

SCHOOL FACILITIES BOARD  
June 23, 2010  
Phoenix, Arizona

The School Facilities Board held a Board Meeting at the Arizona State Capitol Building in Phoenix, Arizona. The meeting began at approximately 10:07 A.M.

<u>Members Present</u>	<u>Guests Present</u>
Dr. Frank Davidson, via telephone	Bob Leahy, Thunderbird Mountain
Tom Rushin, Vice-Chair	Grant Hamill, Stone & Youngberg
Gary Marks	Judy Richardson, Stone & Youngberg
Vern Crow	Kent Frison, Cave Creek USD
Dr. Bill Johnson	Cathy Rex, So. AZ School Facilities Grp.
Eric Hafner	Jim Westberg, Dept. of Commerce
	Joe Schnupp, Arcadis
<u>Members Absent</u>	Ed Mangan, Energy Design & Consulting
Dr. Patricia Gober	
Penny Allee Taylor	
Vicki Salazar (non-voting member)	
<u>Vacant Board Position</u>	
Teacher Representative	
<u>Staff Present</u>	
Dean Gray, Executive Director	
Kerry Campbell, Public Information Officer	
Debra Sterling, Attorney General's Office	
Phil Williams, Deputy Director	
Sameer Pandey, School Facilities Liaison	
Ron Passarelli, Special Projects	
Gerry Breuer, School Facilities Liaison	

- I. Call to Order  
With Dr. Frank Davidson participating via telephone, Vice-Chair Tom Rushin facilitated the meeting. Mr. Rushin called the meeting to order at approximately 10:07 A.M.
  
- II. Roll Call  
There were six (6) voting Board Members present at this meeting.
  
- X. Consideration and possible vote to accept, reject or modify the Resolution providing for the financing of certain payment obligations relating to lease-to-own transactions financing new school facilities  
Tom Rushin addressed this agenda item out of order to accommodate the availability of representatives from Stone & Youngberg and Squire, Sanders and Dempsey, LLC that were present, in the event Board Members had any questions for them.

Dean Gray explained the status of the \$100 million bond issuance and presented the Resolution for Board approval as the next step in the process to issue the bonds.

Gary Marks asked what changes had been made to the legislation authorizing the \$100 million bond issuance. Mr. Gray explained that originally the bond sale was restricted to Qualified School Construction Bonds. This was changed to allow for bond issuance of Qualified School Construction Bonds and/or Build America Bonds. Staff anticipates issuing Qualified School Construction Bonds which include the requirements of the Davis-Bacon Act.

Mr. Marks asked what the anticipated interest costs would be. Mr. Gray responded that the payback over 15 years for \$100 million will be approximately \$89 million. The State will make payments every year to a sinking fund which will earn interest. This money will then be used to make the bond payment. The anticipated interest rate on the bonds is approximately one-half of one percent (.5%).

Mr. Marks asked if there would be one bond sale or if bonds would be sold in increments. Mr. Gray answered that one bond will be sold. Since each issuance has associated costs, the total cost to the State will be kept to a minimum with one bond issuance.

Gary Mark made a motion to approve the Resolution for the \$100 million bond issuance as presented by staff. Vern Crow seconded. The motion passed with a 6-0 voice vote.

III. Consideration and possible vote to accept, reject or modify the Minutes of May 12, 2010 and June 2, 2010

Vern Crow made a motion for Board approval of the Minutes of May 12, 2010 and June 2, 2010. Dr. Bill Johnson seconded. The motion passed with a 6-0 voice vote.

IV. Director's Report

a. FY 2010 Demographic Report

Dean Gray explained that the FY 2010 Demographic Report is an information item only. The Board has previously reviewed and acted on each of the capital plans included in the Report. The Report was submitted to JCCR on June 15, 2010 as required by statute.

b. Terms and Conditions – Building Renewal Grant

Dean Gray described the proposed changes to the Building Renewal Grant Terms and Conditions.

Gary Marks asked if the proposed changes had been reviewed by SFB legal counsel. Mr. Gray assured the Board that the changes have been reviewed by Debra Sterling.

Dr. Bill Johnson asked who would sign the Terms and Conditions in the event the Board President were unavailable. Mr. Gray responded that should such a situation arise, the SFB would consider the school district's policy on the matter and address each instance individually.

Eric Hafner made a motion to accept the proposed changes to the Building Renewal Grant Terms and Conditions. Gary Marks seconded. The motion passed with a voice vote of 6-0.

V. Consideration and possible vote to accept, reject or modify the Requests for Reduction of Square Footage

Gary Marks made a motion for Board approval of the following staff recommendations:

1. Board approval of **Cave Creek Unified's** reconfiguration to K-6, 7-8, 9-12.
2. Board approval of **Gilbert Unified's** reduction of square footage which will result from the changes listed in the Board packet.
3. Board approval of **Mesa Unified's** reduction of square footage which will result from the sale of buildings listed in the Board packet for TAPP and Mountain View High School.
4. Board approval of **Santa Cruz Valley Union's** reduction of square footage.

Vern Crow seconded. The motion passed with a 6-0 voice vote.

VI. New Construction Requests

a. Consideration and possible vote to accept, reject or modify FY 2010 Capital Plan New Construction Requests

Dean Gray commented that the plans presented today complete the capital plan cycle for this year. The Fowler Elementary and Riverside Elementary projects were put on hold last year and will remain on hold this year, with the possibility of cancellation next year.

Dr. Bill Johnson made a motion for Board approval of staff recommendations as listed below:

1. **Fowler Elementary (K-5):** Leave previously-approved K-5 school (008N) **ON HOLD**, projected to open beyond FY 18.
2. **Fowler Elementary (6-8):** Leave previously-approved 6-8 school (011N) **ON HOLD**, projected to open FY 15.
3. **Glendale Elementary (K-8):** **Deny** conceptual approval for a new K-8 school.
4. **Riverside Elementary (K-8):** Leave previously-approved K-8 school (003N) **ON HOLD**, projected to open beyond FY 18.
5. **Tonto Basin Elementary (K-8):** **Cancel** previously-approved 001N and **conceptually approve** to open in FY 14.

Vern Crow seconded. The motion passed with a 6-0 voice vote.

b. Consideration and possible vote to accept, reject or modify FY 2010 Capital Plan New Construction Requests

Tom Rushin recused himself for this agenda item. Gary Marks chaired the Board at this time.

Vern Crow made a motion for Board approval of staff recommendation as listed below:

1. **Yuma Elementary (6-8): Cancel** previously-approved 004N.

Dr. Bill Johnson seconded. The motion passed with a 5-0 voice vote.

Tom Rushin returned to the Board at this time.

- c. Consideration and possible vote to accept, reject or modify changes to budget awards

The Laveen Elementary budget award change will be addressed separately from the other districts to allow Dr. Bill Johnson to recuse himself. Dr. Johnson recused himself at this time.

Vern Crow made a motion for Board ratification of the awarded budget for Laveen Elementary as recommended by staff. Gary Marks seconded. The motion passed with a 5-0 voice vote.

Dr. Johnson rejoined the Board at this time.

Vern Crow made a motion for Board ratification of the awarded budgets for the remaining districts listed in the agenda item. Gary Marks seconded.

Before the vote, Dean Gray commented that on numerous occasions SFB staff has requested the Legislature to allow for changes to the budgets awarded new construction projects, as they are often 2-4 years behind the current new construction formula amount. Dr. Johnson was instrumental this year in our efforts to get legislation passed that would allow for the adjustment to these projects. SFB staff recognizes Dr. Johnson's work and thanks him for his efforts. These budget adjustments will allow the districts to realize new schools at a lesser cost to the district. The total budget increase for these seven projects is approximately \$8,015,000, which will be funded with the \$100 million bond issuance.

The motion passed with a voice vote of 6-0.

- VII. Consideration and possible vote to accept, reject or modify Request to review District-Owned Land as suitable for a school

Dean Gray reviewed the request from Sahuarita Unified as presented in the Board packet.

Vern Crow asked if the Board may legally approve this site considering the site size and park lease exceptions. Debra Sterling responded that the Board's authority extends to the minimum school facility guidelines. The site diagram was designed to include all of the requirements of the guidelines on the 19 acres, including fire lane access and parking, with none of the requirements on the park site. This will insure the school maintains the requirements of the guidelines in the event the lease for the park is cancelled or not renewed.

Dr. Bill Johnson commented that when the site size requirements were developed, it was understood and apparent that it was impractical to set acreage requirements as this may invalidate the site size of many existing schools.

Gary Marks asked if the lease for the park allows the district to secure the site or if the park will be open to the public during non-school hours. Mr. Gray responded that the park will be open to the public during operational hours. However, the district has first priority to the facilities and playfields during school hours and events.

Mr. Crow asked about the liability for the public park. Ms. Sterling answered that the district would be the responsible party and would need to consult their legal counsel on the issue. The Board has no liability for the park and is only responsible for making sure the school site meets the minimum school facility guidelines to be suitable for a school.

Dr. Johnson asked what the proximity the school site is to the park. Mr. Gray responded that the school site and park are adjoining.

Gary Marks made a motion for Board approval of the 19.39 acres owned by Sahuarita Unified, land project number 070289000-9999-013L, as suitable for a school. Eric Hafner seconded. The motion passed with a 6-0 voice vote.

VIII. Consideration and possible vote to accept, reject or modify Building Renewal Grant Requests

Dean Gray reviewed the balance of the Building Renewal Grant fund, explaining that if today's recommendations are approved by the Board the available balance is \$719,024. Staff continues working to close projects and make recognized savings and unspent monies available for new projects.

Mr. Gray provided a brief review of the Building Renewal Grant requests as presented in the Board packet.

Eric Hafner asked if the mechanical upgrade at Ash Creek Elementary to a 13 SEER unit meets the minimum requirements for energy efficiency and if there has been consideration given to a more efficient unit due to the impact switching from an evaporative system to a conditioned air system will have on the district's energy costs. Mr. Gray answered that statute requires a 12 SEER unit; however, because 12 SEER units are difficult to find, the SFB typically installs 13 SEER units. If the district wanted to install a more energy efficient unit than 13 SEER, they could do so using district funds. But if the district requested the SFB to install a more energy efficient unit than 13 SEER, the Board would be operating outside the statute.

Vern Crow made a motion for Board approval of the following staff recommendation:

1. Board approval that **Ash Creek Elementary** be awarded \$80,000 in Building Renewal Grant funding for the replacement of the existing evaporative cooling units with heat pump units. This includes \$5,491 in contingency that will only be used with SFB staff approval.

2. Board approval that **Blue Elementary** be awarded Building Renewal Grant funding in the amount of "Not to Exceed" \$30,000 for the installation of approximately 1,000 lineal feet of 6' chain-link fence and gates. This includes \$5,000 in contingency that will only be used with SFB staff approval.
3. Board approval that **Bonita Elementary** be awarded Building Renewal Grant funding in the amount of \$1,000 for the removal and replacement of the fascia boards and soffits on Building 1009. This includes \$102 in contingency that will only be used with SFB staff approval.
4. Board approval that **Coolidge Unified** be awarded \$75,000 in Building Renewal Grant funding for the replacement of the fire alarm system at West Elementary School. This amount includes \$8,943 in contingency that will only be used with SFB staff approval.
5. Board approval that **Double Adobe Elementary** be awarded \$22,000 in Building Renewal Grant funding for the repair of the HVAC system. This includes \$3,058 in contingency that will only be used with SFB staff approval.
6. Board approval that **McNeal Elementary** be awarded \$22,000 in Building Renewal Grant funding for the repair of the HVAC system. This includes \$3,058 in contingency that will only be used with SFB staff approval.
7. Board approval that **McNeal Elementary** be awarded \$35,000 for the replacement and repair of four corner windows.
8. Board approval that **Wilson Elementary** be awarded \$37,000 in Building Renewal Grant funding to refurbish the elevator. This includes \$29,900 for the repair, \$1,794 for tax, and \$5,306 in contingency funds that will only be used with SFB staff approval.

Dr. Bill Johnson seconded. The motion passed with a 6-0 voice vote.

IX. ARRA Energy Grant Awards

a. Consideration and possible vote to accept, reject or modify cancellation of Energy Efficiency Grant Awards

Dean Gray explained that Tanque Verde Unified has requested cancellation of their Energy Efficiency Grant because they are planning an extensive renovation of their schools involving more than what the grant will cover, and the requirements of ARRA-funded projects such as Davis-Bacon and Buy America considerably complicate the contracting.

Gary Marks made a motion for Board approval of cancellation of the Tanque Verde Unified Energy Efficiency Grant, project number 100213000-9999-001EFF, for Lighting Upgrades, HVAC Upgrades and HVAC controls. Vern Crow seconded. The motion passed with a 6-0 voice vote.

b. Consideration and possible vote to accept, reject or modify final award of Energy Efficiency Grants

Dean Gray provided a brief synopsis of the grant program to date.

Gary Marks made a motion for Board approval of the following staff recommendations:

**1. Chinle Unified – 010224000-9999-001EFF**

10 Schools

Project Scope: Lighting upgrade, Lighting control, HVAC upgrade & control, Solar Hot Water

Total Project Costs:	\$3,405,799	IGA Total Project Costs:	\$3,303,818
Recommended Award:	\$1,000,000	<b>ARRA Requested:</b>	<b>\$1,000,000</b>
District Funds:	\$2,405,799	District Funds:	\$2,303,818
Estimated Savings:	\$309,317	Estimated Savings:	\$309,317
		Payback:	10.5 years
		Contingency:	\$0
		Commissioning:	\$49,000

**2. Fountain Hills Unified – 070298000-9999-001EFF**

Fountain Hills Middle and High Schools

Project Scope: Lighting upgrade, HVAC upgrade

Total Project Costs:	\$706,665	IGA Total Project Costs:	\$678,367
Recommended Award:	\$212,000	<b>ARRA Requested:</b>	<b>\$203,510</b>
District funds:	\$494,665	District funds:	\$474,857
Estimated Savings:	\$70,146	Estimated Savings:	\$56,713
		Payback:	11.7 years
		Contingency:	\$6,105
		Commissioning:	\$16,275

**3. Ft Thomas Unified – 050207000-9999-001EFF**

Ft Thomas Elementary

Project Scope: Lighting upgrade

Total Project Costs:	\$41,456	IGA Total Project Costs:	\$41,456
Recommended Award:	\$12,437	<b>ARRA Requested:</b>	<b>\$12,437</b>
District Funds:	\$29,019	District Funds:	\$29,019
Estimated Savings:	\$10,191	Estimated Savings:	\$10,191
		Payback:	4 years
		Contingency:	\$373
		Commissioning:	\$0

**4. Sahuarita Unified – 100230000-9999-001EFF**

Sahuarita High School

Project Scope: Lighting upgrade, HVAC Control

Total Project Costs:	\$239,847	IGA Total Project Costs:	\$207,696
Recommended Award:	\$71,954	<b>ARRA Requested:</b>	<b>\$62,309</b>
District Funds:	\$167,893	District Funds:	\$145,387
Estimated Savings:	\$57,813	Estimated Savings:	\$57,813
		Payback:	3.6 years
		Contingency:	\$1,869
		Commissioning:	\$0

**5. Sahuarita Unified – 100230000-9999-002EFF**

Sahuarita Intermediate School

Project Scope: Lighting upgrade, HVAC Control

Total Project Costs:	\$42,074	IGA Total Project Costs:	\$50,657
Recommended Award:	\$12,622	<b>ARRA Requested:</b>	<b>\$15,197</b>
District Funds:	\$29,454	District Funds:	\$35,460
Estimated Savings:	\$12,582	Estimated Savings:	\$12,582
		Payback:	4 years
		Contingency:	\$456
		Commissioning:	\$0

**6. Sahuarita Unified – 100230000-9999-003EFF**  
Sahuarita Middle School  
Project Scope: Lighting upgrade, HVAC Control

Total Project Costs:	\$111,202	IGA Total Project Costs:	\$104,418
Recommended Award:	\$33,361	<b>ARRA Requested:</b>	<b>\$31,325</b>
District Funds:	\$77,842	District Funds:	\$73,097
Estimated Savings:	\$24,317	Estimated Savings:	\$24,317
		Payback:	4.3 years
		Contingency:	\$940
		Commissioning:	\$0

**7. Tucson Unified – 070405000-9999-001EFF**  
15 Schools

Project Scope: HVAC upgrade & control, VFD, Retro-Commissioning, Coil Cleaning

Total Project Costs:	\$2,927,332	IGA Total Project Costs:	\$2,755,907
Recommended Award:	\$878,200	<b>ARRA Requested:</b>	<b>\$826,772</b>
District Funds:	\$2,049,132	District Funds:	\$1,929,135
Estimated Savings:	\$462,182	Estimated Savings:	\$563,672
		Payback:	4.8 years
		Contingency:	\$24,803
		Commissioning:	\$4,761

Eric Hafner seconded. The motion passed with a 6-0 voice vote.

c. Consideration and possible vote to accept, reject or modify the Energy Efficiency Grant Awards

Dean Gray explained that with the cancellation of the Tanque Verde Unified project as presented in a previous agenda item, and final funding awards based on Investment Grade Audits that are lower than original estimates, the balance of the Energy Efficiency Grant funding is being distributed to districts that are next in the ranking and still qualify for funding.

Dr. Bill Johnson made a motion for Board approval of the staff recommendations for Energy Efficiency Grant awards for the following school districts, subject to approval of the environmental survey required by the National Environmental Policy Act.

◆ Catalina Foothills Unified
◆ Chandler Unified
◆ Ganado Unified
◆ Vail Unified

Eric Hafner seconded. The motion passed with a voice vote of 6-0.

XI. Future Agenda Items

Dean Gray asked the Board to move the August 4, 2010 meeting to August 11, 2010.

XII. Public Comment

No request for Public Comment was received.

XIII. Adjournment

There being no further business, Tom Rushin adjourned the meeting at 11:00 A.M.

Approved by the School Facilities Board on August 11, 2010

Frank Dander  
Chair