

SCHOOL FACILITIES BOARD  
November 6, 2008  
Gilbert, Arizona

The School Facilities Board held a Board meeting at the Higley Center for the Performing Arts in Gilbert, Arizona. The meeting began at approximately 10:12 A.M.

<u>Members Present</u>	<u>Guests Present</u>
Chair, Dr. Frank Davidson	Dale Genger, Lake Havasu USD
Vice-Chair, Brooks Keenan	Joe Stella, Lake Havasu USD
Penny Allee Taylor	Spencer Smith, DeConcini McDonald Yetwin & Lacy, P.C.
David Ortega	Heidi Birch, Gilbane Building Co.
Gary Marks	Anna Chalmers, Parent (Tempe Union)
Dr. Patricia Gober	Ben McCawley, PTSA (Tempe/Chandler)
Tom Rushin	Cathy Rex, So. AZ School Facilities Group
	Marsha Crockett, DLR Group
<u>Members Absent</u>	Diane Meulemans, Tempe Union
John Corcoran	Bob Anderson, Tempe Union
Vicki Salazar (non-voting member)	Bob Young, Dysart Unified
<u>Vacant Board Positions</u>	
Private Business Owner Representative	
<u>Staff Present</u>	
John Arnold, Executive Director	
Dean Gray, Deputy Director	
Kerry Campbell, Public Information Officer	
Ron Passarelli, Special Projects	
Jim Chang, Demographer	
Debra Sterling, Attorney General's Office	

- I. Call to Order  
Dr. Frank Davidson called the meeting to order at approximately 10:12 A.M.
  
- II. Roll Call  
There were seven Board Members present at this meeting. Penny Allee Taylor departed just after the Board voted on agenda item V.a. Sustainable Choices.
  
- III. Approval of Minutes of October 2, 2008  
Dr. Patricia Gober moved that the Board approve the Minutes of October 2, 2008. David Ortega seconded. The motion passed with a 7-0 voice vote.
  
- IV. Consent Agenda
  - a. Consideration of Preventative Maintenance Plans  
Tom Rushin moved that the Board ratify the plan listed in agenda item IV.a. Penny Allee Taylor seconded. The motion passed with a 7-0 voice vote.
  
- V. Director's Report
  - a. Governor's Achievement Award for Innovative School Design-Recommendation Review

John Arnold explained that staff continues to work with the Governor's Office on the Achievement Award Program, which consists of awards in seven categories of excellence in school design. To date, the panel of judges has convened and is providing to the Board today, their recommendations for awards in each category. We ask that the Board vote for one winner in each category, and if desired, for honorable mentions in each category. The Board's recommendations will be forwarded to the Governor, who plans to present the awards at the ASBA conference in December.

Ron Passarelli provided the Board with a brief narrative on each of the recommended semi-finalists and explained the panel's position when necessary to clarify the judges' recommendations for the Board. Tom Rushin also provided his comments in support of Mr. Passarelli's presentation of the semi-finalists. Below are the panel's recommendations and the motions made by the Board for each category.

### **Accessibility for All**

Panel Recommendation – Phoenix Day School for the Deaf

Penny Allee Taylor moved that the Board approve the panel's recommendation of Phoenix Day School for the Deaf as the chosen finalist in the category of Accessibility for All. Gary Marks seconded. The motion passed with a voice vote of 7-0.

### **Schools as Centers of Community**

Panel Recommendations – Boulder Creek High School

– Verrado Middle School

David Ortega moved that the Board approve Verrado Middle School as the chosen finalist in the category of Schools as Centers of Community. Penny Allee Taylor seconded. The motion passed with a 4-3 voice vote.

Brooks Keenan moved that the Board approve Boulder Creek High School for honorable mention in the category of Schools as Centers of Community. Tom Rushin seconded. The motion passed with a 7-0 voice vote.

### **Personal Learning Spaces**

Panel Recommendation – Valley View Early Learning Center

Brooks Keenan moved that the Board approve Valley View Early Learning Center as the chosen finalist in the category of Personal Learning Spaces. David Ortega seconded. The motion passed with a voice vote of 7-0.

### **Safety by Design**

Panel Recommendation – Faith North Elementary School

Gary Marks moved that the Board approve the panel's recommendation of Faith North Elementary School as the chosen finalist in the category of Safety by Design. Penny Allee Taylor seconded. The motion passed with a voice vote of 7-0.

### **Sustainable Choices**

Panel Recommendations – Civano Community School

– Coronado High School

– Davidson Elementary School

– Desert Edge High School

- Franklin Police & Fire High School
- Verrado High School

Tom Rushin moved that the Board approve Civano Community School as the chosen finalist in the category of Sustainable Choices. Penny Allee Taylor seconded. The motion passed with a voice vote of 7-0.

Tom Rushin moved that the Board approve Coronado High School, Davidson Elementary School, Desert Edge High School, Franklin Police & Fire High School and Verrado High School for honorable mention in the category of Sustainable Choices. David Ortega seconded. The motion passed with a voice vote of 7-0.

Penny Allee Taylor left the Board at this time.

### **Applied Technology for Teaching and Learning**

Panel Recommendation – Southwest Junior High School

David Ortega moved that the Board approve the panel's recommendation of Southwest Junior High School as the chosen finalist, and Empire High School for honorable mention in the category of Applied Technology for Teaching and Learning. Gary Marks seconded. The motion passed with a voice vote of 6-0.

### **Overall Architectural Design**

Panel Recommendations – Betty H. Fairfax High School

- Boulder Creek High School
- Verrado Middle School

David Ortega moved that the Board approve Boulder Creek High School as the chosen finalist in the category of Overall Architectural Design. Gary Marks seconded. The motion passed with a voice vote of 6-0.

Brooks Keenan moved that the Board approve Betty H. Fairfax High School and Verrado Middle School for honorable mention in the category of Overall Architectural Design. Gary Marks seconded. The motion passed with a 6-0 voice vote.

#### **b. Lease-to-Own Resolution Amendment**

John Arnold reminded the Board of our intent to sell \$581 million in bonds in a couple of weeks as authorized by the Legislature last June, and that the Board approved a resolution at last month's meeting authorizing the Executive Director to enter into lease-to-own transactions within certain limitations, one of which is a 6 percent cap on the interest rate. At the time the resolution was adopted, 6 percent was about 100 basis points above the market, but over the last 30 days, the municipal bond market has seen wild swings in interest rates. While staff believes the lease-to-own transactions can be sold at a rate of less than 6 percent, we believe that in this market added flexibility may be needed to complete the transaction. Therefore, we are asking the Board to amend the resolution and adjust the maximum interest rate to 6.5 percent.

Dr. Patricia Gober asked if we risk losing the support of the Legislature if we increase the cap on the interest rate.

Mr. Arnold responded that we are all equally concerned about borrowing at the lowest possible interest rate.

Gary Marks asked what would happen in the event that the interest rate is over 6.5 percent.

Mr. Arnold responded that in the event of an upswing in interest rates, there are a number of options that could be considered, such as splitting the \$581 million total, selling part of the bonds now and waiting until the spring to sell the remainder.

David Ortega moved that the Board approve the Lease-to-Own Resolution Amendment increasing the maximum interest rate to 6.5 percent. Tom Rushin seconded. The motion passed with a voice vote of 6-0.

c. Deficiency at Tempe Union-Corona del Sol High School

John Arnold reminded the Board that the Legislature authorized the SFB to loan funds to a district that meets certain requirements. One of the requirements is that the SFB determines in a public meeting that the district has an existing facility condition that violates the minimum guidelines. Tempe Union has applied for such a finding with regard to the CO2 levels at Corona del Sol High School. In anticipation of the loan agreement with Tempe Union, staff recommends the Board ratify that Tempe Union has an existing facility condition at Corona del Sol High School that violates the minimum guidelines.

David Ortega asked if there was any pending litigation regarding the Corona del Sol High School air quality issue.

Debra Sterling responded that at this time the Tempe Union case is not on active calendar. Mr. Arnold added that as part of the Building Renewal lawsuit, Tempe Union is currently under consideration to be added as a plaintiff.

Tom Rushin asked if his involvement in the Building Renewal lawsuit requires him to recuse himself from the Board for this agenda item. Ms. Sterling confirmed that Mr. Rushin may participate in the actions of the Board.

Dr. Patricia Gober moved that the Board ratify that Tempe Union has an existing facility condition at the Corona del Sol High School that violates the minimum guidelines. Gary Marks seconded. The motion passed with a 6-0 voice vote.

d. Loan Agreement-Tempe Union

John Arnold explained that Tempe Union has applied for a \$12 million loan and has demonstrated that they meet all six requirements as established by the Legislature. Tempe Union has agreed to the terms of this loan agreement. SFB staff is also in agreement with the district that in the event the district's bond election is successful, repayment of the loan is required within 90 days of the election certification date and that if the loan is paid within this fiscal year, there will be no interest charges assessed to the district.

Dr. Patricia Gober expressed concern that we can be confident this amount of funding will correct the problem at Corona del Sol High School.

Mr. Arnold responded that while the Board does not have the authority for oversight in the correction of the air quality issues, Tempe Union staff is capable of making sure the corrections are made and that there is sufficient funding to pay for the work.

Spencer Smith of DeConcini, McDonald, Yetwin & Lacy, P.C., counsel for Tempe Union, requested to address the Board and confirmed the district's agreement to pay back the loan upon receipt of the bond proceeds, within 90 days of the bond election certification.

Gary Marks moved that the Board approve the Loan Agreement for Acceptance of Loan from the Arizona School Facilities Board for Correcting Existing Facilities Conditions that Violate the State Minimum Facilities Guidelines to Tempe Union High School District for \$12 million. Tom Rushin seconded. The motion passed with a voice vote of 6-0.

VI. Consideration and possible vote of Requests for Reduction of Square Footage

John Arnold explained that Scottsdale Unified has performed an extensive rebuild at four high schools that resulted in a net capacity reduction of 146 students. The original square footage that was reported to the SFB and removed by the district was not verified before demolition, but the district has agreed to accept staff's evaluation of their capacity as presented here today. Washington Elementary demolished part of Sweetwater Elementary School that resulted in a net capacity reduction of (32) K-6 students and (8) 7-8 students. The district has no plans to replace this square footage. SFB staff projections indicate that these reductions in square footage will not cause Scottsdale Unified or Washington Elementary to fall below the minimum square footage guideline within three years.

David Ortega moved that the Board ratify staff's projections which indicate that the reduction in square footage at Scottsdale Unified and Washington Elementary will not cause the districts to fall below the minimum square footage guideline within three years. Gary Marks seconded. The motion passed with a voice vote of 5-1, with Brooks Keenan voting against the motion.

VII. Consideration and possible vote of Building Renewal Grant Requests

John Arnold reminded the Board of the \$20 million Building Renewal Grant Program that was created by the Legislature, mentioning that these are the first of the Building Renewal Grant Requests that have been received.

Dean Gray explained that Seligman Unified submitted two applications for Building Renewal Grant funding. The first request is for a roof replacement at Seligman Elementary School. The SFB staff roofing consultant has inspected the roof and found it to be beyond the point of repair and in need of replacement. The district is requesting \$123,800, which includes \$10,000 for contingency, for the roof replacement at Seligman Elementary School. The second request is for replacement of the interior ceiling insulation in the gymnasium at Seligman High School. The insulation is a plastic backed batt-type material that has become brittle and is cracking, allowing fine glass fiber insulation to escape and float in

the air causing a hazard to students, staff and the general public. The district is requesting \$31,494.81 for replacement of the ceiling in the gymnasium at Seligman High School, which includes \$3,000 for contingency. In addition, Williams Unified has requested Building Renewal Grant funding for the construction of an ADA ramp that will provide accessibility between the administration/classrooms and the multi-purpose/gymnasium at Williams High School. The current conditions are not ADA compliant. The district is requesting \$114,362.98, which includes \$10,000 for contingency, for the design and construction of an inclined platform lift for ADA accessibility at Williams High School.

Brooks Keenan moved that the Board approve Building Renewal Grant funding for Seligman Unified and Williams Unified as recommended by staff. Tom Rushin seconded. The motion passed with a voice vote of 6-0.

VIII. Consideration and possible vote of Requests for Deficiency Waiver

John Arnold explained that as the 5-Year Inspection Program progresses, the Board may see more of these types of requests from districts in order to meet the necessary requirements of the SFB Rules. Bonita Elementary has requested a waiver of the guideline requirement for schools with students in grades 7 thru 12 to have space to deliver vocational education programs or have access to an alternate delivery method. Bonita Elementary works with Willcox Unified to provide the required vocational program for their 7<sup>th</sup> and 8<sup>th</sup> graders through an alternate delivery method.

Gary Marks moved that the Board approve Bonita Elementary's request for a waiver of the guideline requiring vocational education facilities. Dr. Patricia Gober seconded. The motion passed with a voice vote of 6-0.

IX. SFB Policy Review

a. Policy Approval – Board Governance Procedures

John Arnold explained that the only additions that have been made to the proposed changes since last month are those providing clarification of the public hearing procedures addressed in section J including statute references as recommended by the Attorney General's Office.

Brooks Keenan asked about the provision requiring Board Member Public Service Orientation training.

Mr. Arnold explained that section H was being deleted due to redundancy, and that the training is still required as stated at the end of section A.

Brooks Keenan moved that the Board approve the proposed changes to SFB Policy I. Board Governance Procedures as recommended by staff. Gary Marks seconded. The motion passed with a voice vote of 6-0.

b. Policy Review – Policy Development

John Arnold thanked the Board for their hard work and patience over the last year reviewing and updating all of the SFB Policies. This process is now complete. SFB staff is now proposing we amend the required annual review of the policies to a review every two or three years and offer this issue up for discussion of the Board.

Dr. Frank Davidson explained that the Casa Grande Elementary District reviews their policies every four years and finds this to be sufficient in keeping their policies current, adding that a proposed change to any SFB policy may be brought to the Board at any time for consideration.

Tom Rushin concurred with a review every four years.

David Ortega commented that the changes made over the last year have been informative for the Board and that he would support an amendment of review every four years.

Mr. Arnold thanked the Board for their input, adding that this policy will be made available for public comment and brought back to the Board in December for approval.

X. Future Agenda Items

There were no future agenda items requested.

XI. Public Comment

There were no additional requests to address the Board.

XII. Adjournment

There being no further business, Dr. Frank Davidson adjourned the meeting at approximately 12:00 P.M.

Approved by the School Facilities Board on December 4, 2008

Frank Davidson  
Chair