



September 2, 2021

To whom it may concern:

Gulf Shores City Schools has entered into a partnership with Schneider Electric to bolster technology, repair and replace failing infrastructure and drastically reduce utility and operational costs. The district needs these improvements and has turned to a proven K12 corporate partner to design, implement and guarantee the project financial success. The program will encompass roughly \$10.1M in facility improvements and already has a couple of funding sources committed. GSBOE will be using \$2.7M in PSCA state funding, \$500k in Advancement and Technology state funds and \$1.2m in ESSER (COVID) funding to cover the first \$4.4M in costs. The remaining \$5.8M is what we are seeking from lending institutions. The district has a commitment from Schneider Electric that the utility and operational costs projected each year will be financially guaranteed by Schneider for 20 years. Improvements will include the replacement and redesign of the failing high school chilled water system and major pumping and efficiency. The GSCS Middle Schools will be receiving a new variable refrigerant flow HVAC system with new dedicated outside air systems. Full building automation, metering and diagnostic tools will be implemented across the district to enhance comfort and increase efficiency. New LED lighting and lighting controls will be implemented across the district to improvement learning environments. The high school roof will be replaced as the original is from 1998 and it is at the end of its useful life. Domestic water boiler systems will be replaced in the buildings and various unitary HVAC units will be replaced. The HVAC piping at GSCS Elementary will be reinsulated due to decades of condensation and damage. The district will also be replacing the entire telecommunications platform for the schools and BOE. Finally, Schneider Electric and GSCS are engaging in one of the largest STEM and branding initiatives completed across the US K12 market. Features include renewable energy installations, interactive kiosks, active exhibit installs highlighting local ecology and the impact that this project will have on the environment.

Gulf Shores City Schools is requesting a proposal \$5.9 million with the following terms:

1. Capital Lease or Bank Loan (we are not interested in any tax pledge financing)
2. Fixed rate of 15 years or greater. Schneider Electric financially guarantees energy savings for 20 years.
3. Payments to commence October 1, 2022 and annually thereafter.
4. **TAX EXEMPT** Loan

I have attached the FY 2019 Audit and the FY 2020 draft Audit. Please notice that Gulf Shores City Schools formed on June 1, 2019. Therefore, the FY 2019 Audit is a partial year and will not include any state, federal or local tax revenue. As part of our separation from the Baldwin County Board of Education, we did not start receiving state, federal, or local funds until October 1, 2019. Therefore, I encourage you to look at the FY 2020 draft audit to see the most accurate picture of the financial



standing of Gulf Shores City Schools. As part of the FY 2020 financial statements, page 28 “Actual Budgetary Basis” column represents the financial statements that are required to be presented to the Alabama State Department of Education. In FY 2020, Gulf Shores City Schools was able to have revenues over expenses of \$2,978,261 (\$1,978,261 operating and \$1,000,000 debt service).

If one considers debt service and general fund modified accrual financial statements, we were able to save 1.75 months operating reserve in our first year of operations. The Alabama State Department of Education requires 1 month’s reserve. As you can see, we well exceeded that requirement in the first full year of operations. Based on current projections, we will be able to build our current reserves even more this year.

Please see Schedule C from the contract between Schneider Electric and Gulf Shores City Schools. The measured savings and non-measured savings columns will represent real time savings within our operations budget. For instance, in year 1 Schneider Electric guarantees a savings of \$213,435 (column 1 and 2 added together). If we are not able to meet that savings goal through energy savings, Schneider Electric will provide payment for the difference. Therefore, Gulf Shores City Schools will be able to commit at a minimum \$213,435 to debt service without any additional money out of our operating balance. The remaining annual payment will be met through current operating/debt service monies.

Please email, deliver or mail your proposal by 5:00 P.M September 10, 2021. We will recommend approval of the loan at the Gulf Shores City Schools Board meeting on September 16, 2021. The closing of the loan must be completed prior to October 15, 2021.

Gulf Shores City Schools  
Attn: Chad Green  
300 East 16<sup>th</sup> Ave  
Gulf Shores, AL 36542

If you need further information, please contact me at 251-968-9849 or [cgreen@gsboe.org](mailto:cgreen@gsboe.org).

Regards,

*Chad Green*

Chad Green  
Chief School Financial Officer

## SCHEDULE C PERFORMANCE GUARANTEE

The Performance Guarantee provided by ESCO will be as follows:

Year	Measured Savings	Non-Measured Savings	Capital Cost Avoidance	Annual Guaranteed Savings	Cumulative Guaranteed Savings	Cumulative Projected Savings
0	\$0	\$0	\$0	\$0	\$0	\$0
1	\$148,865	\$64,570	\$217,971	\$431,232	\$431,232	\$457,250
2	\$153,331	\$66,507	\$217,971	\$437,635	\$868,868	\$921,684
3	\$157,931	\$68,502	\$217,971	\$444,230	\$1,313,098	\$1,393,517
4	\$162,669	\$70,557	\$217,971	\$451,023	\$1,764,121	\$1,872,970
5	\$167,549	\$72,674	\$217,971	\$458,020	\$2,222,142	\$2,360,275
6	\$172,575	\$74,854	\$217,971	\$465,226	\$2,687,368	\$2,855,663
7	\$177,753	\$77,099	\$217,971	\$472,649	\$3,160,017	\$3,359,379
8	\$183,085	\$79,412	\$217,971	\$480,294	\$3,640,312	\$3,871,674
9	\$188,578	\$81,795	\$217,971	\$488,170	\$4,128,482	\$4,392,803
10	\$194,235	\$84,249	\$217,971	\$496,281	\$4,624,764	\$4,923,033
11	\$200,062	\$86,776	\$217,971	\$504,635	\$5,129,399	\$5,462,634
12	\$206,064	\$89,379	\$217,971	\$513,240	\$5,642,639	\$6,011,890
13	\$212,246	\$92,061	\$217,971	\$522,104	\$6,164,744	\$6,571,091
14	\$218,613	\$94,823	\$217,971	\$531,233	\$6,695,977	\$7,140,532
15	\$225,172	\$97,667	\$217,971	\$540,636	\$7,236,613	\$7,720,523
16	\$231,927	\$100,597	\$217,971	\$550,321	\$7,786,935	\$8,311,381
17	\$238,885	\$103,615	\$217,971	\$560,297	\$8,347,232	\$8,913,429
18	\$246,051	\$106,724	\$217,971	\$570,572	\$8,917,804	\$9,527,005
19	\$253,433	\$109,925	\$217,971	\$581,155	\$9,498,960	\$10,152,456
20	\$261,036	\$113,223	\$217,971	\$592,056	\$10,091,016	\$10,790,135
Total	\$4,000,059	\$1,735,007	\$4,355,947	\$10,091,016		

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN, OR IN ANY CONTRACT DOCUMENT, IN THE EVENT THAT THE PERFORMANCE ASSURANCE SUPPORT SERVICES AGREEMENT IS CANCELED OR TERMINATED BY CUSTOMER FOR ANY REASON, THE PERFORMANCE GUARANTEE SET FORTH IN THIS SCHEDULE C SHALL BE DEEMED TO HAVE BEEN MET AND FULFILLED AS OF THE EFFECTIVE TERMINATION DATE OF THE PERFORMANCE ASSURANCE SUPPORT SERVICES AGREEMENT AND ESCO SHALL HAVE NO FURTHER OBLIGATIONS OR LIABILITIES ASSOCIATED WITH SUCH PERFORMANCE GUARANTEE.

The procedure used to calculate savings is described in Schedule D.

### GUARANTEED SAVINGS RECONCILIATION

Customer, if required, will send ESCO all necessary utility or energy data as set forth in Schedule E herein. Within sixty (60) days of receipt of such information for the previous Guarantee Year, ESCO will determine the Actual Savings for such Guarantee Year hereafter defined as "Savings Reconciliation".

In the event the Actual Savings are less than the Guaranteed Savings for the corresponding twelve (12) months, ESCO will pay Customer the difference between the Annual Savings Guarantee and the Actual Savings for the corresponding twelve (12) months. ESCO will make payments for any savings shortfall to Customer within thirty (30) days of that year's Savings Reconciliation. In the event that there are any Excess Savings, such Excess Savings shall be used to offset any payments made by ESCO with respect to any shortfall.

If ESCO has written a savings shortfall check to Customer, and later Actual Savings exceed the Performance Guarantee to date, Customer will reimburse ESCO up to the amount of ESCO'S shortfall check(s), to the extent that the shortfall is made up by Excess Savings.