

SCHOOL FACILITIES BOARD
April 5, 2007
Phoenix, Arizona

The School Facilities Board held a board meeting at Sheely Farms Elementary School in Phoenix. The meeting began at approximately 10:06 A.M.

<u>Members Present</u>	<u>Guests Present</u>
Davidson, Frank, Chair	Diane Hamilton, Tolleson Elementary
Keenan, Brooks, Vice Chair	Grant Hamill, Stone & Youngberg
Chovich, Cynthia	Sue Meyers, Payson Unified
Marks, Gary	Jay St. John, Sahuarita Unified
Ortega, David	Jerry Carlisle, Indian Oasis
Rushin, Tom	
<u>Members Absent</u>	
Taylor, Penny	
Gober, Patricia	
Private Business Owner Representative, position vacant	
<u>Staff Present</u>	
John Arnold, Executive Director	
Dean Gray, Deputy Director of Facilities	
Monica Petersen, Deputy Director of Finance	
Jim Chang, Demographer	
Kristen Landry, Public Information Officer	
Debra Sterling, Attorney General's Office	

Diane Hamilton of the Tolleson Elementary School District welcomed the School Facilities Board.

- I. Call to Order
Frank Davidson called the meeting to order at approximately 10:06 A.M.
- II. Roll Call
There were six Board Members present at this meeting.
- III. Approval of March 1, 2007 Minutes
Cynthia Chovich moved that the Board approve the Public Hearing, Regular Session (as amended) and Executive Session minutes of March 1, 2007. Gary Marks seconded. Motion passed on a 6-0 voice vote.

IV. Consent Agenda

- a. Consideration and possible vote of FY07 3 Year Building Renewal Plans
- b. Consideration and possible vote of Preventive Maintenance Plans

David Ortega moved that the Board ratify the districts listed in agenda items 1va and b. Tom Rushin seconded. Motion passed on a 6-0 voice vote.

V. Director's Report

- a. Bond Resolution

John Arnold explained that in 2004, the SFB issued \$246 million in bond serviced by the State Land trust. Recent market trends have placed the Board in a position to refund \$88.6 million of that original issue. Based on current markets, the total savings over the life of the debt will be \$6.6 million.

The debt service for these bonds comes from that portion of the Land Trust earnings that offsets general fund payments for basic state aid. Therefore, this refunding will have a direct benefit to the state general fund.

Frank Davidson asked if the timing of the refund was based on advise by Bond Council. Mr. Arnold said the resolution allows for flexibility in when we enter the market.

David Ortega, referring to section 13 of the resolution, asked about the language "...perform all acts and things..." He asked for clarification on the word "things". Mr. Arnold explained this is a form resolution that has been used in the past. Grant Hamill of Stone & Youngberg explained it as a form of language that gives flexibility to the Treasurer. He added that it applies to holding funds in reserve and allows the Treasurer to work with the SFB to transfer funds under their control.

Tom Rushin moved that the Board accept the staff recommendation to adopt the attached resolution authorizing the refunding of bonds from the State Land Trust Revenue Bonds series 2004 A. Brooks Keenan seconded. Motion passed on a 6-0 voice vote.

- b. Indoor Air Quality Information

John Arnold explained that A.R.S. 15-2002 A 14 requires the SFB to provide school districts with information on improving and maintaining the indoor environmental quality in school buildings every two years. Staff has compiled information on indoor air quality. This information will be sent to districts and posted on the SFB website. This requirement was placed in the statute in 2005, and this is the first time the SFB has sent this information.

David Ortega noted that radon gas on older sites may be an issue. He asked if, as part of environmental studies, radon gas is evaluated on new sites. Mr. Arnold said he did not know if that investigation was included in the environmental assessment, but staff would look into that.

Cynthia Chovich noted that there are checklists on EPA's website that may be helpful to districts. She asked if the Preventive Maintenance forms would be changed to include this information. Mr. Arnold said staff had not

considered changing the Preventive Maintenance forms, but that is something staff will look into.

c. Revision to Inflation Funding Policy

This item was brought to the Board for information in March. John Arnold explained that when the Board adopted the Policy on Inflation Adjustments in February 2005, the policy required three steps which included a construction schedule delay of more than one year. Because numerous projects have received inflationary funding that did not experience a delay, staff recommends that those steps be deleted from the policy. Staff did not receive any comments on this change.

David Ortega asked how soon the policy goes into effect. Mr. Arnold said it would go into effect as soon as approved by the Board.

David Ortega moved that the Board strike the language from policy V. h. requiring a delay in the construction schedule to qualify for inflationary funding. Cynthia Chovich seconded. Motion passed on a 6-0 voice vote.

d. Legislative Update

Monica Petersen updated the Board on the status of the bills that may impact the SFB.

Frank Davidson asked if there was a fiscal impact analysis of SB1164, School Redistricting. John Arnold said an analysis was done which showed eleven additional schools would have to be built if this bill were passed, so there would be a fiscal impact.

Cynthia Chovich asked if there was any discussion to HB2495 applying to Building Renewal. Ms. Petersen explained that when this bill was amended it was excluded from Building Renewal.

David Ortega asked how HB2242 would related to the CM@Risk process. Ms. Petersen said this would not require new funding, it would just allow the State to procure for Project Managers.

VI. New School Construction

a. Consideration and possible vote of FY 2007 Capital Plan New Construction Requests

Brooks Keenan moved that the Board approve the following:

1. Beaver Creek Elementary (K-8): Deny conceptual approval of a 100 student addition to existing site.
2. Kirkland Elementary (K-8): Deny conceptual approval of 001N in FY 2011 and eliminate project from conceptual approval list since SFB staff projections no longer support the need of the project.

3. Saddle Mountain Unified (K-8): Conceptually approve projects 008N, 009N, 011N, 014N, 015N, and 016N, for 750 students each. Two projects would open each year during FY 13, FY 14, and FY 15.
4. Saddle Mountain Unified (9-12): Conceptually approve projects 017N and 018N, for 1,000 students each, to open in FY 14 and FY 15.
5. Somerton Elementary (K-5): Conceptually approve project 003N, a build out of the core K-5 for 200 students in FY 2010 per the district's request. Conceptually approve project 006N a K-5 for 600 students in FY 2012 per the district's request.
6. Somerton Elementary (6-8): Conceptually approve project 004N, a 6-8 school for 500 students in FY 2013 versus the district request of FY 2011.
7. Tolleson Elementary (K-8): Conceptually approve project 004N, an 800 student school, in FY 2013 rather than in FY 2011 per request.

Tom Rushin seconded. Motion passed on a 6-0 voice vote.

b. Consideration and possible vote of FY 2007 Capital Plan New Construction Requests

Sue Meyers of the Payson Unified School District addressed the Board regarding the Rural/ Urban classification. She believes the Payson District is more than 35 miles away from Flagstaff or Scottsdale. Brooks Keenan asked for comment by staff on this item. John Arnold explained that the Rural/Urban classification is established when the census is done. State Land then determines the boundaries as indicated in statute. He said staff would work with the State Land Department to see if there is an error in Payson's classification as Urban.

David Ortega noted that USDA provides similar funding for Rural areas.

Cynthia Chovich recused herself from this item as she is employed by the Payson Unified School District.

Gary Marks moved that the Board approve current funding for additional 6-8 space for 97 students in FY 2008 for the Payson Unified School District. David Ortega seconded. Motion passed on a 5-0-1 voice vote with Cynthia Chovich recusing.

VII. Consideration of Request for Land or Real Property Purchase, Lease, or Donation, including requests from:

a. Steps I and/or II

John Arnold noted that staff is now asking for an increase in Step III funding to \$30,000. Staff is requiring more detailed studies be done on future school sites, making the studies more expensive.

Jay St. John, of Sahuarita Unified, addressed the Board. He said the district is entering into a number of partnerships for their next high school. He said Pima County Community College will be providing \$500,000 for a joint use facility and the District is working on a shared library with the city and health facility with the hospital. David Ortega suggested districts look at some of the IGA's Scottsdale has as models.

Gary Marks moved that the Board approve the following:

1. That the Board approve Colorado River Union High School District's request to accept a donation of 48 acres for a high school site and move to Step III for necessary testing.
2. That the Board approve Sahuarita Unified District's request to purchase 66 acres for an elementary and high school site and move to Step III for necessary testing.
3. That the Board approve Sunnyside Elementary District's request to accept a donation of 25 acres for an elementary and middle school site and move to Step III for necessary testing.

Tom Rushin seconded. Motion passed on a 6-0 voice vote.

b. Step III

Brooks Keenan moved that the Board approve the following:

1. That the Board approve Chandler Unified School District's request to purchase 11.605 acres for an elementary site, project number 070280000-9999-024L.
2. That the Board approve Dysart Unified School District's request to accept a donation of 10 acres and purchase an additional 10 acres for an elementary site, project number 071289000-9999-037L
3. That the Board approve Maricopa Unified School District's request to accept a donation of 15.913 acres for an elementary site, project number 110220000-9999-011L.
4. That the Board approve Nadaburg Elementary School District's request to accept a donation of 15 acres for an elementary site, project number 070381000-9999-005L.

Cynthia Chovich seconded. Motion passed on a 6-0 voice vote.

c. Other Land Issues, Glendale Elementary's request for an Exception to the Land Funding Timeline Policy

John Arnold explained that the Glendale Elementary School District was requesting an exception to the Board's land funding policy. The District is conceptually approved for an elementary school to open in FY13. This is one year outside the land funding window. The district has found a suitable site and the seller is willing to take the lowest appraised value.

David Ortega moved that the Board make an exception to the Land Funding Timeline Policy and allow the Glendale Elementary District to continue to pursue this property. Tom Rushin seconded. Motion passed on a 6-0 voice vote.

VIII. Reconfiguration of Space

John Arnold explained that the Maricopa Unified District would like to change one of their campus sites into a high school site. They are asking to retire some buildings and change the configuration of others.

David Ortega moved that the Board approve Maricopa Unified School District's request to retire/reconfigure the buildings as listed in agenda item VIIc. Tom Rushin seconded. Motion passed on a 6-0 voice vote.

IX. Consideration of Emergency Deficiency Project

Tonto Basin Elementary requested emergency funding to replace the kitchen floor which has been cited as a safety hazard by the county health department. Cynthia Chovich noted that she has visited the school and found the floor to be a safety hazard.

Gary Marks moved that the Board approve the staff recommendation to approve the Tonto Basin Elementary School District Emergency Deficiency Project and provide funding in the amount of \$12,000. Cynthia Chovich seconded. Motion passed on a 6-0 voice vote.

X. Future Agenda Items

Cynthia Chovich asked the staff to investigate Rural/Urban classifications.

David Ortega asked for information on buildings outliving their useful life as related to a legislative bill.

XI. Public Comment

Jerry Carlisle of Indian Oasis also spoke to the Rural/Urban classification. His District is 60 miles west of Tucson and has experienced increased construction costs due to their location.

Adjournment

There being no further business, Frank Davidson, adjourned the meeting at approximately 11:05 A.M.

Approved by the School Facilities Board on May 3, 2007

Frank Davidson
Chair