

SCHOOL BUILDING AUTHORITY OF WEST VIRGINIA
Meeting Minutes

June 14, 2010

At Greenbrier East Middle School – Greenbrier County, WV
10:00 a.m.

I.

CALL TO ORDER

Governor's Designee, Mr. Jonathan Deem called the School Building Authority of West Virginia (SBA) meeting to order at 10:00 a.m. on June 14, 2010. The following members were present: Mr. Steve Burton, Vice-Chair; Mrs. Delores Cook, Secretary; Mr. Louis Spatafore; Mr. Robert Holroyd; Mr. Nicholas Preservati; Mr. Tom Lange; Mrs. Connie Perry; Mrs. Priscilla Haden; Mr. Robert Dunlevy and Dr. Mark Manchin, Executive Director. Dr. Steven Paine was absent from this meeting. Also present were the following SBA staff members: Mr. David Sneed; Mr. Garry Stewart; Mr. Scott Raines; Mr. Mike Pickens; Mr. Mike Hall; Ms. Joyce VanGilder; Ms. Karen Courtney and Ms. Stella Gill.

II.

ACKNOWLEDGMENTS AND RECOGNITIONS

The following individuals attended the SBA meeting: Ms. Jessica Alsop, Jackson & Kelly; Ms. Samme Gee, Jackson & Kelly; Mr. Paul Creeden, Citi Group; Ms. Jessica Donnelly, Citi Group; Mr. Joe Nassif, Raymond James; Ms. Marie Prezioso, Raymond James; Mr. Kurt Dettinger, Lewis, Glasser, Casey & Rollins, PLLC; Mr. Benjamin Asher, Public Resource Advisory Group (PRAG); Dr. Charlotte Hutchens, Superintendent of Raleigh County Schools; Mr. Richard Snuffer, Raleigh County Board of Education; Mr. Tommy Young, McKinley & Associates; Mrs. Debbie Pickens; Mr. Steve White, Affiliated Construction Trades; Mr. Wayne Rebich, Affiliated Construction Trades; Mr. John Curry, Superintendent of Greenbrier County Schools; Ms. Christy Clemons-Rodger, Greenbrier County Schools and Mr. John Galloway, Gibbons & Kawash.

Dr. Mark A. Manchin introduced Mr. John Curry, Superintendent of Greenbrier County Schools. Mr. Curry welcomed everyone to Greenbrier County and provided a brief overview of Greenbrier County's school construction initiatives. Mr. Curry then introduced all of his Board of Education members that were present and thanked the SBA members for their continued support of Greenbrier County Schools. Next, Mr. Curry recognized Ms. Christy Clemons-Rodger, a Coordinator for Greenbrier County Schools and expressed his appreciation for all her assistance in coordinating the details of this meeting.

Dr. Mark A. Manchin recognized Mr. Mike Pickens and informed the Authority that Mr. Pickens had accepted a job with the State Department of Education as the new Executive Director of School Facilities. Dr. Manchin thanked Mr. Pickens for all his hard work and presented him with a plaque.

III.

APPROVAL OF MINUTES

Upon motion by Mr. Tom Lange, with second by Mr. Steve Burton, the Authority approved the minutes for the April 26, 2010 SBA meetings.

IV.

EXECUTIVE DIRECTOR'S REPORTS

Provide Update of the Qualified School Construction Bonds

Dr. Mark A. Manchin informed the Authority that the SBA staff and Finance Committee members were currently working with the SBA's Bond team to coordinate the sale of approximately \$72, 281,000 worth of the tax credit Qualified School Construction Bonds (QSCB) that were allocated to West Virginia as part of the American Recovery and Reinvestment Act (ARRA) for the year of 2010 as well as approximately \$25,000,000 of traditional tax-exempt Bonds. Dr. Manchin stated that additional information regarding these Bonds would be provided in the Finance Committee Report.

School Access Safety Fund Update

Dr. Mark A. Manchin provided the Authority with an update on the status of the School Access Safety Fund and provided a status report of each county's current School Access Safety expenditure. He also informed the Authority that the SBA staff was continuing to work with the Department of Military Affairs on the tactical survey mapping of the schools throughout WV. He stated that the RFP had already been processed and the mandatory pre-bid meeting was held on June 2, 2010. The bid-opening has been scheduled for July 7, 2010. Dr. Manchin stated that once all the bids were opened the evaluation committee would review all the information and provide the SBA with their recommendations regarding awarding a contract for the mapping of the schools.

Purchasing Card (P-Card) Program Report

Dr. Mark A. Manchin directed the Authority member's attention the purchasing Card Report provided in Attachment C. He reminded them 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 C provides an itemized list of the SBA's card usage for the period of February 1, 2010 thru April 1, 2010.

V.

FINANCE COMMITTEE REPORT

Mr. Jonathan Deem recognized Mr. Nicholas Preservati to provide the Finance Committee Report. Mr. Preservati provided a brief overview of the pending QSCB Bond sale in the amount not to exceed \$72, 281,000 as well as the tax exempt Bond sale in an amount not to exceed \$25,000,000. He informed the Authority that after Mr. Garry Stewart had calculated the amount of funds necessary to pay the debt service payments for the \$72, 281,000 in QSCB Bonds, it was determined that there was just under \$2 Million remaining in the SBA's Excess Lottery Fund allocation that could be leveraged for the sale of addition Bonds. Therefore, the Finance Committee was also working with the Bond team to utilize the remaining \$2 Million to leverage the sell of the more traditional tax-exempt Bonds which would generate an additional \$25,000,000 for the SBA's School Construction Fund.

Mr. Preservati then introduced Ms. Samme Gee, with Jackson & Kelly PLLC, to provide further details regarding the QSCB bond sale. Ms. Gee then proceeded to provide a detailed overview of the Parameters Resolution that was being presented for the Authority's approval. She informed the Authority that in order to issue the QSCB Bonds, the members of the SBA must adopt a binding resolution. This Authorizing Resolution will:

- Give final approval of the bonds;
- Set maximum principal amounts of each series of bonds;
- Set parameters for the bonds and sale thereof;
- Approve, ratify and confirm bond counsel, fiduciaries and underwriters;
- Approve form of bond documents including approval of supplements to the Master Trust Indenture;
- Authorize closing, incidental action, Certificates of Determinations procedure;
- Make related approvals and take related action; and
- Establish Projects to be financed by proceeds of each series of bonds.

Upon motion by Mr. Nicholas Preservati, with second by Mr. Robert Holroyd, the Authority approved the Parameter Resolution as presented. A copy of this resolution is attached to these meeting minutes.

Consideration and Approval of Tax-Exempt Bond Reimbursement Resolution

Ms. Samme Gee provided an overview of the Tax-Exempt Bond reimbursement resolution, stating that it would authorize the Authority to reimburse the school construction fund for expenditures on certain projects with proceeds of the tax-exempt bonds authorized under the Authorizing Resolution adopted contemporaneously.

Upon a motion by Mr. Nicholas Preservati, with a second by Mr. Louis Spatafore, the Authority approved the Tax-Exempt Bond Reimbursement Resolution. A copy of this resolution is attached to these meeting minutes.

Consideration and Approval of Supplemental QSCB Reimbursement Resolution

Next, Ms. Samme Gee provided a brief explanation of the Supplemental QSCB Reimbursement Resolution. She stated that this Resolution supplements the project list of the prior reimbursement resolution authorizing Authority to reimburse the school construction fund for expenditures on certain projects with proceeds of the QSCBs authorized under the Authorizing Resolution adopted contemporaneously.

Upon a motion by Mr. Nicholas Preservati, with a second by Mrs. Connie Perry, the Authority approved the Supplemental QSCB Reimbursement Resolution. A copy of this resolution is attached to these meeting minutes.

At this time, Dr. Mark A. Manchin introduced the SBA Bond Team that was present. The members of the Bond Team were as follows: Mr. William Bragg with Goodwin & Goodwin, Issuers Counsel; Ms. Samme Gee with Jackson Kelly PLLC, Bond Counsel; Ms. Jessica Alsop, Jackson Kelly PLLC; Mr. Paul Creeden with Citi Group, Senior Managing Underwriter; Ms. Jessica Donnelley, Citi Group; Ms. Marie Prezioso with Raymond James, Co-Managing Underwriter; Mr. Joseph Nassif, Raymond James; Mr. Kurt Dettinger with Lewis, Glasser, Casey & Rollins, PLLC, Underwriter's Counsel and Mr. Benjamin Asher with PRAG, State's Financial Advisor.

VI.

FINANCE REPORTS

Mr. Jonathan Deem recognized Mr. Garry Stewart to provide the SBA Finance Reports. Mr. Stewart informed the Authority members that it was nearing time to begin the annual audit of the SBA's

financial statements for the year ending June 30, 2010. He stated that Gibbons & Kawash will be conducting the audit. As part of the audit, they are required to make certain communications with the body charged with governance of the SBA before the start of the audit. Mr. Stewart then introduced Mr. John Galloway with Gibbons & Kawash and he provided the Authority with the appropriate information as required. Mr. Galloway introduced himself and then provided a report detailing the process he intends to use while conducting the audit. Mr. Galloway stated that in light of the fact that the SBA was a recipient of various federal grants during the 2009 FY, the agency may be required to conduct an additional audit called an OMB single audit. He said that he would look into this issue and get back to Mr. Stewart. In closing, Mr. Galloway provided the Authority members with his contact information and informed them that if anyone on the Authority had any specific concerns regarding the SBA financials, they were welcome to contact him to discuss this matter.

Mr. Garry Stewart then presented a recap of the various finance reports to the Authority for their review and information. Mr. Tom Lange asked if Mr. Stewart could include a report that provided an ongoing list of projects that would also include the amount of local funds contributed to these projects. After a brief discussion, Dr. Mark A. Manchin informed the Authority that the staff would definitely collect this information from now on but he was unsure how far back they could go to provide accurate information. He stated that once the staff got back into the office, he would take a look at this issue and forward the information to Authority members once it was compiled. Mr. Steve Burton also requested that Mr. Stewart provided a grand total at the bottom of the report that lists all the project since the inception of the SBA.

VII.

PROJECT AND CONSTRUCTION COMMITTEE REPORTS

Mr. Jonathan Deem informed the Authority members that the SBA had received a request from Mr. Steve White representing the Affiliated Construction Trade (ACT) Foundation to address the Authority pertaining to their concerns regarding the SBA 18-points of criteria for the selection of the lowest qualified bidder. Without objection, Mr. Deem stated that Mr. White would be added as a discussion item at the conclusion of the Construction Committee Report.

Then Mr. Jonathan Deem recognized Mr. Steve Burton to provide the Construction Committee Report. Mr. Burton stated that the Construction Committee had recently met to consider various issues and provided the committee's recommendations on these issues as follows:

Raleigh County – Marsh Fork Elementary Funding

Mr. Steve Burton stated that the Construction Committee respectfully request that the Authority approve additional funds to Raleigh County in the amount of \$500,000 to complete the revised finance plan for the Marsh Fork Elementary School project. This would bring the SBA's total amount of Needs Grant funds pledges to an amount not exceed \$3,146,231.

A brief discussion ensued and Mr. Tom Lange asked if there was a representative from Raleigh County present to answer questions. Mr. Jonathan Deem stated that without objection he would recognize Ms. Charlotte Hutchinson, Superintendent of Raleigh County School for the purpose of answering questions. Mr. Lange asked if Superintendent Hutchinson and the Raleigh County Board had secured a site for this project. Superintendent Hutchinson stated that they had decided on a piece of property commonly referred to as the old Cantley Farm. This was one of the properties that she had presented as potential school sites during her Needs presentation in the SBA meeting of March 22 and 23, 2010. She stated that they had already had preliminary discussions with the property owners regarding purchasing

this old farm for the site of the new school and do not anticipate any difficulties during the negotiation process.

Upon a motion by Mrs. Connie Perry, with a second by Mrs. Priscilla Haden, the Authority approved additional funds to Raleigh County in the amount of \$500,000 to complete the revised finance plan for the Marsh Fork Elementary School project. This additional \$500,000 would be treated as multi-year funding and would come out of the following year's School Construction Funds. This would bring the SBA's total amount of Needs Grant funding pledged to this project to an amount not exceed \$3,146,231.

Square Footage Costs Allowance

Mr. Steve Burton informed the Authority that as part of the SBA's policy, the staff has reviewed the construction costs for new school construction projects that have recently bid. He stated that based on the fact that most of the bids were either coming in on or under budget, the Construction Committee is recommending no changes to the square footage cost allowance at this time. This would permit the SBA staff to monitor the bid for any fluctuation in the construction costs and provide a final recommendation to the Authority in September.

Upon a motion by Mr. Robert Holroyd, with a second Mr. Robert Dunlevy, the Authority voted to continue the square footage cost allowance at the current levels. They also requested that the SBA staff monitor the bids as they come in for any fluctuation in the construction costs and to come back to the Authority, if necessary, in September.

Hiring of an SBA Construction Analyst

Mr. Steve Burton then recognized Mr. David Sneed to provide details regarding hiring a consultant as a construction analyst. Mr. Sneed stated that during the September 30, 2010 meeting of the SBA, the Authority gave the SBA staff permission to explore the idea of hiring an SBA Construction Analyst and to initiate an expression of interest from qualified construction management companies. Mr. Sneed informed the Authority that the SBA staff had compiled information regarding the benefits of providing this service and determined that the cost could be factored into the overall cost of each individual project's funding.

Mr. David Sneed then informed the Authority that the SBA staff had initiated an Expression of Interest and compiled the information received from firms interested in providing the services of a Construction Analysis for the SBA. After reviewing this information, the SBA staff interviewed two of the firms deemed most qualified and has selected Project and Construction Services (PCS) as the most qualified and requested the Authority's approval to move forward with the negotiation of the cost of services. A brief discussion ensued and Mrs. Priscilla Haden expressed her concerns regarding the accountability of the benefits of hiring a construction analyst for SBA projects and requested that the SBA staff provide the Authority with feed back regarding the benefits of this services and the cost savings associated with the service at a later date.

Upon a motion by Mr. Steve Burton, with a second by Mr. Robert Dunlevy, the Authority voted to provide approval for the SBA staff to move forward with negotiations with PCS regarding and enter into a one-year contract with an option to renew.

Mr. Steve White Representing the Affiliated Construction Trades (ACT) Foundation

Mr. Steve Burton then recognized Mr. Steve White representing the ACT Foundation for the purpose of addressing the Authority. Mr. White introduced himself and informed the Authority that he

was there representing the union contractors. He stated that although the ACT Foundation was a great supporter of the SBA, they had concerns regarding the SBA's qualified contractor criteria for SBA projects. He stated that the ACT Foundation would like to see the Authority consider awarding projects to not only the lowest bidder but to the lowest responsible bidder by strictly adhering to the 18-points of criteria for the selection of the lowest qualified bidder (18-points) included in the SBA's Policy and Procedures Handbook. He then proceeded to review the Foundation's concerns regarding the workmanship and legitimacy of the workforce of non-union contractors. Members of the Authority suggested that an ad-hoc committee be established to review this matter. Mr. Jonathan Deem stated that he would first recommend that SBA staff review this issue. He requested that Dr. Mark A. Manchin be prepared to provide a report to the Authority during the September Quarterly meeting that addresses the following three issues: 1) details regarding Fry Roofing qualifications, 2) details regarding the SBA's application of the 18-points to evaluate contractors and 3) provide information regarding a determination as to whether the SBA is directing County Boards of Education to select one contractor over another. After the Authority has received this report, it will be determined if it is necessary to establish the ad-hoc committee and if necessary appoint members to serve on this committee.

Mr. Jonathan Deem recognized Mr. Tom Lange to address the Authority. Mr. Lange stated that during the recent Construction Committee meeting, he had mentioned an article that had recently appeared in the Charleston Gazette regarding problems with the property acquisition for the recently award new Westside Elementary School in Kanawha County and he expressed his concerns regarding this issue. He stated that he would like to hear what this project's current status was for the official record. Dr. Mark A. Manchin stated that he had recently met with Dr. Ronald Duerring, Superintendent of Kanawha County Schools; Dr. Steve Paine, State Superintendent of Schools and ZMM Architects to discuss the projects current status. According to discussions during this meeting everything appears to still be on schedule and that Dr. Duerring had reassured him that they were moving forward with the property acquisition. Dr. Manchin also informed the Authority members the SBA grant contract which was sent to Kanawha County included a timeline the county must adhere to for the planning, construction and completion of this project. He stated that staff handout copies of the timeline that was included in the grant contract for the Authority's review.

Dr. Manchin then recognized Mr. Chuck Wilson, Director of Facilities with Kanawha County Schools and to further information. Mr. Wilson stated Kanawha County, by virtue of the grant agreement, was required to be completed by April 2013 and that they planned to adhere to this schedule. Mr. Tom Lange stated that in the aforementioned article in the Charleston Gazette, he was quoted as say that Kanawha County hoped to have the property obtained by 2012 and since according to the SBA's policy the property should already be obtained he was concerned with holding this money up for two years. Mr. Wilson stated that the article that Mr. Lange was referring to was incorrect and that Kanawha County's intention was to adhere to the timeline established in the contract. Mrs. Connie Perry stated that in the past the SBA had not released SBA funds for a project unless the county had already secured the property and she would hope that we were not planning to make an exception for this project. Dr. Manchin stated that there would not be an exception made for this project. He informed the Authority that typically very little funds were expended during the planning process and the planning process usually takes about a year. Therefore in his conversations with Dr. Duerring, he had informed him that any expenditures incurred on this project prior to Kanawha County acquiring the property for the school site would have to be paid from Kanawha County's local dollars pledged towards this project.

VIII.

NEW BUSINESS

2010–2020 Comprehensive Educational Facilities Plans (CEFP) Recommended For Approval

Mr. Jonathan Deem recognized Mr. David Sneed to provide further details regarding the CEFPs. Mr. Sneed informed the Authority that many of the counties were progressing well with their CEFPs. He stated that four counties had already completed the entire process of developing their county-wide 2010-2020 CEFP. These counties were Wetzel County, Ohio County and Wood County. These CEFPs had already been reviewed by the Department of Education and were being recommended for approval by the State Board of Education with the SBA's concurrence.

Upon a motion by Mrs. Connie Perry, with a second by Ms. Delores Cook, the Authority voted to approve the 2010-2020 CEFPs for Wetzel County, Ohio County and Wood County.

Qualified Zone Academy Bonds (QZAB) Allocation Return

Dr. Mark A. Manchin informed the Authority that Kanawha County Superintendent of Schools has informed the SBA staff that the Flinn Elementary School project has bid and the final budget reflects that this project has come in under the original cost estimates. After review of the final budget, they have determined that it will no longer need the QZAB allocation in the amount of \$2,000,000 to fund Kanawha County's portion of this project. Upon the return of this QZAB allocation in the amount of \$2,000,000, the remaining balance of QZAB funds available for distribution is \$7,751,726.

Additional Qualified Zone Academy Bonds (QZAB) Allocation Request

Dr. Mark A. Manchin stated that Preston County had requested another QZAB allocation in an amount of \$411,094. They plan to utilize the funds from the sale of this QZAB allocation to assist in the cost of the renovations at Kingwood Elementary School.

Upon a motion by Mr. Steve Burton, with a second by Mr. Robert Holroyd, the Authority voted to approve Preston County's QZAB request in the amount of \$411,094.

Appointment of Officers for 2010

Dr. Mark A. Manchin informed the Authority that in accordance with the WV Code §18-9D-1, the Authority was required to annually elect one of its public members as Vice Chair and one member as Secretary. He stated that he recommended the Authority re-elect Mr. Steve Burton to the office of Vice Chair and Mrs. Delores Cook as the Secretary.

Upon a motion by Mrs. Connie Perry, with a second by Mr. Nicholas Preservati, the Authority voted to elect Mr. Steve Burton to the office of Vice Chair and Mrs. Delores Cook as the Secretary to the School Building Authority of West Virginia.

IX.

OLD BUSINESS

Architectural Services Staff Monthly Project Status Report

Dr. Mark A. Manchin directed the Authority's attention to the information provided in the Architectural Service Staff Monthly Project Status Report. This report provides information regarding the current status of all active projects that the SBA is involved with. Dr. Manchin stated that if any Authority had any question regarding any project that all four of the Assistant Directors of Architectural Services there on hand to answer questions.

Mr. Steve Burton requested that Mr. Scott Raines provide an update on the status of the new

Mingo County Central High School. Mr. Raines provided a brief overview of the current status of this project stating at the current rate the project is proceeding they should have the school enclosed by November, 2010. He also stated that they anticipate having water access to the school site around January or February, 2011 and drinkable water on-site by May, 2011. Mr. Burton asked how far along the road construction was. Mr. Raines stated that it was currently scheduled to be completed by June, 2011.

Mr. Jonathan Deem then recognized Mrs. Connie Perry to address the Authority. Mrs. Perry informed the Authority that the SBA staff had not received a salary raise from the Authority for many years and in light of Mr. Mike Pickens resignation, she was concerned that the SBA may begin to loose employees. She stated that as the Chair of the SBA Personnel Committee, she would like to begin investigating the different salary ranges of the various jobs and have the Personnel Committee report back to the Authority at the September meeting with recommendations. Mr. Jonathan Deem informed Mrs. Perry that the Administration had a person on staff by the name of Mr. Joe Smith whose main job was to do just this and he would request that she and the Personnel Committee members work with him on this issue.

X. FUTURE MEETINGS

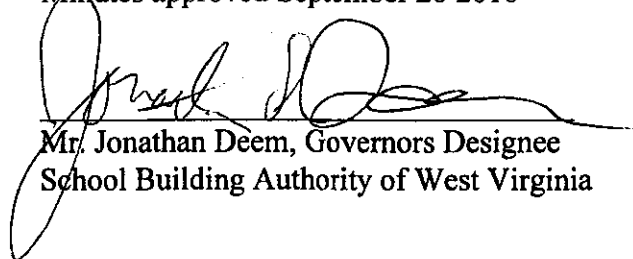
The 2010 fall quarterly meeting of the School Building Authority of West Virginia is scheduled at 9:00 a.m. on September 20, 2010 with the location to be determined.

The 2010 winter quarterly meeting of the School Building Authority of West Virginia is scheduled at 9:00 a.m. on December 13, 2010 at 2300 Kanawha Boulevard, East, Charleston.

ADJOURNMENT

At this time, upon a motion by Mr. Tom Lange, with a second by Mr. Robert Holroyd, the Authority voted to adjourn the June 14, 2010 Quarterly meeting of the School Building Authority of West Virginia.

Minutes approved September 20 2010



Mr. Jonathan Deem, Governors Designee
School Building Authority of West Virginia