

**SUMMARY MINUTES OF
THE COMMISSION FOR ARKANSAS PUBLIC SCHOOL ACADEMIC
FACILITIES AND TRANSPORTATION**

**MEETING
April 24, 2013**

Place: ADE Auditorium
Time: 9:00 a.m.

Commission Members in Attendance:

Dr. Tom Kimbrell, Commissioner, Arkansas Department of Education
Mr. Richard Weiss, Director, Arkansas Department of Finance and Administration
Mr. Mac Dodson, President, Arkansas Development Authority

Others in Attendance:

Mr. Jeremy Lasiter, General Counsel, Arkansas Department of Education
Dr. Charles C. Stein, PE, CEFP, Director, Division of Public School Academic Facilities
and Transportation

Quorum was met.

Meeting called to order.

Agenda item:

1. Summary Meeting Minutes – November 20, 2012

The Commission approved the meeting minutes for the November 20, 2012, Commission meeting.

2. Partnership Program – Summary of Committed and Expended Funds

Dr. Stein reported that the Division has done this program through four previous funding cycles and, following the next cycle, will total 10 years for the program. He indicated the existing programs and the unexpended funds are more than \$90 million of the committed funds. Per the law, the Commission is the only one who can pull funds on 2007-2009 which is about \$6 million plus of unexpended funds.

3. 2007-2009 Partnership Program Projects with Unexpended State Financial Participation

Dr. Stein indicated that the Division wanted to see if the school districts still needed the funds, so two letters were mailed to the districts with not-expended funds on the 2007-2009 projects. He pointed out that the first letter was mailed on December 3, 2012, and a second letter was mailed certified to the school districts who had not responded to advise them the Commission would pull the unexpended funds.

Tab 3a Copy of December 3, 2012, letter

Tab 3b Copy of February 11, 2013, letter (*certified*)

Tab 3c Partnership Program projects with remaining state financial participation

Dr. Stein stated all but three school districts responded to the two letters.

1. Cotter Public Schools had millage issues and did not start the funded project.
2. Cossatot River School District did not respond.

3. Lakeside School District (Hot Springs) did not respond.

Dr. Stein stated the Division recommended withdrawing about \$1 million from these three 2007-2009 projects.

The Commission approved withdrawing the 2007-2009 Partnership Program Projects with unexpended state financial participation funds for the three projects indicated in Tab 3c.

4. Academic Facilities Partnership Program Status

Dr. Stein stated the Partnership Program funds are in one large “pot”. He stated that there is \$74.2 million in non-committed funds and that he would elaborate on this pool of funds later in the meeting. Slide 4a provides a status of committed projects and funding of the overall program.

Richard Weiss asked about the \$5.5 million difference with \$2.9 million of committed funds for the catastrophic program. Dr. Stein explained the difference represented a safety net.

Dr. Stein indicated that slide 4b was a very important slide because it allows the Commission to see available funds for the next funding cycle. It reports the carryover funds, and 2007-2009 funds the Commission just pulled back, the new funds provided in the legislative session, and the hold-back funds on catastrophic and for appeals. Dr. Stein stated that school districts may not like the funds provided and may appeal. He stated that the overall funds available for Year-One is \$130.7 million, with another \$20 million in General Improvement Funds (*GIF*) anticipated after the new fiscal year begins. He advised the Commission use the \$130.7 million for the funding amount.

Dr. Kimbrell stated the Commission has \$130.7 million for Year-One funding, and another \$20 million coming from the General Improvement Funds when available. Richard Weiss stated that he and Dr. Kimbrell had checked these numbers personally three times to be sure they were accurate. Dr. Kimbrell indicated the Commission was confident of the \$130.7 million.

Tab 4a Educational Facilities Partnership Fund

Tab 4b Available Funding for Year-One of 2013-2015 Academic Facilities Partnership Program Funding Cycle

5. 2013-2015 Partnership Program Projects

Dr. Stein stated the previous slides looked at funding, so now would look at Partnership Program projects and matching up needs of projects to funds. Slide 5a displays there are 26% more projects than last time and most of them are Warm, Safe, and Dry projects. The space projects are about the same. He asked the Commission to remember that last summer and fall, the Commission approved modifying the Partnership Program rules on Warm, Safe, and Dry.

Richard Weiss, asked if the number of Warm, Safe, and Dry projects represented failure of the school districts' maintenance programs since the Commission has done so many and aggressive funding of the maintenance program, and stated this situation seriously concerned him. Dr. Stein responded that he has two views. One was that regarding the major systems such as roofs that the school districts may have provided maintenance but that systems do expire. The second was that school districts are wisely taking advantage of those available Warm, Safe, and Dry funds. Dr. Kimbrell stated this issue was addressed with the new rules.

Dr. Stein stated that more projects means more funding is needed. The Division process was very structured. Project reviews started with the Area Project Manager review, followed by two Senior Project Administrators each reviewing the project, the Assistant Director, and the Director. All project reviews ran through that process, and many reviews of each project are conducted.

The Division met and verified with ADE General Counsel that the process met all the terms in rules and statutes, and that all reviews were consistent.

Dr. Kimbrell asked if the list of project determinations would be available after the Commission meeting, and Dr. Stein stated yes it would be on the Division website.

Dr. Stein stated that 69% of approved projects is very near previous approval percentages.

Dr. Stein stated that some of the disapproved projects shown in Tab 5c did not meet some of the tenets of the Partnership Program rules. The main reason projects were turned down along with a second reason are provided on the Summary of Disapproved Projects list. The list is sorted by category and percentage turned down. Some projects lacked suitability, and some school districts said they had suitability but the project review by the Division indicated no. Other projects did not have schematics and ADE legal counsel advised the Division to review as the statute requires, as well as the resolutions. Law and rule state "shall" and some did not meet that.

Dr. Kimbrell stated regarding incomplete applications, schematic, and resolutions, that he and Tony Wood went on a tour of all the Arkansas Service Cooperatives (*Cooperatives*) last summer, and spoke at length with the school district superintendents about the fact the Division would be strictly following rules and statutes reviewing projects. He stated that they asked the superintendents if the districts wanted everyone on a level playing field and only one superintendent did not. The level playing field would mean all plan reviews were very structured and reviewed the same way, and that the Division would not be contacting the school districts to complete or correct applications, and the superintendents agreed that was law and fair. He stated suppose "mine" was complete and other school districts did not complete theirs correctly but had a higher FCI. ADE legal counsel stressed consistency and what Dr. Kimbrell and Tony Wood heard from the school district superintendents was that they agreed so everyone was on a level playing field.

Dr. Stein stated that all projects were ranked based on current rules, and that the new 2013 rules will be used on the next cycle. The process ranked Year-One and Year-Two projects with Warm, Safe, and Dry first, then by Space per the current rules.

Dr. Stein referred back to tab 4b stating the matching needs of overall funds of \$130.7 million, and that tab 5d shows the need was more than that amount, so must draw a line indicating where the \$130.7 million ends. He stated that once the anticipated \$20 million is received by the Division, the Commission will meet again and review the list and fund \$20 million more in approved projects.

Dr. Stein indicated the good news is that even though there is not enough funding available in Year-One, assuming Year-Two funds are approved by the legislature, it can be assumed there will be enough funding in Year-Two for all projects in the 2013-2015 project funding cycle.

Dr. Kimbrell stated that Year-One approved projects are \$186 million, and have \$150.7 million once the additional anticipated \$20 million arrives, so that is not enough funding all the approved projects. Dr. Kimbrell asked if the legislature provides similar funding then there will be enough to cover \$212 million. Dr. Stein stated yes. Mac Dodson asked how much funding will be needed for Year-Two, and Dr. Stein stated \$65 million more.

Dr. Stein stated the ranked approved projects in Tab 5e have a line drawn at \$130.7 million. Mac Dodson asked if the anticipated \$20 million of additional funding is received, does the Commission need to meet to distribute the funds. Dr. Kimbrell stated that the \$20 million will have to be requested after the new fiscal year starts July 1, 2013, and the Commission will meet again in August 2013 regarding the \$20 million.

Dr. Stein stated that once the Commission meeting has completed, the Division will post the approved and disapproved project lists on the Division website. Tab 5f shows the approved and funded list sorted by school districts.

Dr. Stein stated the Division process has been to post the lists on the website and ADE General Counsel advised the Division to mail the school districts certified letters (*Tab 5g*) after the meeting regarding approved, disapproved, and funded projects. Dr. Stein also stated Carol Bowman has

copies of the school district letters that the authorized facilities consultants to pick up immediately after the meeting, or they too will be mailed.

The Commission approved Recommendation #1 for all Year-One and Year-Two projects for the 2013-2015 Academic Facilities Partnership Program shown on the approved project list in Tab 5e. Additionally, the Commission approved Recommendation #2 that the Commission provide state financial participation for 2013-2015 Partnership Program Year-One projects listed in Tab 5e, prioritized per current Rules Governing the Academic Facilities Partnership Program, to a funding level of \$130.7 million.

Dr. Stein discussed Tab 5i. Currently the rules do not clarify the ranking process for unfunded Year-One projects during Year-Two and this will need to be changed. Dr. Kimbrell stated the current rule is a disincentive for school districts to apply in Year-Two.

Tab 5a	Partnership Program Project Application Summary
Tab 5b	2013-2015 Partnership Program Disapproved Projects
Tab 5c	2013-2015 Summary of Disapproved Projects
Tab 5d	2013-2015 Partnership Program Approved Projects Summary by Funding Category
Tab 5e	2013-2015 Partnership Program Approved Projects (<i>Sorted by Project Ranking</i>)
Tab 5f	2013-2015 Partnership Program Approved Projects (<i>Sorted by School District</i>)
Tab 5g	Written Determination and Project Notification Letter to School Districts
Tab 5h	2013-2015 Partnership Program Recommendations
Tab 5i	Year-Two Funding Review of Year-One Approved But Not Funded Projects

6. 2013-2015 Partnership Program Projects – Unfunded Year-One and Year-Two Project Requests

Dr. Stein stated the addendum is the same as last time, and states if a school district wants to start a project now with a Year-One timeline the school district assumes the risk of the possibility of no funding in Year-Two.

The Commission approved the Addendum to the Project Agreement that allows districts with approved and unfunded Year-One and Year-Two 2013-2015 Partnership Program projects (1) to request that the Division approve a Year-One timeline for project start-up, and (2) to assume the risks regarding state financial participation beginning July 1, 2014.

Dr. Kimbrell stated school districts should proceed at their own risk.

7. 2013 Preliminary Master Plan Guidelines

Dr. Stein stated the Commission has just looked at 2013-2015, so now needs to review the next cycle of projects. He stated the Commission approved new rules already, but since during the legislative session school districts had the opportunity to change new laws, which they did not, the Commission and Division had to wait before developing new guidelines that reflect the new rules.

The Commission approved the guidelines for the districts to submit the Preliminary Master Plan by July 1, 2013.

8. Academic Facilities Building Value

Dr. Stein stated as school districts start next 2014 Master Plan, the new rules will be in effect. What the Building Values means is that if a school district has a building with zero value then the Master Plan narrative must mention it. Zero value does not mean a building must be replaced, only that it must be mentioned in the Master Plan, and should be maintained or replaced.

9. Green Ribbon Award

Murray Britton stated that this is the second year of the USED program and that more time was provided this year for school districts to apply, and that entire school districts could apply this year.

Fayetteville Public Schools was the only district to apply this year. The district is extremely active in the green program, and were selected as one of 14 districts in the country to get the award.

Dr. Kimbrell stated he was proud and it was an arduous task to apply. He encouraged all school districts to become more green along with architectural firms to design more green buildings. He thanked Murray Britton for his efforts, and congratulated the Fayetteville Public Schools for their accomplishment.

10. Division Re-structuring of Staff

Dr. Stein provided a status on the Division's move scheduled for this summer to spaces in the Big Mac Building. As a result, staff assignments were restructured. The main need was with the Division's small staff of maintenance inspectors, more were needed, along with the need for the work load to be more balanced. Murray Britton now has a staff of five Area Project Managers-Planning and Construction, and there are six Area Project Managers-Maintenance.

11. Legislative Session Update

Jeremy Lasiter updated the Commission on recently passed legislation. He introduced new staff members to the ADE legal department since Mark White's departure.

Mr. Lasiter provided short recaps of Acts 420, 600, 1195, 1288, 1064, and 1255.

Dr. Stein thanked Mr. Lasiter. He stated to the Commissioners that the meeting itself might not have been very long, but that he wanted to be sure the Commissioners were aware of the amount of work that took place since March 2012 by the Division staff, the amount of long hours in reviewing all the projects, and that he wanted to thank the Division staff.

Dr. Stein stated that the funding amount was not finalized until the last minute, and that Carol Bowman did the reports multiple times, and thanked her as well.

Dr. Kimbrell stated that each cycle the process gets better. He complimented Dr. Stein on the great team he has assembled, and how they have matured. He also stated that anything that is great continues to evolve, and that he thinks the Division has the best facilities division in the nation.

Dr. Kimbrell thanked Dr. Stein for leading in such a great manner, and for the terrific job and hard work and maturity.

Meeting adjourned.