

SCHOOL FACILITIES BOARD
April 3, 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 10:03 A.M.

<u>Members Present</u>	<u>Guests Present</u>
Tom Rushin, Interim Chair	Robin Redford, Ramirez & Co.
Jennifer Stielow	Lorraine Palacios, Ramirez & Co.
Dru Barisich	Sean Mulvanny, FMG
Edward Boot	Steve Zelasko, FMG
Traci Sawyer-Sinkbeil	Michael Williams, OSPB
Ward Simpson	Andrew L. Smith, Antelope UHSD
<u>Members Absent</u>	<u>Staff Present</u>
Eric Hafner	Dean Gray, Executive Director
Dr. Jeff Smith	Phil Williams, Deputy Director
Vern Crow	Kerry Campbell, Public Information Officer
Stacey Morley	Debra Sterling, Attorney General's Office
	Amber Peterson, School Finance Specialist
	Angela Cade, Fiscal Services Manager
	Pat Cruse, Facilities Liaison
	Ron Passarelli, Legislative Liaison

- I. Call to Order
Interim Chairman Tom Rushin called the meeting to order at approximately 10:03 A.M.

- II. Roll Call
There were six (6) voting Board Members present.

- V. Director's Report
 - a. Welcome and Introduction of New Board Members
Tom Rushin welcomed all four new Board Members and provided brief biographies for Traci Sawyer-Sinkbeil and Ward Simpson. Dru Barisich and Edward Boot were introduced at the March 6, 2013 Board meeting.

- III. Consideration and possible vote to accept, reject or modify the Minutes of March 6, 2013
Jennifer Stielow made a motion for Board approval of the Minutes of March 6, 2013. Ward Simpson seconded. The motion passed with a voice vote of 6-0.

- IV. Consent Agenda
Consideration and possible vote to accept, reject or modify FY 2013 3-Year Building Renewal Plans
Jennifer Stielow made a motion for Board approval of the FY 2013 3-Year Building Renewal Plans as presented in the Board packet. Traci Sawyer-Sinkbeil seconded. The motion passed with a voice vote of 6-0.

V. Director's Report

d. Report on Refunding Bond Sale – Series 2013

Dean Gray deferred to Grant Hamill with Stifel, Nicolaus & Company, the SFB's financial advisors. He provided an overview of the refunding bond sale that took place in New York City on March 19, 2013. The expected closing date is April 11, 2013 and the Net Present Value Savings is \$16,909,234.

Randie Stein explained the breakdown of the Prop 301 recipients and how the savings are to be allocated. The majority of the savings, \$14,364,394, will be applied to the Classroom Site Fund.

Traci Sawyer-Sinkbeil asked if there are any issues that may affect the closing. Mr. Hamill explained that there are no issues of which they are aware.

b. Legislative Update

Dean Gray deferred to Ron Passarelli, SFB Legislative Liaison, for an update on the Legislative session. Mr. Passarelli explained the provisions of HB2047 regarding the transition from AIMS to Common Core that were added to HB2425, which has been signed by the Governor. It is unknown at this time the implications this will have on the Executive Recommendation of \$20 million for the SFB to conduct a technology assessment and bring school districts in line with the requirements for PARCC. Budget negotiations are continuing.

Edward Boot asked about the status of funding for Building Renewal. Mr. Passarelli explained the ten-fold difference between the Executive Recommendation and the JLBC projected budget. Mr. Gray added that the Building Renewal formula is approximately \$260 million or 100 times the JLBC projected budget.

Mr. Boot asked for the balance of current Building Renewal Grant requests. Mr. Gray replied that we have received in excess of \$18 million in requests.

Mr. Boot asked if the requests have been prioritized should we receive less than what is needed. Mr. Gray explained that this question will be addressed during the Building Renewal Grant agenda items.

c. Budget Update

Dean Gray explained that this item was a placeholder in the event there had been any advancement with the budget negotiations. He offered to answer any questions from the Board.

e. Building Renewal Grants Breakdown by Category

Dean Gray explained the eight categories and various sub-categories used in the breakdown of the Building Renewal Grant projects. He described the pie chart and its similarity to the Deficiencies Correction Program.

Edward Boot thanked staff for their efforts in preparing this information. Mr. Gray added that this breakdown will also serve as a valuable tool when presented to the Legislature.

Mr. Boot commented that HVAC and roofing makeup half of the Building Renewal Grant awards and that the bulk of building renewal grant requests could be addressed through improved preventative maintenance in these two areas. Mr. Gray agreed with this comment and noted that while awareness has increased over the years, funding for preventative maintenance has been limited.

VI. Building Renewal Grant Requests

- a. Consideration and possible vote to ratify the Executive Director's awards of Building Renewal Grant funds as authorized by the Board motion approved on June 6, 2012, Director's Report, Agenda Item V.c. (up to \$50,000 for project award)

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 \$11,758. The Current Building Renewal Grant Requests that are pending total \$19,327,267. Staff continues working to close projects and make recognized savings and unspent monies available for new projects. Mr. Gray explained the purpose of the breakdown of projects as an aid for prioritization and then provided a brief explanation of the district requests as presented in the Board packet.

The Nogales Unified request was withdrawn by the district and was pulled from the agenda. The district had issued a purchase order dated prior to the Executive Director's award. The SFB does not reimburse for Building Renewal Grant requests.

Traci Sawyer-Sinkbeil asked if it was common for districts to request funding after having already issued a purchase order. Mr. Gray replied that this is not a common occurrence. He added that districts sometimes assume the SFB has no funding and that there is no point in applying.

Edward Boot asked to clarify the balance of the Building Renewal Grant fund. Mr. Gray confirmed the balance to be \$11,758 if the Board approves the staff recommendations as presented today.

Mr. Boot commented that there should be fewer Building Renewal Grant requests over the next couple of months, unless a supplemental appropriation is received. Mr. Gray explained that he has requested a supplemental appropriation from OSPB. The plan is to spend all the money currently in the fund. The remaining requests will be prioritized and some may be addressed with Emergency Deficiencies Correction funding or A.R.S. §15-907.

Ward Simpson made a motion for Board approval of the following staff recommendation:

Board ratification that **Creighton Elementary** be awarded \$4,360 in Building Renewal Grant funding for the engineering and design for the replacement of a 6-ton heat pump unit at Gateway Elementary School (project number 070414120-1002-003BRG).

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

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

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

Edward Boot requested clarification on the available balance of Building Renewal Grant funds. Mr. Gray explained that if the Board approves the staff recommendations presented in the Board packet the remaining balance would be \$11,758.

Traci Sawyer-Sinkbeil made a motion for Board approval of the following staff recommendations:

1. Board approval of the staff recommendation that **Kyrene Elementary** be awarded \$52,949 in Building Renewal Grant funding for the replacement of two cooling towers at Kyrene de los Lagos Elementary School. This amount includes \$4,800 in contingency that will only be used with SFB staff approval. The district will match SFB funding which brings the total project cost to \$105,898.
2. Board approval of the staff recommendation that **Kyrene Elementary** be awarded \$52,949 in Building Renewal Grant funding for the replacement of two cooling towers at Kyrene de la Mariposa Elementary School. This amount includes \$4,800 in contingency that will only be used with SFB staff approval. The district will match SFB funding which brings the total project cost to \$105,898.
3. Board approval of the staff recommendation that **Kyrene Elementary** be awarded \$107,225 in Building Renewal Grant funding for the replacement of two cooling towers at Kyrene del Milenio Elementary School. This amount includes \$9,700 in contingency that will only be used with SFB staff approval. The district will match SFB funding which brings the total project cost to \$214,450.

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

c. Consideration and possible vote to accept, reject or modify Building Renewal Grant Requests (supplemental awards in order of priority)

Dean Gray explained that the requests presented in this section are not in order of priority, rather they are presented in alphabetical order. He then provided a brief explanation of the district requests as presented in the Board packet.

Jennifer Stielow asked for a reminder on the background of the Paloma Elementary basketball court replacement project that was awarded on October 3, 2012. Mr. Gray explained that the court has deteriorated beyond repair and is unsafe to play on. It is located close to the train tracks and the vibration caused by passing trains has damaged the court.

Ward Simpson asked why the bid on Paloma Elementary's project exceeded the architect's construction estimate. Mr. Gray could only speculate that some firms use a third party, which would add to the cost.

Mr. Simpson questioned the effect of market conditions or a change in the design of Paloma Elementary's basketball court. Mr. Gray explained that the expectation is for the designer to design the project and for that design to be bid. The design should not change midstream.

Ward Simpson made a motion for Board approval of the following staff recommendations:

1. Board approval of the staff recommendation that **Chandler Unified** be awarded an additional \$8,000 in Building Renewal Grant funding for the architectural and engineering services to develop construction documents for the roof replacement at Shumway Elementary School (project number 070280119-9999-001BRG). This brings the project cost to-date to \$9,000.
2. Board approval of the staff recommendation that **Fort Thomas Unified** be awarded an additional \$48,400 in Building Renewal Grant funding for the structural design and roof beam repair work on Buildings 1001, 1002 and 1004 at Fort Thomas Elementary School (project number 050207101-9999-001BRG). This will bring the project total to \$249,100.
3. Board approval of the staff recommendation that **Paloma Elementary** be awarded an additional \$20,000 in Building Renewal Grant funding to replace the existing basketball court at Kiser Elementary School (project number 070394001-9999-001BRG). This amount includes \$4,000 in contingency that will only be used with SFB staff approval.
4. Board approval of the staff recommendation that **Toltec Elementary** be awarded an additional \$7,150 in Building Renewal Grant funding for additional testing required of the breezeway footings at Toltec Middle School (project number 110422101-9999-001BRG). This brings the project design total to \$35,950.

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

d. Consideration and possible vote to accept, reject or modify Building Renewal Grant Requests (construction funding)

Dean Gray provided a brief description of the district requests as presented in the Board packet.

Jennifer Stielow asked about the Santa Cruz Valley Union request and the replacement of evaporative units with a/c units. Mr. Gray explained that staff considered both refrigerated air and evaporative units and found the refrigerated air units were less expensive than the evaporative. Some of the units also cool classrooms. The requirement for cooling classrooms below an elevation of 5,000 feet is refrigerated air.

Dean Gray corrected the contingency amount requested for Mayer Unified as \$3,972.

Dru Barisich asked how the Wickenburg Unified request would not qualify as an Emergency Deficiencies Correction request. Mr. Gray answered that the request would probably qualify as an Emergency, but it was not considered as such. Currently, the majority of available funding is Building Renewal Grant funding; however, project requests are sometimes switched from one fund to the other depending on the nature of the project and the statutory requirements of the fund.

Edward Boot asked if the Valentine Elementary request was for repair or replacement of the intercom system. Mr. Gray clarified that the staff recommendation is for repair of the intercom system.

Mr. Boot commented that this is not an old school and asked if there was any recourse for the original design of Wickenburg High School. Mr. Gray replied that he thought of this as well, but there is potentially no recourse for the original design because district staff graded the site in an effort to correct the drainage issue. He added that the school appeared to be designed correctly, but we do not know if it was built correctly.

Dru Barisich made a motion for Board approval of the following staff recommendations:

1. Board approval of the staff recommendation that **Mayer Unified** be awarded \$13,000 in Building Renewal Grant funding for the replacement of the existing intercom system at Mayer Elementary School. This includes \$3,972 in contingency that will only be used with SFB staff approval.
2. Board approval of the staff recommendation that **Santa Cruz Valley Union** be awarded \$250,000 in Building Renewal Grant funding for replacement of 13 evaporative coolers / gas heating units in the classrooms and locker rooms in Building 1002 at Santa Cruz Valley Union High School. This includes \$37,837 in contingency that will only be used with SFB staff approval.
3. Board approval of the staff recommendation that **Topock Elementary** be awarded \$24,000 in Building Renewal Grant funding for the replacement of two ground-mounted ten-ton split heat pump units for Building 1001 at Topock Elementary School. This includes \$2,500 in contingency that will only be used with SFB staff approval.
4. Board approval of the staff recommendation that **Valentine Elementary** be awarded \$11,000 in Building Renewal Grant funding for the repair of the existing intercom system at Valentine Elementary School. This includes \$2,153 in contingency that will only be used with SFB staff approval.
5. Board approval of the staff recommendation that **Valentine Elementary** be awarded \$75,000 in Building Renewal Grant funding for the replacement of the existing basketball court. This includes \$10,685 for

architectural services, \$62,115 estimated construction cost and \$2,200 in contingency that will only be used with SFB staff approval.

6. Board approval of the staff recommendation that **Wickenburg Unified** be awarded \$165,000 in Building Renewal Grant funding for the recommended drainage remediation at Wickenburg High School. This includes \$10,000 in contingency that will only be used with SFB staff approval.

Traci Sawyer-Sinkbeil seconded. The motion passed with a voice vote of 6-0.

- e. Consideration and possible vote to accept, reject or modify Building Renewal Grant Requests (design funding)

Dean Gray provided a brief description of Antelope Union's request as presented in the Board packet.

Andy Smith, Superintendent of Antelope Union, thanked the Board for considering the district's request. Edward Boot commented that Mr. Smith has big shoes to fill. His predecessor Bob Klee was great to work with.

Ward Simpson made a motion for Board approval of the following staff recommendation:

Board approval of the staff recommendation that **Antelope Union** be awarded \$3,700 in Building Renewal Grant funding for architectural/engineering services for investigation, design/engineering and bid documents for the roof repair on Buildings 1021 and 1022 at Antelope Union High School.

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

- f. Consideration and possible vote to accept, reject or modify denial of Building Renewal Grant Requests

Dean Gray reviewed the Building Renewal Grant statute for the Board and provided a brief description of the district requests as presented in the Board packet. He also clarified that the Eloy Elementary write-up included the following language under Criteria for Eligibility which should be struck from the record, "It appears that the roof does not meet the statutory requirement for Building Renewal Grant funds." The Eloy Elementary request is for replacement of a main sewer line, not a roof.

Ward Simpson asked if these projects were excluded from the available fund balance. Mr. Gray affirmed that these requests are excluded from the fund balance. As requested by Edward Boot, the question was repeated. Mr. Gray clarified that every effort is made to bring the most accurate and current balance sheet to the Board each month.

Mr. Boot asked if the Creighton Elementary HVAC units will maintain classroom temperature between 68 and 82 degrees. Mr. Gray answered that the units are maintaining the appropriate temperature.

Mr. Boot questioned the reason for Creighton Elementary's request (i.e. to improve SEER ratings or for economic benefit, etc.). Mr. Gray replied that those were ideal reasons; however, the statute does not speak to reducing operational costs.

Traci Sawyer-Sinkbeil made a motion for Board approval of the following staff recommendations:

1. Board approval of the staff recommendation that **Creighton Elementary's** request for Building Renewal Grant funding for the life cycle replacement of 84 HVAC units at Gateway Elementary School be **denied** because in their current condition they do not fall below the minimum adequacy guidelines (R7-6-213 Classroom Temperature).
2. Board approval of the staff recommendation that **Eloy Elementary's** request for Building Renewal Grant funding for the replacement of a main sewer line be **denied**. It appears the existing main sewer line is currently maintainable and does not fall below the minimum guidelines. (R7-6-265 Building Systems).

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

VII. Emergency Deficiencies Correction Requests
Consideration and possible vote to accept, reject or modify Emergency Deficiencies Correction requests

Dean Gray reviewed the balance of the Emergency Deficiencies Correction fund. If today's recommendations are approved by the Board the remaining balance would be \$473,267. Staff continues working to close projects and make recognized savings and unspent monies available for new projects. Mr. Gray reviewed the sources of monies for the Emergency fund and explained that the Emergency statute allows for broader use than the Building Renewal Grant statute. He then provided a brief explanation of Red Mesa Unified's request as presented in the Board packet.

Traci Sawyer-Sinkbeil asked for a cost estimate for this project. Mr. Gray explained that at this time we have a number of questions that need to be answered before a cost estimate could be attempted.

Jennifer Stielow commented that she found the district to have over \$3 million in cash reserves in their M and O budget, which represents nearly 60% of their M and O budget and asked if the district has offered to contribute funding to the project. Mr. Gray replied that the district has not offered to contribute; he offered to ask the district about this.

Ward Simpson asked if the engineering study will consider the operating costs of the different options. Mr. Gray replied that all aspects will be considered including the operating costs.

Edward Boot asked if staff were comfortable with the choice of Kenneth Flygare, P.L.S. to complete the study. Mr. Gray explained that staff researched the qualifications of Terra Visa Group, Inc. and found they have two registered

Professional Land Surveyors and a Civil Engineer. The firm meets all the qualifications of the jurisdiction that licenses for this type of work.

Edward Boot made a motion for Board approval of the following staff recommendation:

Board approval of staff recommendation that **Red Mesa Unified** be awarded \$8,350 in Emergency Deficiencies Correction funding for engineering services for the investigation of the domestic water supply system at Red Mesa High School.

Dru Barisich seconded. The motion passed with a voice vote of 5-1. Jennifer Stielow explained that she voted against the motion because of the monies the district has available in their cash reserves.

VIII. Future Agenda Items

No requests were received.

IX. Public Comment

No requests were received.

X. Adjournment

There being no further business, Tom Rushin adjourned the meeting at approximately 11:47 A.M.

Approved by the School Facilities Board on 2 May 1, 2013

Thomas D. Rushin
Interim Chair