

SCHOOL FACILITIES BOARD
December 4, 2008
Casa Grande, Arizona

The School Facilities Board held a Board meeting at the Casa Grande Elementary School District Office in Casa Grande, Arizona. The meeting began at approximately 10:07 A.M.

<u>Members Present</u>	<u>Guests Present</u>
Chair, Dr. Frank Davidson	Jeff Simmons, Buckeye Union
Penny Allee Taylor	Beverly Hurley, Buckeye Union
David Ortega (via telephone)	Eric Godfrey, Buckeye Union
Gary Marks	Jeff Keck, Adolfson & Peterson Construction
Tom Rushin	Dana Hawman, Florence Unified
John Corcoran	Andrea Chalmers, APS Solutions for Business
	Gordon Vasfaret, GV Enterprises
	Heidi Birch, Gilbane Building Co.
<u>Members Absent</u>	Michael Hudson, Emc2 Architects
Vice-Chair, Brooks Keenan	Robin Berry, Palo Verde Elementary
Dr. Patricia Gober	Paul Kasparian, Maricopa Unified
Vicki Salazar (non-voting member)	Cathy Rex, So. AZ School Facilities Group
	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 10:07A.M.

II. Roll Call

There were six Board Members present at this meeting, with David Ortega participating via telephone.

III. Approval of Minutes of November 6, 2008

Tom Rushin moved that the Board approve the Minutes of November 6, 2008. Penny Allee Taylor seconded. The motion passed with a 6-0 voice vote.

IV. Consent Agenda

a. Consideration of Preventative Maintenance Plans

Tom Rushin moved that the Board ratify the plans listed in agenda item IV.a. Gary Marks seconded. The motion passed with a 6-0 voice vote.

V. Director's Report

a. APS Solutions Presentation

Andrea Chalmers, Marketing Manager for APS Solutions for Business Program, made a presentation to the Board, including: advantages of energy efficiency, APS's Solutions for Businesses Program, participation by and benefits to schools, and 2009 schools focus.

b. Lease-to-Own Resolution Amendment

John Arnold reported that SFB staff, with the assistance of our finance team, successfully sold the \$581 million in lease-to-own transactions authorized by the Legislature. The team sold approximately \$185 million in retail on November 12th, and the balance of the bonds to institutional buyers on November 13th. The average interest rate is 5.05 percent. The final maturity date is in fifteen years, on 9/1/2023. The average debt service is \$58.6 million dollars. The debt service in FY 2009 is zero; in FY2010 it will be \$28 million. Full debt service amount will start in FY 2011.

Mr. Arnold extended thanks to Stone & Youngberg, RBC Dain Rauscher (actually, they are officially RBC Wealth Management now), Squire, Sanders & Dempsey, and Debra Sterling for their hard work and diligence in completing the transaction. Dr. Frank Davidson extended his congratulations to staff.

c. SFB FY 2008 Annual Report

Mr. Arnold explained that the SFB is required to submit an annual report by December 15th. He indicated that historically, the annual report has consisted mostly of tables of data. This year, staff has worked to enhance the report and provide a narrative format in addition to the data. Some tables have yet to be finalized but will be completed soon. Some minor adjustments will be made to the new construction portion, to include data on SFB's cost per square foot. Instead of publishing hard copies, the report will be distributed electronically and posted on the SFB web site.

Penny Allee Taylor asked how many other states fund schools from their general funds. Mr. Arnold replied that the question is a difficult one to answer, as no other state funds in the exact same way Arizona does. Some states do provide some level of funding from their general funds, but not to the same extent. There are several states that fund new construction through a state level revenue stream.

Mr. Arnold indicated that he has a copy of a study that addresses school funding in each of the fifty states. Copies will be provided to Board members for reference.

John Corcoran stated that he liked the climate zone comparisons made in the Annual Report. Mr. Arnold replied that climate zone affects utility costs, which in turn affect the number of dollars going into the classroom, so this was felt to be pertinent information.

Tom Rushin commented that he appreciated that the Annual Report seemed to address that "one size does not fit all" when it comes to schools.

Dr. Frank Davidson thanked Mr. Arnold and SFB staff for the updated format of the report, commenting that it was easier to absorb and was very well done.

Tom Rushin moved that the Board approve the FY 2008 Annual Report as recommended by staff. Gary Marks seconded. The motion passed with a 6-0 voice vote.

d. Inflation Adjustment

Mr. Arnold reported that at its November 13, 2008 meeting, the JLBC adopted a 1.98 percent formula adjustment, excluding full-day kindergarten, for the time period 6/30/07 – 6/30/08. Staff recommendation was 5.14 percent. SFB staff will distinguish between kindergarten space and non-kindergarten space for purposes of award.

e. Building Renewal Grant and Emergency Deficiency Corrections Terms and Conditions

Building Renewal Grant and Emergency Deficiency Corrections Terms and Conditions were developed and distributed for review. Mr. Arnold indicated that paragraph 18 had been added, regarding the pursuit of the recovery of damages for deficiencies correction that resulted from alleged construction defects or design defects.

Tom Rushin pointed out a grammar error in paragraph # 8. "The Applicant's governing board's resolution..." will be corrected to read "The Applicant's governing *board* resolution..."

David Ortega asked whether SFB staff or the Board would make the decision to pursue litigation for recovery of damages.

Debra Sterling, Attorney General's Office, indicated that she had not looked at the statute's wording regarding this particular issue, but that she would research it and have an answer in time for the next Board Meeting.

Gary Marks moved that the Board approve Building Renewal Grant and Emergency Deficiency Corrections Terms and Conditions as amended, and recommended by staff. Tom Rushin seconded. The motion passed with a 6-0 voice vote.

f. January 2009 Board Meeting

The first Thursday in January is New Year's Day. Staff proposed moving the January Board meeting date to the second Thursday, January 8, 2009.

Additionally, there are a couple of Building Renewal projects that districts would like to complete over the holidays, but were not prepared to come before the Board at today's meeting. Because of this, another Board meeting may be scheduled between now and January 8th.

Penny Allee Taylor moved that the Board approve the January 8, 2009 Board meeting date to start 2009 as recommended by staff. Tom Rushin seconded. The motion passed with a 6-0 voice vote.

VI. Consideration and possible vote of FY 2009 Capital Plan New Construction Requests

John Arnold directed the Board's attention to the west valley home price index chart in the Board packet. He indicated that for his own reference, he had added up the total ADM for the schools with FY 2009 Capital Plan New Construction Requests today. FY 2009 showed a decrease of less than 1 percent, while 2010 reflected a 3 percent increase.

Mr. Arnold also pointed out the table highlighting the moratorium impact. The table shows the number and percentages by which the five districts listed – Avondale, Buckeye Elementary, Laveen, Liberty, and Litchfield – would be over or under capacity if previously approved projects were not built by FY 2012. Mr. Arnold stated that although overall ADM may show a slight downward trend, there are several districts that are experiencing moderate growth.

Mr. Arnold pointed out the following:

- Buckeye Elementary has been awarded a school that will be placed on hold until next year
- Liberty has been awarded two schools, one of which will be qualified in a year
- The school scheduled for Palo Verde has been pushed back from FY 2012 to FY 2014
- Saddle Mountain's K-8 has been pushed back to FY 2015 and its 9-12 has been pushed back to FY 2017

In light of this information, Mr. Arnold indicated that there have been discussions with districts about canceling projects so that they can be recalculated at the current cost per square foot once they qualify in the future.

Gary Marks asked what the time frame was for revisiting the numbers once we were ready to move forward again. Mr. Arnold replied that the districts would be re-evaluated at least annually, after the submittal of a Capital Plan, or any time the district requests.

Gary Marks moved that the Board approve staff recommendations as listed below:

1. **Arlington Elementary (K-8):** District did not request current funding approval, only conceptual approval. **Deny** conceptual approval for a new school.
2. **Avondale Elementary (K-8): Deny** the district's request for a K-8 school to open in FY 12. **Conceptually approve** 006N for 850 students to open in FY 14.
3. **Buckeye Elementary (K-8):** District did not request current funding approval, only conceptual approval. **Conceptually approve** 013N for 800 students to open in FY 15 and 014N for 800 students to open in FY 17.

4. **Buckeye Union (9-12):** District did not request current funding approval, only conceptual approval. **Conceptually approve** 005N for 1,400 students to open in FY 17.
5. **Cartwright Elementary (K-6):** District did not request current funding approval, only conceptual approval. **Conceptually approve** additional space at six schools to open in FY 13 through FY 17.
6. **Gila Bend Unified (K-8):** District did not request current funding approval, only conceptual approval. **Deny** conceptual approval for three new schools.
7. **Gila Bend Unified (9-12):** **Deny** the district's request for a 9-12 school to open in FY 12.
8. **Glendale Elementary (K-8):** District did not request current funding approval, only conceptual approval. **Conceptually approve** 006N for 1,000 students to open in FY 14.
9. **Laveen Elementary (K-8):** **Deny** the district's request for a K-8 school to open in FY 12. **Conceptually approve** four schools for 1,000 students each to open in FY 13 through FY 17.
10. **Liberty Elementary (K-8):** District did not request current funding approval, only conceptual approval. **Conceptually approve** four schools for 1,000 students each to open in FY 14 through FY 17.
11. **Litchfield Elementary (K-5):** District did not request current funding approval, only conceptual approval. **Conceptually approve** a K-5 school for 850 students to open in FY 12.
12. **Palo Verde Elementary (K-8):** District did not request current funding approval, only conceptual approval. **Deny** conceptual approval for five new schools.
13. **Saddle Mountain Unified (K-8):** District did not request current funding approval, only conceptual approval. **Deny** conceptual approval for two new schools.

Penny Allee Taylor seconded. Motion passed on a 6-0 voice vote.

VII. Consideration and possible vote of Building Renewal Grant Requests

Dean Gray explained that some of the districts that have submitted applications have building renewal money available. When evaluating the applications, a determination is made as to whether or not the building renewal monies are earmarked for a primary project. If they are, then that amount of building renewal money is considered unavailable for the purposes of the evaluation. Follow-up is conducted with the districts to ensure that the primary projects are being completed in a timely fashion.

Dr. Frank Davidson expressed concern that the Building Renewal Grant funding requests are being handled in the most expedient and efficient manner possible so that appropriate funding for projects warranting immediate action are not delayed. Dr. Davidson asked whether or not additional Board meetings to consider applications more frequently would be beneficial.

John Arnold replied that the protocol will depend on the nature of the project requests. If additional Board meetings are deemed necessary then they can certainly be scheduled. Mr. Arnold explained that part of the nature of these grants is that they are supposed to be somewhat competitive. This requirement has to be balanced with a first-come, first-served way of distributing the funds.

Dr. Davidson stated the Board's willingness to be flexible in evaluating the requests.

Tom Rushin moved that the Board approve Building Renewal Grant funding for the districts listed below as recommended by staff. Gary Marks seconded. The motion passed with a voice vote of 6-0.

1. **Camp Verde Unified** - funding in the amount of \$73,560 for replacement of the parking asphalt at Camp Verde High School that was SFB assessed and found to not have a maintainable all-weather surface. This cost includes an amount of \$6,687 for SFB contingency, which will only be used with SFB staff approval. The district has declared \$7,918 Building Renewal fund balance.
2. **Creighton Elementary** - funding in the amount of \$6,082 for the replacement of a 150-gallon water heater in the kitchen of Larry C. Kennedy Elementary School. This cost includes an amount of \$550 for SFB contingency, which will only be used with SFB staff approval. The district has declared \$0 Building Renewal fund balance.
3. **Creighton Elementary** - funding in the amount of \$12,051 for the repair of a water line under the basketball court area at Larry C. Kennedy Elementary School, including concrete removal and replacement. This cost includes an amount of \$1,096 for SFB contingency, which will only be used with SFB staff approval. The district has declared \$0 Building Renewal fund balance.
4. **Mayer Unified** - funding in the amount of \$2,337 for the securing of 142 light fixtures in classrooms at the elementary school that were secured originally to the ceiling grid and are now coming loose, endangering the students. The fixtures need to be secured to the overhead structure by tie wires. This cost includes \$212 for SFB contingency, which will only be used with SFB staff approval. The district has declared \$15,789 Building Renewal fund balance.
5. **Palo Verde Elementary** - funding in the amount of \$32,395 for the replacement of shingle roofing on buildings 1005, 1006, 1007 and 1008. This cost includes \$2,945 for SFB contingency, which will only be used with SFB staff approval. The district has declared \$30,162 Building Renewal fund balance.
6. **Palo Verde Elementary** - funding in the amount of \$4,000 for the purchase and installation of a grinder/pump for the temporary repair of the septic system lift station. The current lift station is being manually operated daily with the existing

grinder/pump. An engineered repair will be prepared and presented at the January Board meeting. The district has declared \$30,162 Building Renewal fund balance.

7. **Palo Verde Elementary** - funding in the amount of \$27,174 for the installation of ADA accessibility to the existing MPR building. This cost includes \$2,500 for SFB contingency, which will only be used with SFB staff approval. The district has declared \$30,162 Building Renewal fund balance.
8. **Pendergast Elementary** - funding in the amount of \$97,806 for the replacement of 18 roof-mounted gas pack units at Garden Lakes Elementary School. This cost includes \$8,891 for SFB contingency, which will only be used with SFB staff approval. The district has declared \$5,261 Building Renewal fund balance.

Robin Berry, Superintendent of Palo Verde Elementary School District, addressed the Board, indicating that she wanted her presence to be known in the event that the Board had any questions for her.

VIII. SFB Policy Review

Policy Approval – Policy Development

John Arnold indicated that the recommendation regarding this policy is to change Amendment or Suspension of Policy from an annual review to every four years, putting the next review cycle in FY 2012.

Gary Marks asked whether or not there would be anything preventing the review of a policy outside of the four-year cycle if either staff or members of the Board felt it was necessary. John Arnold replied that there was not.

Penny Allee Taylor moved that the Board approve the proposed changes to SFB Policy II. Policy Development as recommended by staff. John Corcoran seconded. The motion passed with a voice vote of 6-0.

IX. Future Agenda Items

Gary Marks asked if regular updates would be given on the Energy Grants. John Arnold replied that staff plans to provide updates semi-annually, every January and August.

X. Public Comment

There were no additional requests to address the Board.

XI. Adjournment

There being no further business, Dr. Frank Davidson adjourned the meeting at approximately 11:10 A.M.

Approved by the School Facilities Board on Frank Davidson, 1/8/09, 2009
Frank Davidson
Chair