

SCHOOL BUILDING AUTHORITY OF WEST VIRGINIA
Meeting Minutes

June 25, 2012
Wheeling Park
10:00 A.M.

CALL TO ORDER

Mr. Kurt Dettinger, the previous Governor's designee, called the School Building Authority of West Virginia (SBA) meeting to order at 10:00 a.m. on June 25, 2012. Mr. Dettinger informed the Authority that in light of his resignation, the Governor had appointed Mr. Peter Markham to be the new Governor's designee and he would be sworn in during this meeting. Mr. Dettinger also informed the Authority members that he would now turn the meeting over to Mr. Steve Burton. The following members were present: Mr. Peter Markham; Governor's designee; Mr. Nicholas Preservati; Dr. Jorea Marpel via teleconference; Mrs. Priscilla Haden via teleconference; Mr. Steve Burton, Vice President; Mr. Robert Holroyd; Mr. Eric Lewis; Mr. Victor Gabriel and Dr. Mark A. Manchin, Executive Director. Mr. Tom Lange, Mrs. Jenny Phillips and Mr. Wade Linger did not participate in this meeting. Also present were the following SBA staff members: Mr. David Sneed; Mr. Garry Stewart; Mr. Scott Raines; Ms. Joyce VanGilder; Mr. Mike Hall; Mr. Benjamin Ashley; Ms. Mary Blashford; Ms. Angie Bradley and Ms. Stella Gill.

II.

ACKNOWLEDGMENTS AND RECOGNITIONS

Dr. Mark A. Manchin recognized Mr. Kurt Dettinger for his dedication and hard work on the SBA Board and presented him with a plaque from the Authority members.

New Governor's Appointee/ Chair

Mr. Steve Burton recognized Justice Recht to provide the oath of office. Justice Recht swore-in Mr. Peter Markham as the School Building Authority's new Governor's Appointee/Chair.

At this time Mr. Steve Burton turned the meeting over to the new Chair, Mr. Peter Markham.

Welcome by Ohio County

Mr. Peter Markham recognized the Superintendent of Ohio County Schools, will welcome the School Building Authority and provide a brief overview of the Ohio County schools.

Dr. Manchin presented Robert Dunlevy with his plaque in appreciation for his service to the service a former member of the SBA.

Dr. Manchin informed the Authority that this was Mr. David Sneed's last meeting working for the SBA. Dr. Manchin then presented him with a plaque from the Authority members and expressed his appreciation and respect for his years of hard work and dedication.

III.

APPROVAL OF MINUTES

Upon a motion by Mr. Steve Burton with a second by Mr. Nicholas Preservati the Authority voted to approve the minutes of the April 23, 2012 meeting.

IV.

EXECUTIVE DIRECTOR'S REPORTS

Counsel of Educational Facilities Planners International (CEFPI) – Regional Meeting

Dr. Mark A. Manchin informed the Authority that West Virginia had been selected to host the Southeast Region Conference of the Counsel of Educational Facilities Planner International (CEFPI). This organization represents members of the school planning and school design community from all around the world and advocates for professional planning practices and continuing education for members of the planning and design community. CEFPI also provides certification management for individuals that desire to become Recognized Educational Facility Planners (REFP) and receive advanced training in the education planning field.

Dr. Manchin then introduced Mr. Bill Bradley, who is a member of the Southeast Region conference site selection committee. Mr. Bradley provided the Authority with a brief overview of what CEFPI does and discussed the upcoming conference that will occur at the Greenbrier Resort beginning on April 13th and run through the 17th of 2013. He encouraged everyone present to attend.

Status of the 2012 Series A Bond Sale

Dr. Manchin provided a review of the recent 2012 Series A Bond sale stating that it was very successful. The SBA's Bond Finance Team raised \$26 million for construction projects and was able to achieve an All-In True Interest Cost of 2.86%, which, other than the Qualified School Bonds, represents one of the lowest cost of borrowing in the Authority's history. Our underwriters, which were led by Citi as senior manager and included Piper Jaffray and Raymond James were able to generate over [\$60] million in orders or approximately 3x the amounts of bonds that were being offered. The pricing process was really a team effort with Mr. Tom Lange and Dr. Mark A. Manchin in New York and Secretary Ross Taylor and Mr. Bob Paulsen, from the Department of Administration; Chairman Kurt Dettinger and Garry Stewart all participating via the phone. We were also assisted by our financial advisor Public Resources Advisory Group. Some of the highlights from the sale include the Following items:

- We were able to sell the entire issue to in-state West Virginia retail and national retail investors.
- The issue attracted interest from individual small investors to some large firms that manage individual retail accounts including Nuveen.
- We were able to negotiate lower interest costs several times during the pricing process due to favorable market conditions, a recent lack of State of West Virginia tax-exempt securities offerings and strong investor demand.
- The lower interest rates allowed us to retain more debt capacity for future bond issues. The low interest rates that we were able to achieve and the amount of investor interest that we saw means we are in a great position to go back to the market in the near future for another successful bond sale.

Status Update - School Access Safety's Tactical Survey Mapping Project

Dr. Manchin provided a brief update of the School Access Safety's Tactical Survey Mapping project and provided the following details:

School Assessments and Digital Mapping:

- As of June, 2012, 43 of the 55 counties in West Virginia have been assessed by Patriot Services. School data has been entered into ACAMS and all digital photos and floor plans have been uploaded.
- The remaining 12 counties will be assessed by December, 2012.

Phase 2 of the School Access Safety Project:

- During Phase 2, counties who have been assessed will be scheduled for a project out-brief.
 - Patriot Services will present Vulnerability Reports for each facility in the county. These reports will discuss ways to reduce vulnerabilities and the various costs vs. reward of each solution.
 - Patriot Services will present a customized Crisis Response Plan for each school. These plans can be used by the counties to meet the requirements of Senate Bill 592.
 - It is anticipated that all 43 assessed counties will have their out-brief scheduled no later than the fall of 2012.

Senate Bill 592:

- Two statewide meetings were held in Morgantown and Charleston on May 31st and June 2nd to distribute the recently adopted Crisis Response Plan.
- Legislative requirements were discussed at these meetings including:
 - Timelines for implementation of the Crisis Response Plan
 - Crisis Response Planning Team make-up and duties
 - Training requirements for county and school personnel
- County Emergency personnel and 1st responders were also invited to these meetings to encourage their participation with the counties and to discuss training requirements

Purchasing Card (P-Card) Program Report

Dr. Manchin informed the Authority that one of the requirements of the P-Card Program is for the Board/Authority members to review all purchases made by staff members. As such, the document in Attachment B provides an itemized list of the SBA's card usage for the period of February 1, 2012 thru April 1, 2012. He encouraged everyone to review this document and asked if there was any questions. There were no questions regarding this report.

V.

FINANCE REPORTS

Gibbons & Kawash – SBA 2012 Audit Planning Communications

Mr. Garry Stewart informed the Authority that in conjunction with the annual audit of SBA's financial statements for the year ending June 30, 2012, Gibbons & Kawash are required to make certain communications with the body charged with governance before the start of the audit. Mr. Stewart informed the Authority that usually, they do this in person but this year they provided this communication in a letter which he ask staff to distribute to the Authority members. Mr. Stewart informed the Authority that if they had any questions regarding the SBA audit there was contact information included in the letter which the could use to contact the auditors directly should there be any area of the SBA that they are concerned about.

VI.

FINANCE AND CONSTRUCTION COMMITTEE REPORTS

Mr. Peter Markham recognized Mr. Steve Burton and Mr. Eric Lewis to provide the Joint Finance and Construction Committee.

Hardy County – Local Bond Passed

Mr. Burton asked Dr. Mark A. Manchin to provide the review of this issue. Dr. Manchin stated that Hardy County was provided a reserve grant of \$250,000 in April, 2012 in order to demonstrate support for their project. Local Bond funding would also be provided. Those funds will construct a new Moorefield High School and provide major renovations and additions to East Hardy High School. The total cost of both projects is \$43,015,669 and the SBA total commitment, once approved, would be \$21,507,835. The Hardy County grant was contingent upon the passage of their local bond and on May 5, 2012 their Bond successfully passed. The SBA action taken during this meeting required Hardy County to return to the SBA in a future funding cycle in order to compete for the balance of their funding. This has created a logistics problem with regards to the sale of their local bonds. Hardy County desires to move forward with the sale of their bonds to take advantage of the low interest rates and has stated that they are now prepared to start the planning and design process of both schools. Hardy County bond counsel has informed Hardy County that they cannot issue their bonds without a grant contract from the SBA committing to the future SBA funding in accordance with the expenditure draw down schedule they have established for their project. Their request would require \$11,000,000 in 2014 and \$10,257,834 in 2015 from the SBA. The staff has reviewed this schedule and the drawdown of funds in this manner would be acceptable. Based on their Bond counsel's opinion, without the SBA commitment, Hardy County cannot issue their bonds until the SBA commits to the balance of funding. We would like to allow Hardy County to feel comfortable moving forward with the Bond sale and preconstruction activities with some comfort that a commitment of the SBA to provide the balance of Hardy County's funding in the amount of \$21,257,834 in 2014 and 2015 will occur.

Upon a motion by Mr. Steve Burton with a second by Mr. Eric Lewis the Authority voted to approve a formal commitment to provide the balance of Hardy County's funding request in the total amount of \$21,545,834 with an amount of 11,000,000 in 2014 and \$10,257,834 in 2015.

Emergency Funds Request – McDowell County – Anawalt Elementary & Tyler County – Tyler County Consolidated Middle/High School

Mr. Burton then explained that there are two requests for Emergency Funds submitted for consideration on this agenda and the SBA Emergency Grant Fund balance currently is \$2,620,606. Separate actions will be required for each request and the SBA staff will be discussing both requests with the Joint Committees of the Finance and Construction.

1. McDowell County

Mr. Burton recognized Mr. Scott Raines to provide an overview of this issue. Mr. Raines stated that Anawalt Elementary School is in deplorable condition and the WV State Fire Marshal's office has indicated that several fire safety deficiencies must be corrected or the building could face closure. Mr. Raines stated that he had accompanied representatives of the Department of Education, McDowell County staff and Thrasher Engineering when they visited the site on June 4, 2012 along with the Fire Marshal to determine if improvements could be made or if the school should be abandoned. It has been determined that the most feasible solution would be to abandon the school and provide temporary facilities for the 100 students attending the school. The temporary classrooms will be used until permanent space can be provided. McDowell County has requested up to \$1,000,000 in Emergency Grant funding to move the students out of the Anawalt Elementary School and provide safe and healthy learning environment.

Upon a motion by Mr. Robert Holroyd with a second by Mr. Steve Burton the Authority voted to approve Emergency Grant funds not to exceed \$1,000,000 to move the students out of the Anawalt Elementary school and provide a safe and healthy learning environment.

2. Tyler County

Mr. Burton then provided a brief overview of this request stating that Tyler County requested Emergency funding in the amount of \$625,000 to provide HVAC improvements at Tyler County Consolidated Middle/High School. They are experiencing high humidity and mold problems and they need to replace the pipe insulation and provide new HVAC equipment in the gymnasium to prevent humidity from migrating from unconditioned space in the building. To prevent further problems and to prevent possible future health concerns we have worked with Tyler County and their design engineer to develop a project that resolves the problems. These funds along with local funding will help resolve these problems. To complete the finance plan the county will be providing additional local funding in the amount of \$200,000 and they have also requested a redistribution of remaining Needs funds from a completed HVAC project previously approved by the Authority. Mr. Burton informed the Authority that since the amount in the Emergency Fund was getting smaller he would like to recommend that the Authority redistribute the entire amount (\$98,929.20) of the funds being recaptured from the Tyler County multi school HVAC renovation project and redistribute the to the Tyler Consolidated Middle/High School Emergency project. That way it would reduce the amount of emergency funds necessary to \$605,000.

Upon a motion by Mr. Steve Burton with a second by Mr. Eric Lewis the Authority voted to recapture \$98,829.20 from the multi school HVAC renovation project in Tyler County which was now complete. These funds would now be available for redistribution.

Upon a motion by Mr. Steve Burton with a second by Mr. Eric Lewis the Authority voted to redistribute the \$98,829.20.

Upon a motion by Mr. Eric Lewis with a second by Mr. Robert Holroyd the Authority voted to approve an Emergency Grant in an amount not exceed \$605,032.80 for the Tyler Consolidated Middle/High School project.

Design/Build Project Delivery

Dr. Mark Manchin recognized Mr. David Sneed to provide an overview of the Design/Build process. Mr. Sneed stated that the state of West Virginia currently has legislation and procedures in place for public bodies to follow with regards to the Design/Build project delivery method. State agencies and local boards of education may elect to use design/build as a project delivery method but current WV Code requires the public body to first obtain permission from the State Design/Build Board (DBB) before proceeding. The DBB has created legislative rules that define how to approach the approval and implementation of projects where the design/build method is being proposed. The DBB must approve all projects and the projects must meet the criteria established to qualify for review and to be approved to proceed forward. We currently have policy that provides counties directives should they desire to use Design/Build on an SBA funded project. We would like to further explore this type of project delivery method and perhaps revise our policy to reflect greater SBA involvement in the process.

Public/Private Financing has also been discussed recently by the Authority and we have had presentations from private financiers before the authority in the past. Given the limited funding available to the Authority, staff has been reviewing all available sources of funding including Public/Private and we have also considered the Design/Build project delivery method as an alternative in conjunction with private financing. There may be several alternatives to deliver projects. Staff is also working on alternative construction financing in response to the Governor's request for construction finance to address future needs. We would like to discuss Design/Build, Design/Bid/Build and Design/Build with private financing thoroughly with the Authority and if there is interest research Design/Build and Public/Private financing pro's and con's and provide the Authority further details during future meetings. This will allow the Authority members an opportunity to review options available and to address the report to the Governor as well. The Authority could then consider any policy changes that may be required in order to address these construction and financing options. Staff would like to consider all options and receive Authority members input before preparing Policy and Procedure changes that might allow Design/Build type projects and perhaps public/private financing project. Mr. Sneed stated that the SBA staff would be looking into these issues further and bring the information back to the Authority at a future date.

SBA Policy & Proceeds Handbook Revisions

Mr. David Sneed provided a review of the suggested policy & procedure changes. He stated that the SBA currently has a policy that adds to or deletes portions of this language in order to comply with bidding and construction preferences desired by the Authority. In order to seamlessly address these changes we have created new language that explains these revisions that alter the AIA documents. These policy revisions change the format of our Supplemental Conditions, but do not substantively change our current policy. The changes occur in appendix J of our policy manual and do not affect the portions of policy that requires legislative approval if modified. Mr. Sneed informed the Authority that the modifications that simply reference the AIA altered language is shown as new language that changes current SBA Policy and is (underlined) and removed language is shown (stricken).

Upon a motion by Mr. Victor Gabriel with a second by Mr. Nicholas Preservati the Authority voted to approve the proposed changes to the Policy & Procedure Handbook in Appendix J.

Square Footage Costs Allowance

Mr. Sneed informed the Authority that as per the requirement of the SBA's legislative rules, the SBA staff has reviewed the construction square foot cost for new construction projects. Based on the fact that the Authority addressed this issue during the December, 2011 Quarterly Meeting, we would recommend no changes to the square footage cost allowance at this time. We recommend that the SBA staff continue to monitor the square foot cost as bids are received this summer and bring back a report to the Authority at a future meeting.

VII.

OTHER BUSINESS

Renewal of the Construction Analyst Contract for PCS

D. Mark A. Manchin recognized Mr. David Sneed to provide a review of the Construction Analyst contract with Project and Construction Services (PCS) which is up for renewal. Mr. Sneed stated that PCS is working through their second year of their three year contract that is annually renewable. There are several projects funded in 2011 by the Authority that are in various stages of development where constructability reviews, document coordination and cost estimating is occurring. Additionally, there were several new projects approved in April 2012 by the Authority that will require the use of a construction analyst. Should the Authority desire to continue the PCS contract for the 3rd year of the existing contract, the conditions of the current contract will remain the same with the possible exception of hourly rate increases as allowed by the contract.

Mr. Sneed informed the Authority the SBA feels this process is benefiting the quality of the bidding documents provided to our contractors and consequently is reducing post bid change orders. PCS reviews also help provide clarity to bidding documents from a constructor's prospective, thus reducing uncertainty which in turn reduces contractor risk and costs on bid day. PCS has been very successful with offering cost saving suggestions during their reviews that have saved counties a significant amount of money when bids are received. Based on these factors, I respectfully recommend approval of the extension of the PCS construction analyst contract for 2013.

Upon a motion by Mr. Steve Burton with a second by Mr. Robert Holroyd the Authority voted to extend the PCS contract for the final year on their contract.

Appointment of Officers for 2012

In accordance with the WV Code §18-9D-1, the Authority shall annually elect one of its public members as Vice Chair and shall appoint a member as Secretary. At this time, Mr. Steve Burton holds the office of Vice Chair and Mr. Eric Lewis holds the office of Secretary.

Upon a motion by Mr. Robert Holroyd with a second by Mr. Nicholas Preservati the Authority voted to re-elect the Mr. Steve Burton the office of Vice Chair and Mr. Eric Lewis to the office of Secretary for 2012/2013.

VIII

CONSENT AGENDA

The following amendments to county Comprehensive Educational Facilities Plans (CEFPs) have been reviewed and are recommended for approval by the SBA staff. A single motion of the Authority may approve all items on the Consent Agenda or, should an individual item be of interest to a member, it may be pulled for discussion. Complete amendment submittals will be available for review upon request. The Consent Agenda contains the following items:

Dr. Mark A. Manchin wanted to make sure that the record reflect that he would recommend approval of this amendment reluctantly the SBA did not encourage children being placed in portables for any length of time. Only in extreme circumstance would it deem necessary.

Kanawha County's CEFP Amendment

The Kanawha County Board of Education requests approval of an amendment to their 2010 – 2020 CEFP. This amendment provides for the addition of a portable classroom at the Bridge Elementary School in Elkview and two portable classrooms at Shoals Elementary School in Mink Shoals to provide adequate space for educational/instructional programs at the respective schools. The State Board of Education has already reviewed and approved this amendment during one of their previous meetings.

Upon a motion by Mr. Victor Gabriel with a second by Mr. Nicholas Preservati the Authority approved Kanawha County's amendment.

IX.

PERSONNEL COMMITTEE

The Authority entered into executive session to discuss issues relating to matters of SBA personnel.

Upon a motion by Mr. Steve Burton with a second by Mr. Nicholas Preservati the Authority reconvened.

Dr. Mark A. Manchin informed the Authority that it was his recommendation the Authority hire Mr. Scott Rains as Director of Architectural Services at a salary of \$85,000 a year. Mr. Robert Holroyd, stated that as the Chair of the Personnel Committee he was making the motion for Mr. Scott Rains to be hired as the new Director of Architectural Services and this was seconded by Mr. Steve Burton. Upon a vote by the full Authority the motion passed.

X

FUTURE MEETINGS

The 2012 fall quarterly meeting of the School Building Authority of West Virginia is scheduled at 9:00 a.m. on September 17, 2012 with the location to be determined.

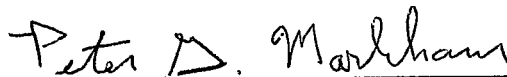
The 2012 winter quarterly meeting of the School Building Authority of West Virginia is scheduled at 9:00 a.m. on December 17, 2012 at 2300 Kanawha Boulevard, East, Charleston.

XI.

ADJOURNMENT

There being no further issue to come before the Authority, the June 25, 2012 meeting of the School Building Authority of West Virginia was adjourned.

Minutes approved on September 17, 2012



Mr. Peter Markham, Governors Designee
School Building Authority of West Virginia