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29 April 2022

To: Member School Committee

Re: Capital Reserve Plan Revision

Overview

In 2015, the School Committees representing the districts of Assabet Valley Collaborative voted to create a Capital Reserve Fund and Capital Reserve Plan in accordance with DESE 603 CMR 50.07 (10). At the time of its creation, the Capital Reserve Fund was created with a cap of \$722,500 and for the purpose of improvements to 57 Orchard Street in Marlborough. Since 2015, AVC has acquired additional property - four business condominium units located at 28 Lord Road in Marlborough. In the future, AVC will continue to add or relocate programs due to the nature of the collaborative's operations.

To ensure that AVC's Capital Reserve Fund will serve AVC's current and future capital planning needs, AVC is now requesting approval from member districts to revise the Capital Reserve Plan to **increase the cap** and to **cover capital improvements at any current or future AVC location** - including the properties AVC leases and the properties AVC has purchased.

If these revisions are approved, AVC's Board of Directors will have the authority to fund the reserve for the purpose of upcoming renovations to our Evolution program, and the ongoing need for long-term, suitable space for all of AVC's programs and operations.

Please see the [attached](#) for a current anticipated project list associated with the request for revisions to the Capital Reserve Plan adopted in 2015.

Recommended language for motion to approve request: Approve revisions to the Capital Reserve Plan to increase the cap from \$722,500 to \$1,500,000 and to include capital projects at all of AVC's owned or leased properties.

Per Section VII E. of AVC's Collaborative Agreement, a 2/3 vote is required from our member school committees to adopt or revise the Capital Reserve Plan. See page 2 for language from DESE 60 CMR 50.07 (10) for details on the regulations that govern this process. Thank you for consideration and discussion of this initiative.

Thank you,
Cathy Cummins, Ed. D.
Executive Director

In accordance with DESE 603 CMR 50.07 (10) the following guidance has been established for creation of a capital reserve fund.

(10) Capital: The educational collaborative may create a capital reserve fund to support costs associated with the acquisition, maintenance, and improvement of fixed assets, including real property, pursuant to a capital plan.

(a) Funds in a capital reserve account may be used only for the project or purpose for which the account was established.

(b) The establishment of a capital reserve shall be subject to the approval of two-thirds of the member districts. The request for approval must state the reason for the reserve and a limit on the balance that may be held in the reserve.

(c) Deposits into the capital reserve shall be proposed and approved through the budget process.

(d) In the event that the purpose for which the capital reserve was created requires modification, the collaborative board of directors shall revise its capital plan and provide notice to all member districts. If the member district does not vote to disapprove the revised capital plan within a 45 day period, that member shall be deemed to have approved the revised capital plan. Two-thirds (2/3) approval of the member districts is required to revise the capital plan.