

SCHOOL FACILITIES BOARD  
January 9, 2013  
Phoenix, Arizona

The School Facilities Board held a Board Meeting at the Arizona State Archives Building in Phoenix, Arizona. The meeting began at approximately 10:00 A.M.

<u>Members Present</u>	<u>Guests Present</u>
Tom Rushin, Interim Chair	Patricia Ewanski, APS Solutions for Business
Dr. Jeff Smith	Pete Guzman, Superior USD
Gary Marks	Bill Close, Architectural Resource Team
Vern Crow	Daniel O'Brien, Scottsdale USD
Jennifer Stielow	Sean Mulvanny, FMG
<u>Members Absent</u>	<u>Staff Present</u>
Dr. Bill Johnson	Dean Gray, Executive Director
Eric Hafner	Phil Williams, Deputy Director
Stacey Morley	Kerry Campbell, Public Information Officer
	Debra Sterling, Attorney General's Office
<u>Vacant Board Positions</u>	Dan Demland, Architect
Demographer Representative	Amber Peterson, School Finance Specialist
Teacher Representative	Angela Cade, Fiscal Services Manager
	Pat Cruse, Facilities Liaison
	Yujun Mei, Demographer
	David Kennon, Assessment Specialist

- I. Call to Order  
Interim Chairman Tom Rushin called the meeting to order at approximately 10:00 A.M.
- II. Roll Call  
There were five (5) voting Board Members present.
- III. Consideration and possible vote to accept, reject or modify the Minutes of December 17, 2012  
Gary Marks made a motion for Board approval of the Minutes of December 17, 2012. Vern Crow seconded. The motion passed with a voice vote of 5-0.
- IV. Consent Agenda  
Consideration and possible vote to accept, reject or modify FY 2013 3-Year Building Renewal Plans  
Vern Crow made a motion for Board approval of the FY 2013 3-Year Building Renewal Plans as presented in the Board packet. Jennifer Stielow seconded. The motion passed with a voice vote of 5-0.
- V. Director's Report
  - a. Payson Unified – Replacement of Gymnasium Roof Structure  
Dean Gray provided a brief explanation of the project and described the before and after pictures on display.

- b. Superior Unified – Roof Repair and Gutter Modification  
Dean Gray explained that the Trust will be funding a small amount of the exterior painting, but most of the Trust funding will be for interior painting of Superior High School. The SFB is funding the painting of a different area which does not overlap with what the Trust is covering.
- c. Resolution for Refunding of School Improvement Revenue Bonds  
Dean Gray deferred to Phil Williams for explanation. Phil Williams described the methodology for determining the need for refunding and introduced Grant Hamill, Managing Director with Stone & Youngberg. Mr. Hamill further explained the current market conditions and the need to refund bonds originally issued in 2005, School Improvement Revenue Bonds. Significant reduction in interest costs would save the State approximately \$10 million. The sales process would take ten to twelve weeks. Staff is currently reviewing proposals from nine underwriting firms.

Jennifer Stielow asked about the difference between the SFB debt and the Prop 301 debt for deficiencies correction. Mr. Hamill explained that the School Improvement Revenue Bonds are just one type of bond issued by the SFB for deficiencies correction. These are Prop 301 secured bonds. The SFB also issued Certificates of Participation for new school construction. These were long time leases, not Prop 301 bonds. There are also bonds backed by the State Land Trust. As financial advisors to the SFB, Stone & Youngberg is always reviewing the SFB's debt and any possible savings that may be recognized.

Ms. Stielow questioned the need for a syndicate of underwriters. Mr. Hamill explained that having multiple underwriters is typical for an issue over \$100 million. By spreading the risk among three to five firms, there would be a more widespread marketing effort and ability to underwrite the bonds.

Ms. Stielow asked about the cost of the refunding. Mr. Hamill answered that the cost is expected to be about one quarter of 1%, or \$700,000 to \$750,000. The fee proposals are the lowest the State has incurred for issuing debt.

Ms. Stielow requested the old and new debt schedules. Mr. Hamill confirmed that these will be available prior to the February meeting.

Gary Marks asked about the net savings. Mr. Hamill responded that the net savings is expected to be about \$10 million. The general anticipation is that interest rates will be kept at relatively low levels, around 2% in the near-term.

VI. New School Construction

- a. Consideration and possible vote to accept, reject, or modify the FY 2013 Capital Plan New Construction Requests  
Per the district's request, staff requested the capital plan for Queen Creek Unified be removed from the agenda. Dean Gray gave a brief description of the capital plans as presented in the Board packet.

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

1. **Agua Fria Union (9-12): Conceptually approve** 003N (9-12 space for 500 students) to open in FY 17.
2. **Avondale Elementary (K-8): Conceptually approve** 001N (K-8 for 850 students) to open in FY 20.
3. **Buckeye Elementary (K-8): Conceptually approve** 011N (K-8 for 800 students) to open in FY 19.
4. **Chandler Unified (9-12): Conceptually approve** a 9-12 for 1,000 students to open in FY 17.
5. **Higley Unified (K-8): Conceptually approve** 008N (K-8 for 1,200 students) to open in FY 17.
6. **Liberty Elementary (K-8): Deny** 003N (K-8 for 800 students) to open in FY 16. **Conceptually approve** 003N, 004N and 005N (K-8 for 800 students each) to open in FY 17, FY 19 and FY 21, respectively.
7. **Litchfield Elementary (K-5): Approve** 009N (K-5 for 800 students) to open in FY 15. **Note: Funding cannot be awarded until sufficient funds are available in the New School Facilities fund.**
8. **Nadaburg Unified (9-12): Conceptually approve** 007N (geographic exception high school for 1,400 students) to open in FY 21.
9. This item was removed from the agenda.
10. This item was removed from the agenda.
11. **Union Elementary (K-8): Conceptually approve** 007N (K-8 for 800 students) to open in FY 20.

Vern Crow seconded. The motion passed with a voice vote of 5-0.

b. Consideration and possible vote to accept, reject, or modify the FY 2013 Capital Plan New Construction Requests

Dean Gray gave a brief description of Laveen Elementary's capital plan as presented in the Board packet.

Jennifer Stielow made a motion for Board approval of the following staff recommendations:

**Laveen Elementary (K-8): Approve** 009N (K-8 for 1,000 students) to open FY 16. **Note: Funding cannot be awarded until sufficient funds are available in the New School Facilities fund. Conceptually approve** 010N (K-8 for 1,000 students) to open in FY 19.

Dr. Jeff Smith seconded. The motion passed with a voice vote of 5-0.

VII. Building Renewal Grant Requests

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

Dean Gray reviewed the balance of the Building Renewal Grant fund. If today's recommendations are approved by the Board the remaining balance would be \$1,155,813. Staff continues working to close projects and make recognized savings and unspent monies available for new projects. Mr. Gray then provided a brief explanation of the district requests as presented in the Board packet.

Jennifer Stielow asked about the life cycle of cooling towers. Mr. Gray replied that the life cycle of a typical cooling tower is about ten years depending on the acidity or treatment of the water.

Ms. Stielow asked about the length of the cooling tower warranty for Agua Fria Union. Mr. Gray answered that statute requires a two-year warranty on construction.

Daniel O'Brien, CFO of Scottsdale Unified, thanked the Board for their consideration of the district's requests.

Dr. Jeff Smith made a motion for Board approval of the following staff recommendations:

1. Board approval of the staff recommendation that **Agua Fria Union** be awarded Building Renewal Grant funding in the amount of \$70,000 for the repairs to two cooling towers at Desert Edge High School. This includes \$5,357 in contingency that will only be used with SFB staff approval.
2. Board approval of the staff recommendation that **Bullhead City Elementary** be awarded \$15,000 in Building Renewal Grant funding for roof repairs on Buildings 1001 and 1003 at Desert Valley Elementary. This includes \$3,383 in contingency funds that will only be used with SFB staff approval.
3. Board approval of the staff recommendation that **Colorado River Union** be awarded \$40,000 in Building Renewal Grant funding for the installation of a new intercom system at River Valley High School. This includes \$3,472 in contingency that will only be used with SFB staff approval.
4. Board approval of the staff recommendation that **Colorado River Union** be awarded \$40,000 in Building Renewal Grant funding for the installation of a new intercom system at Mohave High School. This includes \$3,472 in contingency that will only be used with SFB staff approval.
5. Board approval of the staff recommendation that **Scottsdale Unified** be awarded Building Renewal Grant funding in the amount of \$8,750 for the replacement of an existing chilled water pump at Chaparral High School. The district will match funding bringing the project total to \$17,500.

6. Board approval of the staff recommendation that **Scottsdale Unified** be awarded Building Renewal Grant funding in the amount of \$3,757 for the replacement of an existing condenser pump at Chaparral High School. The district will match funding bringing the project total to \$7,514.
7. Board approval of the staff recommendation that **Scottsdale Unified** be awarded Building Renewal Grant funding in the amount of \$50,000 for the repair/replacement of controls for existing chiller at Saguaro High School. This includes \$4,651 in contingency that will only be used with SFB staff approval. The district will match funding bringing the total project cost to \$100,000.

Gary Marks seconded. The motion passed with a voice vote of 5-0.

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

Dean Gray provided a brief explanation of the staff recommendations as presented in the Board packet.

Dr. Jeff Smith asked about the Aguila Elementary request for the larger funding amount (running the new well line through the parking lot). Mr. Gray explained that with the holidays, staff had not yet confirmed with the district the option for the lower funding amount (running new well line through the playground). Staff is requesting the larger funding amount in the event the lower is not an option.

Gary Marks questioned the purpose of a new well at Aguila Elementary. Mr. Gray explained that the new well serves two purposes. The new well will provide for added volume, as well as a redundant system that would be needed in the event the domestic tank fails.

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

1. Board approval of the staff recommendation that **Aguila Elementary** be awarded an additional \$641,657 in Building Renewal Grant funding for the installation of a new well at Aguila Elementary School (project number 070363101-9999-001BRG). This includes \$583,324 for construction and \$58,333 in contingency that will be only used with SFB staff approval. This will bring the project total to \$657,657.
2. Board approval of the staff recommendation that **Paloma Elementary** be awarded additional Building Renewal Grant funding in the amount of \$16,858 for replacement of the underground sewer line between Buildings 1001 and 1003 (project number 070394001-1003-003BRG). This includes \$738 for sales tax and \$4,760 in contingency that will only be used with SFB staff approval. This brings the total project cost to \$17,558.

Gary Marks seconded. The motion passed with a voice vote of 5-0.

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

Dean Gray provided a brief explanation of Laveen Elementary's request as presented in the Board packet.

Dr. Jeff Smith asked if this school was funded by the SFB. Mr. Gray answered that the school was funded by the district.

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

Board approval of the staff recommendation that **Laveen Elementary** be awarded an additional \$307,800 in Building Renewal Grant funding for the engineering commissioning services and construction for replacement of the 27 ERV units at Vista del Sur Middle School (project number 070459004-9999-004-BRG). This amount includes \$54,000 in contingency that will only be used with SFB staff approval and will bring the project total to \$324,500.

Dr. Jeff Smith seconded. The motion passed with a voice vote of 5-0.

VII. Future Agenda Items

No requests for future agenda items were received.

VIII. Public Comment

No requests for public comment were received.

Dean Gray corrected his previous statement regarding the funding for the construction of Vista del Sur Middle School. The SFB provided part of the funding to build the school.

Dr. Smith clarified the purpose of his question by commenting that the SFB partially funded the construction of a school which we are now finding to have been poorly designed. He asked if we are learning from these mistakes so as not to repeat them and if there is any accountability.

Mr. Gray replied that when constructed, the SFB did not have staff with mechanical engineering expertise to review the design of this school. However, the Building Renewal Grant fund was developed to cover projects of this nature; the equipment failure has caused the school to fall below the minimum guidelines.

Tom Rushin commented that the SFB was created in 1998, about the same time Vista del Sur Middle School was built. The Board was very new at that time.

Mr. Gray clarified that the district built the school in 1998 and the SFB funded the construction of the gymnasium in 2001.

IX. Adjournment

There being no further business, Tom Rushin adjourned the meeting at approximately 10:55 A.M.

Approved by the School Facilities Board on February 6, 2013  
Thomas D. Keenan  
Interim Chair