lee said the HVAC equipment itself will be the most current units. They normally are built with a 15 to 25 year lifespan and should not have any issues until they reach their end of life. With their warranty they are fully covering labor and material for all of the units for 6 years. For building automation controls they are offering the current and proven technology tested through their labs. They are also putting an open platform in that can be built with other pieces, and parts that can be replaced so we don't have to worry about a proprietary product that you can no longer get at some point. Miss Lee said for the technology there should not be any major costs soon in the different platforms.

Mr. Rothman asked questions about removing the R22 refrigerants and what expectations and warranties there are for what Enviser plans to use. Miss Lee said they plan to use 410A and have not seen any plans that they intend to take that out of commission. In 1987 they were notified about the elimination of R22. She said she hoped and assumes they would do the same thing for 410A.

Mr. Rothman asked about the placement and estimated savings of the solar panels at the proposed solar farm next to Diamond Ranch High School. An Enviser staff member in the audience replied savings are about 10% and it adds quite a bit to the general fund. Mr. Rothman asked how much money they have saved so far under the optimization. Enviser staff replied in optimization they have had approximately \$1 million in incentives and savings, and then final energy savings are calculated when you completely graduate to year three of the program, which is approximately \$1 million per year.

Dr. Perlman asked about estimated costs to replace/repair solar panels if damaged or destroyed and the visibility of the solar farm in the surrounding community. Enviser staff said they are covering all of the warranty for 25 years for repairs and maintenance needed. The only other costs would be your property insurance if there is an earthquake or anything like that. Dr. Barnes said looking at the houses across the freeway the homes are low enough that they won't be able to see the panels as they are tucked away and hard to get to. Dr. Perlman asked if the solar farm area was part of the area that was buildable. Dr. Barnes said yes. Extensive reviews have been conducted and from any broker or developer, the only way out is through Diamond Ranch Road. It

would be cost prohibitive to build any other kind of road into that area. So the value of the land diminishes greatly with only one road. Building houses or apartments would not be cost effective.

Dr. Perlman asked Enviser staff, what are all of the company names that are associated with your company? The names are Enviser and Southland Industries with Southland being the parent company that has the energy division and Enviser has the engineering and construction divisions. Dr. Perlman said it seems a bit of a conflict to have the same company that evaluates do all of the building. It's nothing against the company however it seems like an independent evaluator would be a good idea and then construction from a different group. Dr. Barnes said there will be an independent evaluator of the savings. Enviser would do the construction piece however a third party would be evaluating for the first two years to ensure those savings had been guaranteed the district is receiving the exact savings we were promised. Dr. Perlman said it's always a good idea to have an independent evaluator.

Mr. Rothman said one of his major concerns that we've talked about since 2009 or 2010 is dropping massive projects at once. He requested a detailed breakdown of individual costs and savings before considering approval of this enormous undertaking. He also inquired about DSA (Division of the State Architect) involvement in the projects. Enviser staff said they have spoken to DSA staff about the solar farm proposal at Diamond Ranch and have taken into consideration the status of campuses that are in the process of obtaining DSA approval in their construction phases.

Mr. Rothman asked how much of the \$73 million is awarded to Enviser. Enviser said the only scope they do in-house is the engineering AC/HVAC controls. The lighting, solar and the electrical work is done by other contractors beneath them. Mr. Rothman asked how much of Enviser's oversight is being charged to the subs. What is your total walk away? Enviser staff replied their monies contract value is \$73 million. Mr. Rothman said they won't make that off of the solar panels and asked what their consultancy fee for the entire project is. What is their cost oversight? Enviser staff replied their costs for project management, engineering, etc. will come to 7%. Dr. Barnes said she will get Mr. Rothman the detailed breakdown.

Mrs. Konigar-Macklin said she has questions about the amount of work being subbed out right now and having to expend additional resources to decide who is responsible for what. She wants the same figures so that we're all real clear on what this is. Dr. Barnes said she'd be happy to bring it to the March 7<sup>th</sup> board instead of February 7<sup>th</sup> so all of their questions are answered and they have a comfort level. Dr. Barnes said we did not want to go much past March as interest rates are going up. Mrs. Konigar-Macklin said some of her concerns might be squashed by seeing the scope of the work.

Mr. Rothman said he would also like to see some artist renderings of these things, like they did for Washington along with pictures of other districts where they have had these types of things done. He asked what warrants all of this work. Mrs. Konigar-Macklin asked what projects Enviser did for Lynwood and said she would like to see what they are doing there. Enviser staff replied they did maintenance, HVAC and other. Mr. Guzman said he would like the information provided to them us as soon as possible. Dr.

Barnes said she will get it to them next week at the board meeting and concluded the presentation by showing a video.

### 3 OPEN ORAL COMMUNICATIONS

**Information: 3.01. Audience Comments: None**

**Information: 3.02. Board and Superintendent Oral Communications**

Mr. Martinez asked the board if they want to hold a study session before the item comes to them action. He asked if they would like something in this format first. They will decide later.

**NEXT BOARD MEETING: Regular Board Meeting – February 7, 2018, at 6:30 p.m.**

### 5 ADJOURNMENT

**5 Adjournment: 8:15 a.m.**



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Secretary, Board of Education

Attested and Approved:



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President, Board of Education