

**SCHOOL BUILDING AUTHORITY OF WEST VIRGINIA**  
**Meeting Minutes**  
**March 20, 2017**  
**9:30 a.m.**

**The West Virginia Lottery**  
**900 Pennsylvania Avenue**  
**Tenth Floor Conference Room**  
**Charleston, West Virginia**

**I. CALL TO ORDER**

Mr. Nick Casey, Governor's Designee, called the School Building Authority of West Virginia (SBA) Quarterly Meeting to order at 9:35 a.m. on Monday, March 20, 2017. The following Board Members were present: Mr. Steve Burton, Vice-Chair; Mr. Victor Gabriel, Secretary; Mr. Robert Holroyd; Mr. Tom Lange; Mr. Chris Morris; Mr. Tom Campbell; Mr. Bart Willis and Mr. Miller Hall. The following staff of the SBA were also present: Mr. Frank Blackwell, Executive Director; Mr. Garry Stewart; Mr. Scott Raines; Mr. Mike Hall; Mr. Ben Ashley; Mr. Dana Womack; Ms. Joyce VanGilder; Ms. Stella Gill; Ms. Angie Bradley and Ms. Tammy Brewer.

**II. ACKNOWLEDGEMENTS AND RECOGNITIONS**

Chairman Casey recognized the Honorable Anita Harold Ashley, Fifth Judicial Circuit Judge, to provide the Oath of Office to the newest members of the School Building Authority, Governor Designee, Nick Casey; Executive Director, Frank L. Blackwell and State Board Member, Mr. Miller Hall.

The following individuals attended the SBA Meeting: Mr. Gary A. Holliday, Fayette County; Mr. Terry George, Superintendent Fayette County; Mr. Gary Hough, Fayette County Board; Mr. Steve Slockett, Fayette County Board; Mr. Jerry Milliken, West Virginia Department of Education; Ms. Anna Kincaid-Cline, Fayette County Board; Mr. Steve Bush, Fayette County Board; Mr. Frank Parsons, Dinsmore and Shohl LLP; Mr. Ted Shriver, Williamson Shriver; Mr. Ryan Quinn, Charleston Gazette-Mail; Mr. A.J. Rogers, Nicholas County Board; Ms. Sarah Plummer, Register Herald; Mr. David Ferguson, ZMM, Inc.; Mr. Travis Arey, PCS, Inc.; Mr. Cole Malcolm, Dixon Hughes Goodman, LLP; Ms. Audra Blackwell, ESG, Inc.; Senator Kenny Mann; Mr. Charles Sam, Monroe County Board; Ms. Joetta Basile, Superintendent Monroe County; Ms. Lisa Mustain, Monroe County; Mr. Chris Hanshaw, Nicholas County; Mr. Kevin Hess, Nicholas County; Mr. Gus Penix, President Nicholas County Board; Mr. Eric Burkholder, Nicholas County; Mr. Ernie Jarvis, Nicholas County; Mr. Rocky Roberts, Nicholas County; Ms. Susan Barrett, Nicholas County; Dr. Donna Burge-Tetrick, Superintendent Nicholas County; Ms. Tracy Hannah, West Virginia Affiliated Construction Trades Foundation; Ms. Rebecca Tinder, Bowles Rice LLP and Mr. Bob Henry Baber, Mayor of Richwood.

**III. APPROVAL OF MINUTES**

SBA Quarterly Meeting December 12, 2016

Upon a motion by Mr. Steve Burton, with a second by Mr. Tom Lange, the Authority voted to approve the School Building Authority's December 12, 2016 Quarterly Meeting Minutes.

#### IV.

### EXECUTIVE DIRECTOR'S REPORT

#### A. Dixon Hughes Goodman, LLP – Final Audit Report for The Fiscal Year Ending June 30, 2016

Chairman Casey recognized Mr. Frank Blackwell, Executive Director. Mr. Blackwell recognized the staff of the SBA and turned the presentation over to Mr. Garry Stewart, Director of Finance. Mr. Stewart informed the Authority that Dixon Hughes Goodman, LLP conducted an independent audit of the SBA financial records for the fiscal year ending June 30, 2016 and upon completion of the final audit report, the approval of the Authority was required to meet the requirements of the State Auditor's Office and the SBA's Bond Indenture. A hard copy was provided to the Authority. Mr. Stewart introduced Mr. Cole Malcom, Senior Manager with Dixon Hughes Goodman, LLP who gave a brief overview of the audit and was available to answer any questions the Authority had in regards to the Audit.

The Authority was informed that once the audited financial statements and the management letter were approved by the Authority, Dixon Hughes Goodman, LLP would issue its final report. This report will be forwarded to the Trustees and the appropriate investors who own SBA bonds. A copy of the final report was provided in Attachment B1 and a copy of the Financial Statements in Attachment B2 for the Authority to review.

Upon a motion by Mr. Steve Burton, with a second by Mr. Tom Campbell, the Authority voted to approve the final version of the FY2016 Audit Report, as provided by Dixon Hughes Goodman, LLP.

#### B. Memorandum of Understanding

Executive Director Blackwell informed the Authority that the following information was listed as Item K on the West Virginia Board of Education's March 8, 2017 Agenda. Attachment C1 provided a copy of the Memorandum of Understanding between the West Virginia Board of Education with Fayette County and Attachment C2 was a copy of the current SBA Grant Contract with Fayette County.

*From WVBE March 8, 2017 Agenda - Consideration of Approval of Fayette County Memorandum of Understanding - (Action) - Attachment R - Mary Catherine Tuckwiller*

*At its February 16, 2017 meeting, the West Virginia Board of Education (WVBE) voted to return full local control to the Fayette County Board of Education (FCBOE), subject to approval of a Memorandum of Understanding (MOU) by the WVBE, and subsequent execution of the same by the WVBE President and FCBOE President*

*Motion(s) will be considered regarding approval of the Fayette County Memorandum of Understanding.*

Executive Director Blackwell stated that during the deliberation of projects in the December 2016 NEEDS funding meeting, several Authority members requested assurances that phases two and three of the CEFP that were in effect on December 12, 2016, would be completed as they related to the project presented for funding consideration. It was discussed that the WVBE would be executing a MOU with the FCBOE at the time full local control was returned and that the MOU would or could include language to ensure completion of future phases. However, the MOU approved by the WVBE did not specifically mention completion of the future phases of the approved CEFP.

A brief discussion occurred and Mr. Terry George, Superintendent of Fayette County was asked to participate and answer questions that the Authority had concerning the completion of the current CEFP.

Upon a motion by Mr. Tom Lange, with a second by Mr. Chris Morris, the Authority voted to approve the Memorandum of Understanding as presented to the Authority, and that it be executed between the School Building Authority and Fayette County Board of Education. This MOU should state that the Fayette County Board of Education would continue to move forward with the current projects funded by Grants from the SBA as planned; complete and fully implement, unless otherwise deemed necessary after careful consideration of the same parameters and guidelines used and approved in the creation of the FCBOE's CEFP amendment in place on December 12, 2016.

C. Purchasing Card (P-Card) Program Report

Executive Director Blackwell informed the Authority that one of the requirements of the P-Card Program is for the Authority members to review all purchases made by the staff of the SBA. As such, Attachment D provided an itemized list of the SBA's card usage for the period of November 1, 2016 through January 31, 2017. The Authority members reviewed the expenditure report and had no questions.

D. New SBA Sub-Committee Assignments

Executive Director Blackwell notified the Authority that given the resignation of Dr. William White and the appointment of Mr. Miller Hall as an Authority Member it was necessary to reassign Members to Sub-Committees. We were asked to provide recommendations of these appointments. Attachment E provided these recommendations.

Upon a motion by Mr. Chris Morris, with a second by Mr. Tom Lange, the Authority voted to approve the recommended Sub-Committees.

E. Appointment of Officers for 2017

Executive Director Blackwell informed the Authority that 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 held the office of Vice-Chair and Mr. Victor Gabriel held the office of Secretary.

Upon a motion by Mr. Tom Lange, with a second by Mr. Chris Morris, the Authority approved Mr. Steve Burton as Vice-Chair and Mr. Victor Gabriel as Secretary.

F. Monroe County – Peterstown PreK-8

Executive Director Blackwell introduced Ms. Joetta Basile, Superintendent of Monroe County. Ms. Basile advised the Authority that Monroe County had been working with bond and legal counsel since receiving SBA NEEDs funding at the December 12, 2016 Quarterly Meeting, to finalize legal language required to be included in the proposed Bond Call. Ms. Basile provided a status update to the Authority on its progress to date and presented them with a list of Bond Projects. The Bond was slated to be ran at \$12,050,000, a difference of \$2,050,000 from when this was presented to the Authority in November 2016. The difference to be used towards: new Safe Schools Entry at James Monroe High School; new exterior building and parking lot lighting and renovate restrooms at Monroe County Career and Technical Center, construct new gymnasium with bleachers at the existing Mountain View School (Elementary and Middle School) along with the completion of a New Peterstown PK-8 School.

Upon a motion by Mr. Tom Lange, with a second by Mr. Robert Holroyd, the Authority approved Monroe County Board of Education to reduce the amount of its Bond Call from \$12,050,000 to \$10,000,000. If the Bond passed, then Monroe County will be required to amend its original plan presented before the Authority in November 2016 and the Authority to approve funding of the extra \$2,050,000.

## V.

### CEFP AMENDMENTS

The following amendments to county Comprehensive Educational Facilities Plans (CEFPs) had been reviewed and were recommended for approval by the staff of the SBA and also reviewed and coordinated with the State Department of Education Office of School Facilities. The State Board of Education would act on these same amendments at a later date. Approval of these amendments did not necessarily reflect support for funding of the projects within the Amendment. Approval of these amendments simply means the County followed the proper Amendment Process. Complete amendment submittals was available for review upon request. The following Amendments were submitted for the Authority to review and approval:

#### A. Kanawha County CEFP Amendment

The Kanawha County Board of Education requested approval of an amendment to its 2010-2020 CEFP. This amendment would add Horace Mann Middle School's window replacement as the number one SBA MIP Project.

Kanawha County had complied with the SBA CEFP Amendment process.

Upon a motion by Mr. Tom Lange, with a second by Mr. Steve Burton, the Authority approved to table Kanawha County's CEFP Amendment until the West Virginia Board of Education acts on this matter.

#### B. Nicholas County CEFP Amendment

The Nicholas County Board of Education requested approval of an amendment to its 2010-2020 CEFP. This amendment would create a New Comprehensive High School and a New Middle School, both middle schools and both high schools will need to close. Nicholas County High School is the only one currently in use. To provide a Comprehensive High School, the county intends to close the Career Technical Center in its current location and move it to the New High School location. The new facilities will follow all guidelines set forth within WVDOE Policy 6200.

The Nicholas County Board of Education proposes to consolidate the following schools:

- Richwood High School, Nicholas County High School and the Career Technical Education Facility into one Comprehensive High School. This will be a building of approximately 250,000 square feet.
- Richwood Middle School and Summersville Middle School into one Middle School facility. This will be a building of approximately 97,047 square feet.

The benefits of this plan include:

- Both the Middle School and Comprehensive High School are proposed to be at the centrally located Glade Creek Business Park site. This location is closest to the center of the enrollment area.
- Outside amenities would be relocated to accommodate all student extracurricular activities to the new campus. This will promote student participation and community involvement at one location.
- All Campus facilities will meet all current Handicapped Codes and standards that the current facilities are deficient.
- The new schools will be designed around the most current "safe schools" design criteria. The existing facilities do not meet any of the current guidelines.

Nicholas County had complied with the SBA CEFP Amendment process.

Upon a motion by Mr. Steve Burton, with a second by Mr. Tom Lange, the Authority approved to table Nicholas County's CEFP Amendment until the West Virginia Board of Education acts on this matter.

Mr. Tom Campbell, President of the WVBE stated that these matters should be on the WVBE April 12, 2017 Agenda.

Upon a motion by Mr. Tom Lange, with a second by Mr. Steve Burton, the Authority approved to hold a Special Tele-Conference Meeting on April 14, 2017 to reconsider these matters.

## VI.

### FINANCE REPORT

#### A. Analysis of Trustee Accounts - Trustee Accounts Report

Chairman Casey recognized Mr. Garry Stewart to present the Financial Reports. Mr. Stewart informed the Authority that the financial reports of the trustee accounts held at United Bank of Charleston, West Virginia and The Bank of New York Mellon for the period ending January 31, 2017 summarize the trustee functions of the SBA. A copy of this financial report was provided in Attachment H.

#### B. United Bank of Charleston – SBA Program Depository Accounts Report

Mr. Stewart notified the Authority that the financial report of the depository accounts maintained by United Bank for the period ending February 15, 2017, summarizes construction spending by the SBA for its School Construction and Major Improvement Programs. A copy of this financial report was provided in Attachment I.

#### C. Selection of Independent Auditor

Mr. Stewart notified the Authority that the School Building Authority is required by its Bond Trust Indentures to have an independent audit performed at the end of each fiscal year. The standard procedure is to obtain new bids every four years. As such, the SBA will release a Request for Quotation for Auditing Services for the Fiscal Years ending 2017, 2018, 2019 and 2020. Once the bids have been received from the firms interested in performing these duties, the staff of the SBA shall proceed with an in-depth review of all bids received to determine which firm has met all the required bid criteria and is the lowest bidder.

Upon a motion by Mr. Tom Lange, with a second by Mr. Tom Campbell, the Authority voted to approve for the staff of the SBA to move forward with the Request for Quotation for Auditing Services for the Fiscal Years ending 2017, 2018, 2019 and 2020 and to contract with the firm meeting all required bid criteria and being the lowest bidder.

#### D. Refunding of Series 2007A Bonds

Mr. Stewart informed the Authority that the SBA has had discussions with Public Resources Advisory Group (PRAG) regarding the potential refunding of the Series 2007A Bonds, and that PRAG has estimated that the present value savings from this refunding transaction would be approximately \$4.0 million based on the March 7, 2017 market conditions.

These bonds are paid from annual General Revenue Fund appropriations to the West Virginia Department of Education. The original bonds that were refunded by the Series 2007A Bonds were issued in the early 1990s and required a Debt Service Reserve Fund as collateral for those bonds. The Debt Service Reserve Fund currently has a balance of \$23 million.

Based on the discussions with PRAG, Federal Security regulations will require the SBA to liquidate the existing Debt Service Reserve Fund if the SBA decides to refund the Series 2007A Bonds. The West Virginia Supreme Court's decision in the 1993 Winkler vs the West Virginia School Building Authority case requires that the liquidated Debt Service Reserve Funds be used to retire those bonds.

WV Code Section 18-9D-8(g) states "to meet the operational costs of the School Building Authority, the School Building Authority may transfer to a special revenue account in the State Treasury interest on any Debt Service Reserve Funds created within any resolution authorizing the issue of bonds or any trust agreement made in connection with the bonds for expenditure in accordance with legislative appropriation or allocation of appropriation".

To proceed with this refunding, Senate Bill 356 and House Bill 2720 have been introduced in both houses by the request of the Governor. These are companion bills that would allow the School Building Authority to transfer funds allocated into the School Construction Fund to the School Building Authority Operating Fund. The School Building Authority's current operating budget is \$1,371,872.

Should the legislation be signed into law and the Authority chooses to refund these bonds, a special meeting will be required to initiate the refunding process.

## VII. CONSTRUCTION COMMITTEE REPORT

### Policy and Procedures Revision

Final revisions of the latest Policy and Procedures were completed. The thirty (30) day comment period ended January 23, 2017. All comments received had been reviewed, and several comments were incorporated into the revised Policy language to address the comments. The Authority was provided a copy of the public comments, as well as, the staff of the SBA's responses to these comments. The Final Version of the Policy Manual was provided in Attachment K.

Upon a motion by Mr. Victor Gabriel, with a second by Mr. Tom Campbell, the Authority approved to defer action on the Policy and Procedures Revisions until appropriate posting had been followed.

## VIII. OLD BUSINESS

### A. Roofing Consultant Contract

Chairman Casey recognized Mr. Scott Raines, Director of School Planning and Construction. Mr. Raines advised the Authority that at the December 12, 2016 they had approved the hiring of TNT Consultants to perform on-site testing and evaluations on the thirty (30) schools that submitted roofing projects, prepare cost estimates and a prioritized list of these projects, but failed to approve payment for these services.

Upon a motion by Mr. Steve Burton, with a second by Mr. Victor Gabriel, the Authority voted to approve a 3% grant in the amount of forty-nine thousand dollars, (\$49,000), to enable the roofing consultant to begin the evaluation and prioritization of the roofing repair and replacement projects previously submitted by the twenty-eight boards of education across the state.

Once these evaluations are completed, the prioritized list will be presented to the Authority for consideration at which time the future funding for these projects can be considered.

B. Construction Managers

Mr. Raines informed the Authority that at the request of the Authority the staff of the SBA was prepared to present an update on Construction Manager activities, as well as, events that led up to the involvement of Construction Managers on SBA projects. A brief discussion was held.

Upon a motion by Mr. Steve Burton, with a second by Mr. Tom Lange, the Authority approved to place this subject on the Special Meeting Agenda for further discussion by the Authority.

IX. **FUTURE MEETINGS**

The 2017 summer quarterly meeting of the School Building Authority of West Virginia is scheduled on June 26, 2017 with the location to be determined.

The 2017 fall quarterly meeting of the School Building Authority of West Virginia is scheduled on September 25, 2017 with the location to be determined.

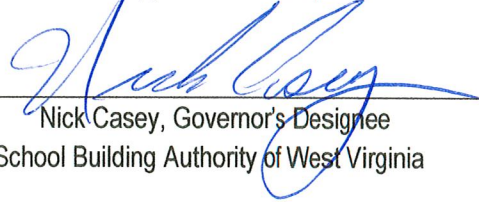
The 2017 NEEDs Grant Submission/Superintendent Interviews meeting is scheduled on November 13 and November 14, 2017 with the location to be determined.

The 2017 winter quarterly meeting and NEEDs Grant project selection meeting of the School Building Authority of West Virginia is scheduled on December 11, 2017 with the location to be determined.

X. **ADJOURNMENT**

There being no further business to come before the Authority and upon a motion by Mr. Steve Burton, with a second from Mr. Victor Gabriel, the Authority voted to adjourn the March 20, 2017 Quarterly Meeting of the School Building Authority of West Virginia.

Minutes Approved June 26, 2017

  
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Nick Casey, Governor's Designee  
School Building Authority of West Virginia