SCHOOL BUILDING AUTHORITY OF WEST VIRGINIA
MEETING MINUTES
September 28, 2015
9:30 a.m.

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

I. CALL TO ORDER

Peter Markham, Governor's Designee, called the School Building Authority of West Virginia (SBA) Quarterly Meeting to order at 9:35 a.m. on Monday, September 28, 2015. The following Board Members were present: Dr. Michael Martirano, West Virginia State Superintendent of Schools; Mr. David Sneed, Executive Director; Mr. Steve Burton, Vice-Chair; Mr. Eric Lewis, Secretary; Ms. Tina Combs, via telephone; Mr. Victor Gabriel; Mr. Robert Holroyd; Mr. Tom Lange; Mr. Chris Morris; Mr. Thomas Campbell and Mr. Wade Linger, via telephone. The following staff of the SBA was also present: Mr. Garry Stewart; Mr. Scott Raines; Mr. Mike Hall; Mr. Ben Ashley; Mr. Dana Womack; Ms. Joyce VanGilder; Ms. Angie Bradley and Ms. Tammy Brewer.

II. ACKNOWLEDGMENTS AND RECOGNITIONS

Chairman Markham recognized Mr. David Sneed to provide acknowledgements. Mr. Sneed acknowledged Dr. William M. White as being present and informed the Authority that Dr. White would be joining the SBA Board in November. He also stated that Ms. Stella Gill's Mother was having an Emergency Procedure so she would not be available to answer any questions.

The following individuals attended the SBA Meeting: Mr. Cole Malcolm, Dixon Hughes Goodman, LLP; Mr. Tommy Young, ZMM Architects and Engineers; Mr. Greg Williamson, Williamson Shriver Architects; Mr. Ted Shriver, Williamson Shriver Architects; Ms. Sarah Petry, Williamson Shriver Architects; Dr. William White, West Virginia School Board; Mr. Travis Arey, Precision Contracting Services, Inc. (PCS); Mr. Ernie Delatorre, McKinley and Associates; Mr. Terry George, Fayette County Superintendent; Mr. Dave Ferguson, ZMM Architects & Engineers; Mr. Brian Estep, Silling Associates and approximately twenty concerned Citizens of Fayette County.

III. APPROVAL OF MINUTES

Upon a motion by Mr. Tom Lange, with a second by Mr. Victor Gabriel, the Authority voted to approve the meeting minutes for the School Building Authority's June 22, 2015 Quarterly Minutes.

IV. EXECUTIVE DIRECTOR'S REPORTS

A. Dixon Hughes Goodman LLP - Audit Report for the Fiscal Year Ending June 30, 2015

Mr. David Sneed recognized Mr. Cole Malcolm with Dixon Hughes Goodman, LLP who conducted an independent audit of the SBA financial records for the fiscal year ending June 30, 2015. Mr. Malcolm presented the Authority with a preliminary review of the draft audit report. He informed the Authority that during the process of conducting the audit, the staff of Dixon Hughes Goodman, LLC found the SBA to be very open and cooperative. He also stated that Dixon Hughes Goodman, LLP found no disagreements with the staff of the

SBA's current financial records. Mr. Malcolm reported that Dixon Hughes Goodman, LLC would be providing the School Building Authority of West Virginia with an unmodified opinion on this audit. In addition, Mr. Malcolm stated that no material weaknesses were uncovered and provided details regarding the financial statement portion of the draft audit report. He stated that this report was only a draft version and required no action on the part of the Authority at this time. Upon completion of the final audit report, a Special Meeting of the Authority is required. A teleconference meeting will be scheduled to meet the requirements of the State Auditor's Office. Once the audited financial statements and the management letter are approved by the members of the SBA, Dixon Hughes Goodman, LLC will issue its final report. This report will be forwarded to the appropriate insurers of all SBA bonds and to the members of the SBA.

B. Purchasing Card (P-Card) Program Report

Mr. David 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 the staff of the SBA. He stated that the document in Attachment B provided an itemized list of the SBA's card usage for the period of May 1, 2015 to July 31, 2015. The Authority members reviewed the expenditure report and had no questions.

V. CONSENT AGENDA

Mr. Sneed informed the Authority Members that the following amendments to county Comprehensive Educational Facilities Plans (CEFPs) had been reviewed and were being 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 took action on these same amendments during its September, 2015 meeting. He informed the Authority that approval of amendments relating to 2016 NEEDs Projects did not indicate that financial support for these projects during the 2016 Funding Cycle was going to automatically occur. The SBA approval simply acknowledged that the proper amendment process had been followed by the County Board of Education. He informed the Authority that a single motion by the Authority could approve all items on the Consent Agenda or, should an individual item be of interest to a member, it could be pulled for discussion. Complete amendment submittals were available for review upon request.

Prior to the discussion of Amendments, Mr. Tom Lange made a request that Fayette County's Amendment be set aside for discussion and considered independently.

Upon a motion by Mr. Tom Lange, with a second by Mr. Thomas Campbell, the Authority voted to approve the CEFP Amendments of Barbour County, Mercer County and Mineral County.

A. **Barbour County's CEFP Amendment**

The Barbour County Board of Education requested approval of an amendment to its 2010 – 2020 CEFP. This amendment would focus on Barbour County being able to reduce its ongoing Budget expenditures through energy conservation measures along with the replacement of HVAC units that do not provide ASHRAE air quality environments for many of its students.

C. **Mercer County's CEFP Amendment**

The Mercer County Board of Education requested approval of an amendment to its 2010-2020 CEFP. This amendment would combine Brushfork and Bluewell Elementary Schools and construct a replacement elementary school at a site located between the two schools. These existing properties would be transferred to a community/county agency or declared a surplus and sold.

D. Mineral County's CEFP Amendment

The Mineral County Board of Education requested approval of an amendment to its 2010-2020 CEFP. This amendment included the addition of a portable classroom at Wiley Ford Primary School. The building utilization of this school is currently at 108%, which is above the recommended 85%. The portable classroom will relieve enrollment overcrowding until a permanent solution can be developed.

Upon a motion by Mr. Tom Lange, with a second by Mr. Steve Burton a motion was made to approve Fayette County's CEFP Amendment.

B. Fayette County's CEFP Amendment

The Fayette County Board of Education requested approval of an amendment to its 2010-2020 CEFP. This amendment for Fayette County included the construction of a new 9-12 high school to accommodate the closure of Fayetteville High School, Meadow Bridge High School, Midland Trail High School and Oak Hill High School and the consolidation/merger of these students into a new 9-12 school. The requested amendment also included:

- The renovation/reconfiguration of Fayetteville High School to accommodate the closure of Fayetteville Elementary School, Gatewood Elementary School and Fayette High School and the consolidation/merger of Fayetteville Elementary School (grades PreK-6); Gatewood Elementary School (grades K-4) and Fayetteville High School (grades 7-8) in a Fayetteville area school (grades PreK-8).
- The renovation/reconfiguration of Meadow Bridge Elementary School and sections of the Meadow Bridge High School buildings to accommodate the closure of Meadow Bridge High School and the consolidation/merger of Meadow Bridge Elementary School (grades PreK-6) and Meadow Bridge High School (grades 7-8) in a Meadow Bridge area school (grades PreK-8).
- The renovation/reconfiguration of Midland Trail High School building to accommodate the closure of Ansted Elementary School, Divide Elementary School and Ansted Middle School and consolidation/merger of Ansted Elementary School (grades PreK-5), Divide Elementary School (grades PreK-5 and Ansted Middle School (grades 6-8) in a Midland Trail area school (grades PreK-8).
- The renovation/reconfiguration of the Oak Hill High School building to accommodate the closure of Collins Middle School and to serve as an Oak Hill area middle school (grades 5-8) replacing the current Collins Middle School (grades 5-8).

A lengthy discussion concerning Fayette County's Amendment to its CEFP occurred, including comments for and against the amendment from many of the Authority Members. The following topics were discussed:

- The financial support that the SBA has offered to Fayette County over the past 25 years to address its facilities problems most, of which was rejected in bond failures or returned to the SBA
- The West Virginia Board of Education's failure to pass this Amendment unanimously
- The community nor local Board showed unanimous support for this Amendment
- Mr. Tom Campbell believed the plan was rushed; all WVBE Members did not have copies of this Amendment when the vote was taken by the WVBE
- The need for a Plan to be developed that has the support of the majority of the community

- The number of students in one location
- Students would have nearly a 2 hour bus ride from Meadow Bridge Area
- The lack of Fayette County citizens ownership of the proposed amendment to the current plan
- Forcing consolidation where community support is not present
- The concern that with 55 Counties to assist, the SBA does not have the ability to address projects of this size without adversely affecting all other counties
- Local board or taxpayers did not Approve this plan

Mr. Sneed informed the Authority that Fayette County was not asking for funding. Rather, it was asking for approval of its Amendment. He indicated that it was his understanding that the Superintendent of Fayette County was in the process of finalizing the Project Financing Plan and hopes to secure some local funding before the NEED's Project submittal deadline.

The Authority posed questions that could only be answered by Mr. Terry George, Superintendent of Fayette County. Upon a motion by Mr. Victor Gabriel, with a second by Chris Morris, the Authority voted to allow Mr. Terry George, Superintendent Fayette County, to speak.

The following represents a summary of Mr. George comments in regards to Fayette County's Amendment:

- The condition of Fayette County Schools has become a serious and urgent matter
- Several Superintendents and Boards have made several/numerous attempts to bring forth a plan for its schools
- There has been little cooperation from voters on what plan they would support
- Every school has major issues and the Amendment to the existing plan is trying to consolidate the schools and reconfigure grade levels to provide safer schools and be able to offer students a quality education
- Fayette County has been working on a finance plan and will have $6,000,000 in county funds through its carryover balance over the next several years
- Mr. George indicated he was working with Mr. Ed McLiney, in an attempt to provide additional local funding by way of a Lease/Purchase that would provide an additional $11,000,000 in local funding for the project

Mr. Morris inquired as to how the Authority looks at this request with respect to passing the Amendment and looking at the funding. He was looking at this as two different processes and the vote for funding request would take place later this fall.

Mr. Lewis responded by stating that yes there are two separate processes but if the Authority does not approve the Amendment then Fayette County would not be under the false hopes that it would receive funding in December and that by approving this Amendment Fayette County would lose three months and time to consider an alternative plan that might have community support.

Mr. Morris inquired if the Amendment to the CEFP was not approved would Fayette County be able to go back and make adjustments to bring a more viable plan to the Authority for approval at the November Meeting and be considered for the NEED's Funding in December?

Mr. Sneed's response was yes as long as the project was submitted to the SBA by the deadline of October 1, 2015; they are not permitted to change the Project Plan that has been approved but they are permitted to make adjustments to the financials of the Project. He also informed the Authority that other counties would be presenting Amendments to their CEFP at the November 9, 2015 Meeting for consideration for funding in December, but these Amendments must match the Project Description submitted on October 1, 2015.

Chairman Markham informed the Authority that one of the criteria in the WV Code governing the SBA for approval of an Amendment to a CEFP is the ability to finance projects. He also stated it is not the only criteria but one of four for consideration.

Dr. Martirano, Ms. Combs and Mr. Holroyd voiced their support for the Amendment to Fayette County's CEFP and asked the Authority to support it and show the people of Fayette County that the SBA supports them. Dr. Martirano asked the Authority to keep the process moving forward.

Chairman Markham called for a vote on the motion made by Mr. Lange, and seconded by Mr. Burton to approve Fayette County's CEFP Amendment. A majority of the Authority members voted against the motion to approve the Fayette County CEFP Amendment.

VI. FINANCE REPORTS

A. Analysis of Trustee Accounts - Trustee Accounts Report

Chairman Markham recognized Mr. Garry Stewart to provide the SBA Finance Reports. He 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 August 31, 2015. Attachment G was provided to give a short summary of each bond series. The Authority had no questions or comments regarding this matter.

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 September 15, 2015, summarizing construction spending by the SBA for its School Construction and Major Improvement Programs. Attachment H provided the information. The Authority had no questions or comments regarding this matter.

C. Current SBA Fund Balances

Mr. Stewart presented a recap of the various finance reports to the Authority. He also provided a review of the current balance funds available in each Grant fund Account, as listed below.

		Accumulated As Of September 3, 2015
1.	MIP Fund -	$ 751.279.00
2.	3% Fund -	$ 624,560.00
3.	Emergency -	$ 3,599,185.00
4.	NEEDS Funds -	$ 6,195,970.00

D. Status of Bond Refunding

Mr. Stewart informed the Authority that the refunding of the Series 2008 Bonds was moving forward with reasonable certainty given the ever-changing Market conditions. A revised analysis of the refunding savings as per September 24, 2015 and a Status Report and Milestone Activity Schedule Attachment I was provided for the Authority's review.

VII. CONSTRUCTION COMMITTEE REPORT

A. Square Footage Cost Allowance Update

Chairman Markham recognized Mr. Steve Burton who informed the Authority that based on the current market conditions the Construction Committee did not believe an adjustment in the Allowable Square Footage Cost for new construction was required at this time. The Authority did recommend that the SBA continued to monitor Project Costs and only adjust the Project Budgets as needed in the future. No further action was taken.

B. Policy and Procedural Revision

Mr. Burton informed the Authority that the Final revisions of the latest Policy and Procedure Handbook were completed, the thirty (30) day comment period ended July 27, 2015, all comments received were reviewed, and several comments were incorporated into the revised Policy language. 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 J.

Upon a motion by Mr. Eric Lewis, with a second by Mr. Victor Gabriel, the Authority Approved the recommendation of the Construction Committee to approve the Final Revisions to the latest Policy and Procedure Handbook.

VIII. FINANCE COMMITTEE

A. Annual Disclosure of Investments

Mr. Sneed advised the Authority that the SBA was required by the SBA Investment Policy adopted by the Authority to provide the Attached lists of Investments Securities investments for annual review. The Authority reviewed the report and there was no further action required by the Authority on this report.

B. Proposed New Revenue for Construction Funding

Mr. Sneed informed the Authority that the staff of the SBA had been attempting to lower Operating and Construction Costs as well as locate additional revenue streams that might be available for school construction; realizing that the SBA funding is shrinking due to the reductions in Excess Lottery Funding and Construction Inflation. He stated that the staff of the SBA would like the Authority's support to investigate alternative funding sources for future construction projects and that a report would be provided in the near future for the Authority to review. The report would consider all options and would particularly explore the following possibilities:

1. SBA Construction Loans

The SBA would like to explore opportunities available in WV Code 18-9D-4C already in place that allows the SBA to provide loans to County Boards of Education for construction projects. Federal QZAB funding is unstable and many County Boards who cannot pass local Capital Improvement Bonds have relied on these funds to present local support when they come to the SBA for project funding. The SBA would continue to take advantage of any Federal Funding that

current staff job descriptions and assign staff additional responsibilities to manage the planning, design and construction administration of our projects. Revised job descriptions were created that reflect agency responsibilities in the future.

Upon a motion by Mr. Robert Holroyd, with a second by Mr. Tom Lange the Authority voted to approve the Agency's Re Organization, Staff Reassignments, Job Descriptions and to establish a Formal Evaluation Process for the staff of the SBA, to be in place by June 2016.

Additionally, upon a motion by Mr. Tom Lange, with a second by Mr. Robert Holroyd the Authority voted to direct Mr. Sneed to explore/study if pay adjustments should accompany the change in Job Descriptions. Mr. Sneed was directed to explore the salaries of public and private sectors performing the same or comparable services, as the new job descriptions and report back to the Authority, at the November 2015 Quarterly Meeting, as to whether pay adjustments should accompany these new Staff Assignments.

XI. FUTURE MEETINGS

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

The 2015 winter quarterly meeting of the School Building Authority of West Virginia is scheduled at 9:00 a.m. on December14, 2015 with location to be determined.

Tentative Dates for 2016 Quarterly Meetings

The staff of the SBA has prepared the following list of tentative dates for the 2016 SBA Quarterly Meetings:

March 21, 2016
June 27, 2016
September 26, 2016
November 7 and November 8, 2016 – Superintendent Interviews
December 12, 2016 – NEED's Grant Award Meeting

XII. ADJOURNMENT

There being no further business to come before the Authority and upon a motion by Mr. Eric Lewis, with a second from Mr. Tom Lange the Authority voted to adjourn the September 28, 2015 Quarterly Meeting of the School Building Authority of West Virginia.

Minutes Approved November 9, 2015

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