

SCHOOL BUILDING AUTHORITY OF WEST VIRGINIA
Meeting Minutes
March 23, 2015
9:00 a.m.

The West Virginia Lottery
900 Pennsylvania Avenue
Charleston, West Virginia

I. CALL TO ORDER

Peter Markham, Governor's Designee, called the School Building Authority of West Virginia (SBA) meeting to order at 9:00 a.m. on March 23, 2015. The following members were present: Mr. Chuck Heinlein for Dr. Michael Martirano, West Virginia State Superintendent of Schools; Mr. David Sneed, Executive Director; Mr. Steve Burton, Vice-Chair; Mr. Eric Lewis, Secretary, via telephone; Ms. Tina Combs, via telephone; Mr. Victor Gabriel; Mr. Robert Holroyd; Mr. Tom Lange; and Mr. Chris Morris. Also present was the following staff of the SBA: Mr. Garry Stewart; Mr. Scott Raines; Ms. Joyce VanGilder; Mr. Mike Hall; Mr. Benjamin Ashley; Mr. Dana Womack; Ms. Stella Gill; Ms. Angie Bradley; and Ms. Tammy Brewer.

II. ACKNOWLEDGMENTS AND RECOGNITIONS

Chairman Markham recognized Executive Director Sneed to provide acknowledgments and recognitions. There were no acknowledgments or recognitions at this time.

The following individuals attended the SBA Meeting: Mr. Thom Wordledge, McKinley and Associates; Mr. Greg Williamson, Williamson Shriver Architects; Ms. Sarah Petry, Williamson Shriver Architects; Mr. Steve Wotring, Preston County Schools; Mr. Rodger Marshall, Preston County Schools; Mr. Chuck Wilson, Kanawha County Schools; Ms. Amanda Washington, Kanawha County Schools; Ms. Carolyn Arritt; and Ms. Shirley McGraw.

III. APPROVAL OF MINUTES

Upon a motion by Mr. Robert Holroyd, with a second by Mr. Tom Lange the Authority voted to approve the meeting minutes for the School Building Authority's December 2014 Quarterly Meeting.

IV. EXECUTIVE DIRECTOR'S REPORTS

Mr. David Sneed presented the Executive Director's Report in which he provided updates on the following issues:

A. New Appointments and Reappointments to the Authority

Mr. Sneed informed the Authority that Ms. Beverly Kingery has been temporarily assigned to serve on the SBA Board, representing the State Board of Education. She will fill the unexpired term of Mr. Robert Dunlevy, until November of 2015, at which time Dr. James Wilson will take over that position. Ms. Kingery was unavailable for the March meeting so the Oath of Office will be administered at the SBA's June Quarterly Meeting.

B. Legislative Overview

Mr. Sneed referred the Authority to the document “2015 West Virginia Legislature Bills Relating to the School Building Authority,” which was handed out at the meeting. He informed the Authority that there were several Bills introduced that affected the SBA but only four (4) had progressed through both Houses and were sent to the Governor for his approval.

House Bill 2160 – West Virginia Schools for the Deaf and Blind eligible for School Building Authority Funding

*** Vetoed by Governor April 1, 2015***

This bill established eligibility of the West Virginia Schools for the Deaf and Blind, (WVSDB) to participate in all types of funding administered or distributed by the Authority. This Legislation also precludes the SBA from requiring the WVSDB to provide local funding, for projects it submits to the SBA for funding consideration.

Chairman Markham informed the Authority that the Governor’s Office was in the process of reviewing all bills and that the Governor had not signed this Bill at this time.

Mr. Sneed informed the Authority that the WVSDB did have a ten year plan that had been created two (2) years ago with the hopes of becoming eligible for SBA funding.

Chairman Markham, on behalf of the Administration, informed the Authority that the Governor had requested from the school and Legislators to conduct an independent outside objective assessment of the WVSDB to determine what the needs are both from a curriculum stand point and facility stand point, and to his understanding it has not been completed at this time. There was an internal facility assessment completed but he was not sure if it is what the Governor is looking for or if it is what the SBA needed before consideration could be given to investing a large sum of SBA funding at the WVSDB. Chairman Markham expressed his hope that the feasibility study would be completed sometime in the near future. Chairman Markham asked if the State Board of Education had anything it would like to add to his discussion and Mr. Heinlein stated that he had nothing to add only to acknowledge this was a requirement.

Mr. Sneed informed the Authority that he had also informed the Department of Education and the WVSDB that an Independent Feasibility Education Study may be requested. A copy of the internal feasibility study prepared by the WVSDB was provided to the Authority members. Mr. Sneed indicated that the school has a long term facilities plan. He also indicated that the legislation, if enacted would qualify the school for funding, but the question would remain without the independent feasibility study whether this is the most prudent way to deliver the curriculum to these students given the costs of \$45-\$100 million dollars identified in the facilities study. Mr. Sneed stated that once the independent feasibility is complete it may tell us that renovations and providing new facilities is the best alternative to providing services to the student population.

Mr. Sneed added that he recommended moving as quickly as possible to resolve the pending questions due to the conditions that currently exist at the WVSDB.

Senate Bill 361 – Repealing the requirement of paying prevailing hourly wages for construction of public improvements

Governor Approved March 12, 2015

Mr. Sneed informed the Authority that the final version of the bill makes the bill effective April 13, 2015. This means that beginning Monday, April 13, any governmental project \$500,000 and under will have no prevailing wage requirement. Between now and April 13, the Contractors Association of West Virginia (CAWV) will work with state, municipal and county agencies, along with other political subdivisions such as county boards of education, public service districts, park boards, etc., to incorporate S.B. 361 into bidding documents. West Virginia University and Marshall University, as well as, Work Force West Virginia will develop the methodology for calculating prevailing wage rates as of June 1, and then determine the prevailing wage for the remainder of 2015 by July 1, 2015. Given concerns that the new prevailing wage rates could not be determined in a timely manner the following amendment was added to give more time to develop the rates:

“Provided, however, that in the event the determination is not in place on July 1, 2015, the Joint Committee on Government and Finance may extend the deadline to a date thereafter, but, in any event, no later than September 30, 2015. During the extension period only, the prevailing wage in place prior to July 1, 2015 shall remain the prevailing wage. Provided, further, That in the event the determination is not in place at the conclusion of such extension period, no prevailing hourly rate of wages shall be in effect until the determination is made.”

Discussion ensued as to whether the SBA was prepared to place more money in the projects if the Prevailing Wage is set higher. Mr. Sneed indicated that he did not feel the new law would be retroactive and therefore the SBA will not be going back on projects that have been bid to consider additional funding because construction contracts were in place before the Bill was passed. Mr. Steve Burton raised the point that with the new Prevailing Wage Law that West Virginia should be able to build five schools for the price of three and if this was true then the cost per square foot should go down. Mr. Sneed replied that he could not imagine the rate going down that much. Mr. Robert Holroyd stated that there are provisions in the WV Code that states that the Legislature cannot void existing contracts covered under the “Impairment of Contract Clause”.

Mr. Tom Lange inquired if the Prevailing Wage would be statewide or based on regions. Chairman Markham stated that it was his understanding that it would be region based and would be calculated by Work Force West Virginia working in conjunction with West Virginia University and Marshall University to determine each region’s wages. Mr. Lange ask if this would mean that the square footage cost would be different throughout the State; Mr. Burton stated that this condition currently exists, due to some areas having higher prevailing wages than others and stated that if the wages were lower than in the past that the Authority should consider reducing the SBA construction cost allowance. Mr. Sneed stated he would keep the Authority informed on the progress of setting the Prevailing Wage and as it is posted the Authority would have a better understanding of what the impact would be on future costs.

House Bill 2462 – Relating to certain deposits of tax proceeds

Approved by the Governor March 25, 2015

In summary, House Bill 2462 has the following effect on West Virginia Code 18-9D and particularly the SBA School Major Improvement fund the School Construction Fund. The proceeds of the tax imposed by this article shall be deposited in the General Revenue Fund of the state except as otherwise expressly provided in this article.

School Major Improvement Fund -- After the payment or commitment of the proceeds or collections of this tax for the purposes set forth in section sixteen of this article, on the first day of each month, there shall be dedicated monthly from the collections of this tax, the amount of \$416,667.00 and the amount dedicated shall be deposited on a monthly basis into the School Major Improvement Fund created pursuant to section six, article nine-d, chapter eighteen of this code:

Provided, that for fiscal year 2016, the amount so dedicated and deposited annually under this subdivision is reduced by \$2,000,004, and the amount so dedicated and deposited monthly is reduced to \$250,000.00 for fiscal year 2016. This reduction shall cease for fiscal years beginning after June 30, 2016.

School Construction Fund -- After the payment or commitment of the proceeds or collections of this tax for the purposes set forth in section sixteen of this article:

On the first day of each month, there shall be dedicated monthly from the collections of this tax the amount of \$1,416,667.00 and the amount dedicated shall be deposited into the School Construction Fund created pursuant to section six, article nine-d, chapter eighteen of this code. Except as provided in subdivision of this subsection, effective July 1, 1998, there shall be dedicated from the collections of this tax an amount equal to any annual difference that may occur between the debt service payment for the 1997 fiscal year for school improvement bonds issued under the Better School Building Amendment under the provisions of article nine-c, chapter eighteen of this code and the amount of funds required for debt service on these school improvement bonds in any current fiscal year thereafter. This annual difference shall be prorated monthly, added to the monthly deposit in subdivision of this subsection and deposited into the School Construction Fund created pursuant to section six, article nine-d, chapter eighteen of this code. After June 30, 2015, the provisions of subdivision (2) of this subsection shall have no force or effect. After June 30, 2015, there shall be dedicated from the collections of this tax the amount of \$27,216,996 annually. This amount shall be prorated monthly and added to the monthly deposit in subdivision of this subsection and deposited into the School Construction Fund created pursuant to section six, article nine-d, chapter eighteen of this code: *Provided*, That for fiscal year 2016, the amount so dedicated annually under this subdivision is reduced by \$6 million. This reduction shall cease for fiscal years beginning after June 30, 2016.

Mr. Sneed informed the Authority that House Bill 2462 had passed through the Legislature and this Bill does have a significant impact on the SBA; in summary, this reduces the money that the SBA has available for distribution in the upcoming funding cycles. The SBA will lose \$2,000,000 for MIP Project funding this year and \$6,000,000 in NEEDs funding for the upcoming year. Mr. Sneed indicated this reduction will cease July 31, 2016. These cuts were made to help balance the State Budget and this is the SBA's contribution to this effort. Mr. Garry Stewart has already factored this reduction into his funding available for distribution and he will give more details regarding this and how much money the SBA should have for distribution this year during his Financial Report.

Senate Bill 584 – Transferring Cedar Lakes Camp and Conference Center to private, non-stock, not-for-profit corporation

***Vetoed by Governor April 3, 2015*

A BILL to amend and reenact §18-2-16 and §18-2-16a of the Code of West Virginia, 1931, as amended; to amend said code by adding thereto a new article, designated §18-2L-1, §18-2L-2, §18-2L-3, §18-2L-4, §18-2L-5, §18-2L-6, §18-2L-7, §18-2L-8, §18-2L-9, §18-2L-10 and §18-2L-11; and to amend and reenact §18-9D-15 of said code, all relating to the transfer of the Cedar Lakes Camp and Conference Center from the State Board of Education to a private, non-stock, not-for-profit corporation established under the laws of this state; and providing available funding for said corporation from the School Building Authority for a period of three years after the transfer.

Mr. Sneed informed the Authority that Senate Bill 584 affects the SBA by making the Cedar Lakes Camp and Conference Center eligible for SBA NEEDs funding. Chairman Markham added that the SBA had given the Cedar Lakes Camp and Conference Center 3% money several years ago and Mr. Sneed added that it would now be eligible to also apply for NEEDs funding.

Mr. Sneed informed the Authority that this concluded the Legislative Overview and the most significant Legislation was the cutting of the annual Construction funding budget by \$6,000,000 and informed the Authority that he would keep them informed on the progress of the Prevailing Wage Legislation.

C. Update on Office Technology Improvements

Mr. Sneed informed the Authority that at the request of the Governor's Office and Members of the Authority, the SBA office is reviewing the possibility of revising our use of technology to improve delivery of our services and services of our outside consultants. Attachment B was provided to give a status report of our progress to date and provided recommendations for future technology upgrades within the office that will improve the operations of the agency. In addition, recommendations for the use of Design and Construction Technology were presented that will improve the quality of the SBA construction documents, as well as, construction coordination and schedules.

New SBA Website – Mr. Ben Ashley informed the Authority that the SBA has been working with West Virginia Interactive since October developing the new website and the SBA is hoping that the new site will be user friendly and provide the information that will meet the users' needs. Mr. Ashley indicated that we are very excited to be taking the SBA's technology into the 21st Century. Mr. Victor Gabriel inquired as to whether the new website would have the ability to have pictures of schools under construction and new schools the SBA has built over the last few years that would inform the public as to how it's tax dollars are constructing schools in its communities. Mr. Ashley stated that there would be different photo galleries of schools under construction and completed in the last several years.

Updating Filing System to Electronic Filing System - We have had the ability to do Electronic Filing over the last 4-5 years and some of our financial files are in electronic files, as opposed to hard copy files. We have the software and information available to begin putting all of our files: financial, construction and educational planning in the electronic filing system. We have been meeting with the Office of Technology and its consultants to see how we can put all of the SBA files in electronic format. We are prepared to move forward with this and will have to purchase some additional software. The Office of Technology is reviewing our hardware and wiring, and we also have a significant problem with power in the office, that we will have to address. We are looking at our data wiring as well as our electrical wiring. We will be working on this over the next few months and will have to

make some purchases with our current office budget. If we go beyond that we may have to ask for a grant to implement some of these changes. Should additional funding be needed we will provide a report and a request for grant funding to the Authority. This system will enable us to sort through all of our data and provide information quickly to the Governor's Office, Legislature, County Boards of Education and to the Authority upon request.

Educational Planning – Mr. Sneed stated that it is his intention to reassign the staff of the SBA and to engage our staff in the Education Planning and Project Development with the counties. Once projects are funded the staff would work with the County Boards of Education and its design teams to prepare the education plans for the architects to design the new schools. Every school before it is designed is required to create an Education Plan which means meetings with the Educators, Principals, Superintendents and all end users to discuss how the building is going to be used and this planning dictates how a building is to be designed.

The SBA has the ability to do this planning in house and would like to do this to allow it to control the scope and budgets of the projects. Without objection from the Authority the Executive Director will reassign Mr. Ben Ashley and Ms. Joyce VanGilder to this role; Mr. Dana Womack and Mr. Mike Hall will continue to do the Construction Administration and all of the staff of the SBA will continue to do reviews of the projects throughout the design phases. Mr. Sneed believes this is a good use of the staff and this will be a savings in Project Cost to the Authority. Additionally, this action will help maintain control of the projects as it is being developed.

Mr. Lange stated that he thought this was a very good idea because we have had this situation before where the SBA gives counties millions of dollars and once it leaves the SBA we have very little control over how that money is spent.

Mr. Sneed stated that this is exactly what he would like to do to get the SBA engaged early and often and create a framework where the SBA is constantly involved in the projects.

Several members discussed the role of the staff of the SBA in the selection of projects at the local level. Mr. Holroyd indicated that the local boards should be selecting its projects based on its perception of need. Mr. Sneed indicated that he is not proposing that the staff of the SBA interfere with this process. He indicated that our purpose would be to review projects counties are considering to submit to the SBA for funding consideration and to help them with submission requirements and to evaluate each project with the counties with regards to how it might best address the selection criteria within West Virginia Code. Additionally our role would be to work directly with county staff and the local schools once projects are funded as it creates its educational specifications for projects.

Hearing no objection the Executive Director will move forward with the staff reassignments and creation of procedures to implement this change.

Building Information Modeling – Mr. Sneed explained that Building Information Modeling is the process of designing a school in three dimensions instead of two and the purpose of this is to look at the building as it is in the design process to prevent clash detection, such as, steel beams and ductwork running into each other. Mr. Scott Raines has been working on the Building Information Modeling idea for several years; he has met with the Design and Construction Communities discussing the implementation of this process in West Virginia. A great deal of the Country is moving toward this process; and the staff of the SBA believes this would be the direction for West Virginia school design. This process would be compatible with the Educational Planning process we will be implementing and be compatible with other Building Maintenance programs may tie together.

Mr. Sneed indicated that the staff of the SBA is looking at adopting the use of a product called "School Dude," which the WVBE is currently using for Preventive Maintenance and Maintenance for schools. This program is compatible with the BIM Product and if we organize this properly counties will all have the ability to blend Educational Planning, Design, Construction and Building operations all together at a later date.

Mr. Sneed indicated the staff is planning to move forward with this process in the next year, and hopes to bring everything together the following year.

In conclusion, Mr. Sneed reported that the SBA has the funding available within the budget to purchase the hardware and software needs for the electronic filing system. If there should be electrical wiring or other problems that arise which we are unable to cover within our budget we may have to approach the Authority, at a later date, and ask for funding to upgrade infrastructure.

Mr. Sneed indicated that the staff would be moving forward with all these changes over the next several years. The Authority members indicated its support for updating the technology within the office and for changes proposed for delivering projects with technology. Mr. Sneed indicated that the staff of the SBA would be moving forward with these changes and that changes requiring policy revisions would be brought back to the Authority for review and approval.

D. Purchase Card (P-Card) Program Report

Mr. Sneed requested the Authority review the P-Card report and the staff of the SBA was available to answer questions regarding this report. He reminded the members that one of the requirements of the P-Card Program is for the Authority members to review all purchases made by staff members. He stated that as such, the document in Attachment C provides an itemized list of the SBA's card usage for the period of November 1, 2014 to January 31, 2015. The Authority members reviewed the expenditure report and had no questions.

E. New SBA Sub-Committee Assignments

Mr. Sneed informed the Authority that given the loss of some Authority Members over the last several years and the appointment of New Members to the Authority, it had become necessary to reassign members to Sub-Committees. Mr. Sneed was asked to provide recommendations for these appointments, which was provided in Attachment D. The recommendations were as follows:

Finance Sub-Committee

Tom Lange - Chairperson
Eric Lewis
Chris Morris
Dr. Michael Martirano

Personnel Committee

Bob Holroyd – Chairperson
Tina Combs
Tom Lange
Beverley Kingery

Construction Committee

Steve Burton – Chairperson
Bob Holroyd
Victor Gabriel
Tom Campbell

Awards Committee

Eric Lewis– Chairperson
Dr. Michael Martirano
Tina Combs
Victor Gabriel

*Chairman Peter Markham would participate on each committee and vote in the event of a tie vote among sub-committee members.

Upon a motion by Mr. Victor Gabriel with a second by Mr. Robert Holroyd the Authority voted to approve the New Sub-Committee recommendations.

****Legislative Audit ****

Mr. Sneed informed the Authority that since the Agenda had been distributed the SBA Office had been notified that it would be undergoing a Legislative Audit and that we anticipate this to begin in the next few weeks.

V.

FINANCE REPORTS

A. Analysis of Trustee Accounts – Trustee Accounts Report

Chairman Markham recognized Mr. Garry Stewart to provide the SBA Finance Reports. Mr. Stewart presented a recap of the trustee accounts held at United Bank of Charleston, West Virginia and The Bank of New York Mellon for the period ending February 28, 2015. Attachment E was provided to give a short summary of each bond series.

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

Mr. Stewart presented the financial report of the depository account that is maintained by United Bank for the period ending March 15, 2015, summarizing construction spending by the SBA for its School Construction and Major Improvement Programs. Attachment F provided this information.

VI.

FINANCE COMMITTEE REPORT

A. Refunding of Bonds

Mr. Tom Lange, Finance Chair explained that upon review of the SBA's current Outstanding Excess Lottery Revenue Bonds with the Public Resource Advisory Group, that the SBA felt that a portion of these bonds should be refinanced. Attachment G provided a summary of the proposed refinancing that provides a net-present value savings of \$5,036,459.33, if they are refinanced. This information was explained in Attachment G.

Upon a motion by Mr. Tom Lange with a second by Mr. Steve Burton the Authority voted to approve the refinancing of these bonds.

B. SBA Multi-Year Funding Commitment

1. Wayne County

Mr. Lange explained that Wayne County had received a NEED's Grant to construct a new Ceredo Kenova PK-5 School, a new Crum PK-8 School and renovations and additions to Wayne High School. This was a multi-year funding commitment and the SBA provided \$8,000,000 on April 28, 2014 which allowed the projects to progress to the construction documents phase. The grant contract requires an additional \$10,000,000 in SBA funding to complete the SBA's commitment to Wayne County. The Project Development Schedule requires the county to move forward with this project and bid the work prior to June 15, 2015. Since the SBA moved its funding cycle to December 2015, it was necessary that we provide the final grant funding for this project in March to prevent project delays. The staff of the SBA and the Finance Committee respectfully recommended the Authority approve the final amount of grant funding in an amount not to exceed \$10,000,000 for the Wayne County Projects.

Upon a motion by Mr. Tom Lange with a second by Mr. Steve Burton the Authority voted to approve the Wayne County Projects final grant funding payment of up to \$10,000,000.

2. Hardy County

Mr. Lange explained that Hardy County received a NEEDs Grant to construct a new Moorefield High School and renovations and additions to East Hardy High School. This was a multi-year funding commitment and the SBA provided \$11,000,000 in July 2014 that allowed the project to progress and the grant contract requires an additional \$10,295,000 in SBA funding to complete our commitment to Hardy County. Since the SBA has moved its funding cycle to December 2015, it is necessary to provide the final grant funding for these projects in March to prevent project delays and cash flow problems. The staff of the SBA and the Finance Committee recommends the Authority approve this final amount of funding in an amount not to exceed \$10,295,000 for the Hardy County projects.

Upon a motion by Mr. Tom Lange with a second by Mr. Steve Burton the Authority voted to approve the Hardy County Projects final grant funding payment in an amount not to exceed \$10,295,000.

3. Brooke County

Mr. Lange explained that Brooke County presented a NEEDs project to the Authority in April 2014 that would construct a new consolidated middle school and provide HVAC renovations at Brooke County High School. The project financing plan required passage of a Local Capital Improvement Bond to effectuate these improvements. Brooke County requested an \$18,000,000 NEEDs grant from the Authority and also proposed a local Bond call of \$15,000,000 and Local Capital Improvement Funding of \$3,000,000 to complete the financing plan. The Authority showed its support for the projects by providing a Reserve Grant of \$100,000 to Brooke County and a grant contract was executed placing the \$100,000 in reserve with the understanding that an additional \$17,900,000 in SBA funding would be considered in future funding cycles. SBA funding was contingent upon the passage of its local Bond. We are pleased to report that Brooke County passed its \$15,000,000 local Bond on November 4, 2014. These funds along with its \$3,000,000 in Local Capital Improvement Funding will now complete its portion of the financing plan for these two projects. Brooke County will retire its current outstanding bonds in June 2015. The county requests that the Authority consider its funding request as soon as possible to allow it to go to market with its bond sale prior to the retirement of its current bonds and to prevent a lapse in its bond tax collections. The staff of the SBA and the Finance Committee recommends approval of the first year of NEEDs funding in an amount not to exceed \$12,500,000 to Brooke County based on its fulfillment of the Reserve Grant requirements. The balance of its grant of up to \$5,400,000 will be recommended for approval in the December 2016 funding cycle.

Mr. Gabriel inquired as to whether funding Brook County at this time would affect the money that the SBA would have available for the December Needs funding?

Mr. Sneed informed the Authority that Brooke County was approved in the 2014 Reserve Grant funding cycle, as long as it passed its bond and passed its bond on November 4, 2014. Its current bond expires July 1, 2015, so if the SBA does not approve its funds until December its bond payments will lapse and no one wants to see that happen. Mr. Sneed indicated that the SBA anticipated Brooke County funding within Mr. Stewart's report of future funding availability and the amount available for other projects. We will still have \$55,000,000 for NEEDs funding in December.

Upon a motion by Mr. Tom Lange with a second by Mr. Victor Gabriel the Authority voted to approve Brooke County's first year grant funding payment of \$12,500,000 and based on its fulfillment of the Reserve Grant requirements the balance of its grant, up to \$5,400,000, will be recommended for approval in the December 2016 funding cycle.

4. Preston County – Additional Funding for the Addition and Renovation Project at West Preston Middle/Valley Elementary School

Preston County has requested that remaining SBA funding approved for its Capital Improvement Program for the South Preston PK-8 School Project be approved for the expenditure on the only remaining project, the West Preston Middle/Valley Elementary School. Preston County has sent the SBA Office correspondence, Attachment I, indicating it would like to return these remaining funds and would request that these funds be reallocated to the West Preston Middle/Valley Elementary School project. The staff of the SBA requested and received assurance from Preston County that it will provide the balance of funding required to complete this project. As a condition of our recommendation, the South Preston PK-8 funds would be considered for transfer to this project, based on Preston County's commitment. Based on Preston County providing this assurance the staff of the SBA and the Finance Committee recommends approval of this request.

Mr. Chuck Heinlein inquired if a motion would have to be made to accept the forfeiture of the money before it could be awarded to another project within Preston County?

Mr. Stewart informed the Authority that the grant had expired, so the SBA was going to take the money back regardless of this request and that a motion of this nature was not required. He also stated that a new grant contract would be written stating the terms and that Preston County would be aware of the amount of additional local funding it will be responsible for to complete the project.

Upon a motion by Mr. Victor Gabriel with a second by Mr. Robert Holroyd the Authority voted to approve the reallocation of these funds in the amount of \$349,248.91 from Preston County's South Preston PK-8 School project to West Preston Middle/Valley Elementary School project with Preston County being responsible for the remaining balance to complete this and other projects within its Capital Improvement Program.

VII.

CONSTRUCTION COMMITTEE REPORT

Procedural Changes in the Project Planning, Design and Construction Process

Mr. Scott Raines informed the Authority that for some time the SBA has experienced problems with the project development, planning, design and construction process. Project scope creep and budget deficits are not being addressed in the pre-submission and planning phase of the projects where the staff of the SBA has not been engaged in these early phases over the past few years. Too often these problems have led to costly resolutions later in the design or construction phases. The introduction of our Construction Analysis has been very beneficial during the

design phase and our Construction Analyst, working with the staff of the SBA has been able to address problems with excessive square footage and costly design details. This partnership has saved over \$8,000,000 in construction costs and avoided several million dollars in construction change orders. However, Mr. Raines also indicated that neither the SBA nor the Construction Analyst is a party to the Construction Contracts and our comments and concerns are not always incorporated into the bidding documents by the design firms. Revised project development and project delivery strategies are needed to allow the staff of the SBA more involvement and control of the projects.

Mr. Raines stated that the staff of the SBA would like to explore the option of hiring Construction Management Firms to assign to the various projects. This would intersect an SBA Representative to the Contractual responsibilities of the Design and Construction Phases. The creation of this new policy would provide greater SBA control over future projects from the Development Phase through the Construction Phases and the staff of the SBA has the ability and wants to assist the counties more in the future. Additionally, the Administration has asked the SBA to become more of a professional service provider to the counties. Mr. Raines provided a review of Attachment "J" that provides a summary of several procedural changes that will be required to make these types of changes.

Mr. Raines informed the Authority that as the staff of the SBA creates the new policy it will bring it back to the Authority for it to review, as well as putting it out for the public comment as required.

The purpose for providing this review of proposed policy revisions was to inform the Authority members of the direction the staff recommends we take in the future and to be sure the Authority members understood this change in direction before the Policy was written and proposed.

The questions was raised by Mr. Tom Lange as to whether this would be included in the SBA grant contract and Mr. Sneed informed him that the grant contract would definitely be strengthened to include the language needed so that proper procedures are followed. Mr. Sneed indicated that the grant contract is the only connection the SBA currently has to the projects.

The Authority showed unanimous support for the direction that the staff of the SBA was moving and were very pleased that the staff is going to become an intricate part of the planning and construction of projects. Mr. Victor Gabriel indicated that these changes represent the direction the Authority has asked staff to move toward for several years.

Mr. Steve Burton requested that since he was unavailable for the Construction Committee Meeting that he would like to discuss the new Policy further.

Upon a motion by Mr. Eric Lewis and a second by Mr. Victor Gabriel the Authority voted to approve a working meeting with the staff of the SBA to work on the details of the policy changes that the Authority will be considering later this year.

VIII.

FUTURE MEETINGS

The 2015 summer quarterly meeting of the School Building Authority of West Virginia is scheduled to begin at 9:00 a.m. on June 22, 2015.

The 2015 fall quarterly meeting of the School Building Authority of West Virginia is scheduled to begin at 9:00 a.m. on September 28, 2015.

The 2015 NEEDs Grant Submission/Superintendent Interviews meeting is scheduled to begin at 9:00 a.m. on November 9 and November 10, 2015.

The 2015 winter quarterly meeting and NEEDs Grant project selection meeting of the School Building Authority of West Virginia is scheduled at 9:00 a.m. on December 14, 2015.

IV.

ADJOURNMENT

There being no further business to come before the Authority and upon a motion by Mr. Tom Lange with a second from Mr. Victor Gabriel the Authority voted to adjourn the March 23, 2015 Quarterly Meeting of the School Building Authority of West Virginia.

Minutes approved June 22, 2015



Mr. Peter Markham, Governor's Designee
School Building Authority of West Virginia