
Arkansas Division of Public School



Academic Facilities & Transportation

**COMMISSION ON PUBLIC SCHOOL ACADEMIC FACILITIES
AND TRANSPORTATION**

Dr. Ken James, Chair

MEETING AGENDA

**June 29, 2006
9:30 a.m.**

Arkansas Department of Education Auditorium

Call to Order/Roll Call

1. Approval of May 1, 2006 Meeting Minutes
2. Request for Approval of Final Rules Governing the Academic Facilities Partnership Program
3. Request for Approval of Custodial and Maintenance Manual
4. Update and Request for Approval of Academic Facilities Immediate Repair Program Changes
5. Update and Request for Approval of Transitional Academic Facilities Program Changes
6. Request for Approval of Academic Facilities Partnership Program Applications
7. Request for Approval of Academic Facilities Partnership Program Agreements – Long Form and Short Form

MINUTES OF
COMMISSION FOR PUBLIC SCHOOL ACADEMIC
FACILITIES AND TRANSPORTATION

Date: June 29, 2006

Place: ADE Auditorium, Little Rock, AR

Attendees: Dr. Ken James, Director, Arkansas Department of Education
Richard Weiss, Director, Arkansas Department of Finance and Administration
Mac Dodson, President, Arkansas Development Authority

Call to Order/Roll Call. Dr. Ken James called the twelfth meeting of the Commission for Public School Academic Facilities and Transportation to order. All Commission members were present.

1. Approval of May 1, 2006 Commission Meeting Minutes. Dr. James stated that the minutes were received in time for review and asked for questions or a motion. **Mr. Weiss moved to approve the minutes as submitted. Mr. Dodson seconded the motion and with no further discussion the motion was approved unanimously.**
2. Request for Approval of Final Rules Governing the Academic Facilities Partnership Program. Dr. James turned the meeting over to Doug Eaton who stated that in our last meeting in May the Commission was presented the Emergency and the Final Rules for the Partnership Program. Since that time we have had the public hearing on May 17 and the public comment period closed on June 5, 2006. We had no comments on the changes made to the Partnership Program. These were three reasons why the changes were made 1) change the language to make it comply with the new definitions that were established in the Second Extraordinary Session of 2006; 2) explain the basis of determining the State's participation; and 3) to add appeal procedures. Again there were no comments or changes made and will be presented to the Rules and Regulations Committee on Thursday, August 3. **Mr. Weiss made a motion to approve the rules as submitted. Mr. Dodson seconded the motion and with no further discussion the Final Rules Governing the Academic Facilities Partnership Program were unanimously approved.**
3. Request for Approval of Custodial and Maintenance Manual. Mr. Eaton stated that the last time the Commission met a draft of the Custodial and Maintenance Manual was presented and also sent out to the districts. A public hearing was held on May 17 and the public comment period ended on June 5. Two individuals from Little Rock and North Little Rock attended on May 17. These individuals had been of great assistance with a number of the sections, especially dealing with custodial, and from that discussion some minor changes were made. No written comments were received. No substantial changes were made to the manual but a Table of Contents was added, some paragraphs were realigned and some "word smithing" was done. It is intended that the manual be sent out as a supplement to the Facility Manual to replace Section 3 as approved by the Commission in September 2005. This manual was initially a part of the Facility Manual. It is written here to be used as Section 3 or as a stand-alone manual. The legislation called for manuals to be written and this was one of them. Again, it was originally approved as Section 3 of the Facility Manual.

The intent of the manual is to: 1) establish long-term protection of public school facilities in the state; 2) establish procedures for district to follow to eliminate further deterioration; 3) provide safe and healthy environment for student, staff and faculty; and 4) provide efficient use of state and local funds. This manual can go out in a user-friendly format so a district can cut and paste what is needed to create a manual to fit the needs of the district.

The manual also discusses the establishment of a system (manual or automated) to document preventive maintenance activities, which was mandated in legislation. Some districts have already been provided information regarding firms that provide automated systems. The choice of a manual or automated system is left up the district but there has to be a system beginning next year. Right now it is anticipated the Custodial and Maintenance Manuals will be submitted at the time the next Master Plan submittals are made on February 1, 2008. This manual is brought to the Commission in final form and the Commission is asked to approve going forward with it.

Dr. James asked if there were any questions. Mr. Weiss had a question regarding audit procedures and said he understood that inspectors would go out and physically inspect the property, record keeping, etc. and will have to be a part of the submission for the Master Plan process. Mr. Eaton responded that the Extraordinary Session of 2006 changed the definition of the items to be placed on the Master Plan project list and extended it to new construction of non-academic facilities. It also mandated that the nine percent be divided between academic and non-academic facilities and further mandated that the districts identify that portion of the expenditures for maintenance and renovation identified between academic and non-academic facilities. The Division intends to implement this with an inspection team that is in the budget for next year and to be brought on board hopefully before next summer. This will give the inspection team the opportunity to work with and formulate the plan with the districts and go through the draft

stages before the final submission is made in February 2008. **Mr. Weiss made a motion to adopt the Custodial and Maintenance Manual as submitted. Mr. Dodson seconded the motion and with no further questions or discussion the Custodial and Maintenance manual was approved.**

4. Update and Request for Approval of Academic Facilities Immediate Repair Program (AFIRP) Changes. Mr. Eaton stated that the purpose of this submittal is to present to the Commission an updated list of the AFIRP as to the financial and project completion status. Under the AFIRP the state agreed to fund a certain percentage of Immediate Repair projects based on the actual cost which requires a continual update of what is being requested. The bottom of the last page shows that the program was originally funded for \$35 million, that being the state's share. Based on changes that were presented to and approved by the Commission in March 2006, the districts will be funded to the level that was approved and sent out in September 2005. But since the Division is running a plus and minus tally, the Division will be going periodically to the Commission with a request that those funds be moved if the Commission so agrees.

Projects in gray show the final project cost and many of these were completed prior to the September meeting. A lot of districts are trying to complete projects this summer. 128 projects out of 300 have been paid. Of the \$35 million originally funded, \$32.596 million is the anticipated expenditures (savings of approximately \$2.45 million). If the Commission approves this list the Division will present documentation to ADE so that funds can be distributed to the districts. But no promises can be made regarding the savings amount until it is brought back before the Commission.

Mr. Dodson asked how it would be determined that districts need or would get more money -- is it prorated? Mr. Eaton replied that Immediate Repair is determined by actual expense on the repair and then cost share that program with them based on the wealth index. If a district comes in and says we finished a repair and thought it was going to be \$60,000, but it was actually \$72,000. Our commitment is wealth index against \$60,000 and if a surplus develops then the money we have. If we get to the end and we are short \$1 million, then we are going to have to take some steps to move \$1 million into this program to meet the commitment of cost sharing the actual cost. Right now as you can see with 128 out of 300 projects in, we have accumulated a small surplus. But there isn't a priority order. We are funding those as the districts come forward.

Dr. James asked if there were any other questions. Mr. Eaton said that the districts were asked informally to please strive to complete these projects by September 2006. This is not a deadline but we would like to get out of the Immediate Repair Program. We know some of them will go longer. The districts have been told that the money will not be lost if contracts are not awarded by July because a commitment has been made to support the project. The districts have been asked to please push the projects and try to get them done as quickly as possible this fall so the Immediate Repair program can be closed out and concentration can be placed on the remaining Transitional and Partnership Programs.

Mr. Weiss asked if there was any evidence of a shortage of contractors or having difficulty finding appropriate, qualified licensed contractors. Mr. Eaton said he was hearing that there was a shortage of contractors and maybe for the following reasons: 1) a district may have never done work at this level or with a project this large or 2) perhaps the work is not being timed right with the construction industry. School districts may be saying we are out of school this summer and then find out that heating and ventilation work can't be done this summer because contractors have been locked in six or seven months ago. Districts are learning, especially in rural areas where the selection of available contractors is limited, that work is going to have to be scheduled to get the work done. Also, a number of contracts have had only one bidder, especially on some Transitional projects where the contracts have been large. If the shortfall is attributable to contractors being busy, then it is good for the State of Arkansas. Mr. Weiss then asked if Mr. Eaton thought it was something that would work itself out once people got used to the timing issue. Mr. Eaton said he would like to think. But the state had been hit with a large requirement for contracts - a large amount of small Immediate Repair projects and then \$86 million in Transitional projects for a total of \$110-\$115 million within a year. And of course they are already locked in to contracts to build subdivisions, etc. and they can't change gears that fast. We are going to have to get in line for the state's construction resources.

Dr. James said that basically the market has been flooded and agreed that the learning curve is quite different between districts and all are going to have to come together and work this out. Dr. James said that what was before the Commission was a recommendation to accept the Academic Facilities Repair Program Changes and asked for any further questions. **Mr. Weiss then made a motion to accept the Academic Facilities Repair Program Changes. Mr. Dodson seconded the motion and with no further discussion the Academic Facilities Repair Program Changes as submitted were approved unanimously.**

5. Update and Request for Approval of Transitional Academic Facilities Program Changes. Mr. Eaton said this is similar to the narrative on the Immediate Repair Program. The districts are being supported with the initial amount approved by the Commission and are being told that a plus and minus is being run. There are caveats to that as some districts can go over their cost but not be entitled to additional funding because of the way Transitional was calculated. Immediate Repair was a direct reimbursement for actual expenses. Transitional was based on an estimate of \$90 per s.f. or R. S. Means, etc. So in Transitional it is possible for a district to be funded at the maximum Means level because that was the lower of the two, then if the contract comes in higher the district understands that they will not get additional funding. But there have been districts that have come in lower and then some have come in higher. So we did the same thing with Transitional funding that we did with the Immediate Repair – we ran pluses and minuses.

Again please note the last page on the printout. All items in gray are completed projects. \$86,850,000 is the initial state obligation as of March 2006 but because of over and under amounts the anticipated amount of expenditures is \$82.8 million, a difference of \$4 million. So again some resources are available to assist districts whose projects may come in higher than anticipated, but lower than the Means estimate. Again districts have been told the same thing – our commitment is to the amount agreed upon, but if they are entitled to additional funds, we will make the presentation to the Commission. 101 projects out of 218 have been completed and \$22.5 million of the \$86 million available has been disbursed. Some of the projects will run as late as March 2008 (Springdale is an example). The District is requesting that the Commission approve the list as presented, allow the Division to make changes to the districts that come in under and then come back in two months to three months with an updated list. The good news is that right now we are still able to do this with the amount of money appropriated. If we get to the point where additional funding is necessary, and then a decision will have to be made by the Commission.

Dr. James asked for any questions. **Mr. Weiss made a motion to approve the Transitional Academic Facilities Program Changes as submitted. Mr. Dodson seconded the motion and with no further discussion the motion as approved unanimously.**

6. Request for Approval of Academic Facilities Partnership Program Applications. Mr. Eaton stated that this is a long-running program with state participation with the districts to make state public school facilities more equitable. This is the first year of the program. As part of the documentation presented, the Division is recommending that:
- a. 1,130 projects be *approved* at an estimated cost of \$265 million;
 - b. 265 projects be *disapproved*, and
 - c. 32 projects attributed to districts currently under *fiscal distress* be held in abeyance until a determination is made that the districts can participate in this program. These projects are approved projects and, when the district comes off fiscal distress and can be allowed to participate, will be added to the approved list.

Since the May Commission meeting, the Division has compared the Partnership Program projects to the Master Plans. Only the Master Plans that support these projects have been reviewed and the Master Plans have been rated as approved, conditionally approved, or disapproved. A number of districts do have Master Plans that are conditionally approved some information is lacking, but not enough to disapprove a project). What is requested for participation in the Partnership Program clearly stands out in the Master Plan as being a need. The Division will request that districts with conditionally approved Master Plans make the necessary updates and corrections when the February 2007 submission is made. (Legislation mandates that Master Plans are to be updated each odd year.)

There are three printouts presented: **Section A** – Recommended Approved Project List; **Section B** – Recommended Disapproved Project List; and **Section C** – Project List-Districts on Fiscal Distress.

In your notes Items A-G are the items used to evaluate the projects and include aligning the project with the Master Plan. Projects requested by the districts run from new facilities, significant maintenance and repair upgrades to some very small projects – the smallest one being an investment of \$26 (there was no cap - if there was a \$5,000 project and their wealth index indicated \$26, \$26 was approved). Prior to May probably every school district on here was contacted. Five architectural/engineering firms visited districts that had additions or significant upgrades. Districts building new schools were not visited because that information could be clearly extracted from the Master Plan and the size of the schools could be calculated using the formulas that we have. That is the way the cost was determined. The reason for the difference in the cost presented to you today and the cost presented to you in May is that a lot of districts shortchanged themselves. They thought if a building had a cost of \$65 per s.f. it would be approved in a heartbeat. But you can't build it for that and secondly our ground rules for which the state participation is determined uses \$90 per s.f. or R. S. Means. They said they could build a school for \$8 million and we come back and say we are going to cost share based on \$10 million because that is what the rules are. Now we have the ability to adjust that with the contract intent because the final checklist is the lesser of the two numbers. In many cases we went with the district's estimate, we verified their scope, we used their figures and that is how we determined the cost. Now as we go along and have

the opportunity to work with the districts and define the scopes, you will find this defined in the recommendation the Division is making. In our request for approval we need to have a closer review of districts in fiscal distress and we will make the changes accordingly.

The Division is starting to review plans, finding those not doing things according to the standard and those doing things far above the standard. If they are going far above the standard that is great if they have the money to do it, but we will only reimburse them up to the state standard. If a facility is not meeting state standard, then we are telling them so up front. We, as well as the other reviewers, ABA, Health Department, Fire Marshal, point these things out to them and make it clear that they must bring the facility up to the minimum state standard.

There are not many projects on the disapproval list, but the bulk of the projects on the list are repair by replacement. It will assist only in new construction. One district slid in five projects in a school building with an FCI over 65 and basically wanted five projects to rebuild the school.

The last page is a list of projects of districts still on fiscal distress. When the decision is made as to whether the districts are on or off fiscal distress, changes will be made.

Screening of the Partnership projects was very difficult. A lot of time had to be spent in calculating amounts as this was the first year and it already has some hurdles to get over because of the changes in the timeline. It is very important to be as strict as possible up front and there is always the possibility for a district to come back in and discuss the project with us. Also in the Partnership agreements hopefully districts will call us to find out how we came up with dollar amounts so we have a chance to explain it to them. Most of the districts that look at this zero in on the amount of money and can't comprehend why we are only funding this when the project costs this amount. Two things need to be explained: 1) procedure used is not to determine the overall project cost but to determine the state's share of the project and 2) the wealth index and R. S. Means is the most fair way to do it. These are systems that allow for changes. We are trying to keep up with inflation by adjusting these two numbers: wealth index and R. S. Means. In many instances contractors are now setting the cost because of the tremendous demand for their services in this state and other states. Also many of the components that go in Arkansas school are not manufactured in Arkansas and this drives up the cost of projects. We must hold the line in determining our state's share and enforcing state standards and we can't do otherwise. The Division has put a lot of effort in evaluating these projects.

Mr. Dodson asked if the Master Plans were of good quality and had much thought been put into them. Also were there any ideas that other districts could benefit from. Mr. Eaton said the review of the Master Plans revealed a wide range of effort – some were professionally done and some were not probably what they could have been based on the abilities of the superintendent and district staff. The Master Plan checklist developed by the Division included the following areas:

1) Primarily determine if the Master Plan submittal met the needs to support the Partnership project, 2) determine if the overall parameters of the Master Plan were met, 3) did the Master Plan correspond to growth indicators, address the increases or decreases in population and develop projects accordingly, 4) did the District project list reflect the commitments (i.e.; first priority is student growth and first project is a roof with no projects to address student growth), 5) did the Master Plan address the 2004 Assessment which was a snapshot in time of the conditions of the facility, 6) whether or not the Master Plan, beyond the 9%, specifically addressed the things they were going to try to do (again this was limited to projects at academic facilities). Some districts listed roof projects, HVAC projects. Some listed many of the assessment projects and just asked for Partnership funding. Half of the list is projects under \$20,000. These are enhancements to items on the Assessment. A number of districts took the Assessment seriously and are trying to eliminate deficiencies by upgrading.

The next Master Plan review will include the districts that did not submit Partnership projects (173 districts submitted Partnership applications) and will be reviewed for the same parameters, except for support of Partnership projects for this year. Letters will be sent to the districts telling them their Master Plan has been reviewed and approved. Actually we are going to send them the checklist with our handwritten notes telling them why we did what we did and ask that in their February 2007 submission that they correct the Master Plan. The way the Legislature set up the schedule, there is an odd year correction for the previous year's Master Plan submittal and we want to get the districts on the approved list for the first three years. The Master Plan submitted for 2008 will provide the ability to update it for the next seven years and will give us the full 10 years at that time.

Dr. James asked for questions. Then Dr. James commended the staff on their diligence in working through the process to make sure we are doing what we need to do. In the next session there will be a lot of questions about what has transpired and the processes that were used. What the Division has done has put the State in good stead as we continue to move forward. We commend you and your staff for the hard work.

Dr. James pointed out that the Commission was now ready to consider a proposed motion to approve the Academic Facilities Partnership Program with the following caveats:

- 1) That a closer review be made of districts under fiscal distress and should changes come about a recommendation would be made to the Commission, and
- 2) That through the Partnership process projects be more thoroughly defined as meeting the state facility standard and the level of state participation adjusted accordingly for submission to the Commission.

Mr. Dodson made a motion to approve the Academic Facilities Partnership Program with the two caveats. Mr. Weiss seconded the motion and with no further questions or discussion, the Academic Facilities Partnership Program as submitted with the necessary adjustments was approved unanimously.

Mr. Weiss asked if in going through this, is the process working is it going to be changed dramatically? Mr. Eaton asked if he was referring to the whole process or the Partnership process? Mr. Weiss said he was thinking particularly in terms of the Partnership process and the way it has been structured and set up in law, is it working the way it was intended? Mr. Eaton responded yes, in large part, but there are a couple of things that need to be reexamined. First of all, once we get past this timeline change and into 2008 we will finally have everything lined up. Secondly, there is another change in the legislation that we may not have picked up yet - the full scope of state supervision of facilities - and this is something that needs to be discussed. The programs are moving very rapidly. In the Partnership Program there is an entirely different mindset that needs to be changed. It is not a bad mindset but it is the one that has got us to where we are. Many districts are still looking very narrowly at what it is they have to accomplish - just repair something if it is bad and just keep right on going. The next item delves into the state's involvement in the districts regarding projects. The first two programs the legislature approved and we implemented were basically funding (financial programs, reimbursement programs). The state came in at the end and said show us the building, where it is and we awarded the money. I do not believe it was ever intended that the Partnership project was to work this way. We had to become involved with the districts at the start, develop this together so there are no surprises and the long-term effort is to bring the districts in compliance with the new facility as well as state standards. Many districts I have talked with will readily accept this and many are looking for financial help but will certainly take the technical help as well because they don't have the necessary staff or the experience. Some districts have enough staff to jump in and formulate plans; others do not have anyone to rely on except maintenance staff or bringing in an architect/engineering firm. We need to establish through an agreement assistance points to the district. We will do this project together from the formulation to the end and here are some things we want to put in place to assure that this is a smooth process. To answer your question, basically I believe we got off to a very good start. There was very good response to the Immediate Repair Program and there was certainly good response to the Transitional Program. But now we have to change gears and change mindset as to what the program is going to be in the future and then look at feedback we get back from the districts on the administration side of the program. I don't see a lot of changes on the technical side because things have been mandated by legislation such as developing a historical database, updating estimating methods used to determine cost, etc. So there are things we are going to have to ask the districts for. All of this information is needed to update the 2004 Assessment. While the 2004 Assessment was a snapshot, it was intended to be updated as we go along and this has not been done yet. It was done once in a limited sense in December 2005 when we asked the districts to update the Assessment projects, which they did and these were manually put in. We are going to ask for those again, especially with those districts that have gone out and under Immediate Repair or Transitional put in a whole new air conditioning system. We need to go into that database, take the old system out, put the new system in and tell the district here is your life cycle cost and here is where you need to replace that in twenty years out so that database is continuously updated. To do that we will need the cooperation of the districts. What was put into the buildings will have to be added - adding new systems and adding new building. This will have to be a cooperative effort between the Division and the districts in order to pull this off. This is probably more of an answer than needed. Mr. Weiss said he was just trying to get an idea relative to the Assessment.

7. Request for Approval of Academic Facilities Partnership Program Agreements - Long Form and Short Form. Mr. Eaton referenced Act 1426 and The General Assembly finds that in order to satisfy the constitutional expectations of the Arkansas Supreme Courts the state should; do a number of things, one of which is to "require all public school academic facilities to meet applicable facility standards rules adopted by the Commission". It goes on to say that, "It is intent of the subchapter to provide a system of state oversight so that school districts have academic facilities that support the opportunity for each public school student in the State of Arkansas to have an adequate education". The Partnership Agreement is mandated by legislation and says that in order for the state to participate in a Partnership Program, there are eight items that are identified in the cover sheet in your notebook. It further states that an agreement will be signed between the parties that will lock us in to a cooperative agreement. The Partnership agreement to enact the Partnership project which has to be supported by the Master Plan draws us back to the rules and regulations that require a Master Plan. The legislation states that the purpose of this (Master Plan) program is to, "Establish a mechanism for state supervision of school district activities impacting academic facilities and equipment;

;and “allow the state to manage state financial participation in eligible academic facilities projects”. The legislation goes on to say that in this Partnership Agreement there will be eight points but does not limit anything else that can be in that agreement. This is very critical because it is probably the very first time we have put out anything in writing exactly what we intend as a Division and a Commission to involve ourselves with the districts in the application of the Partnership projects. The legislation says these are the general parameters of how the program is to be run, rules were put out for the applications and the Master Plans and now in this agreement we are saying this is exactly how we intend to do it.

Legislation did not say you couldn't have two parts, it just said there had to be an agreement. After a review of the applications, a decision was made to divide the agreement into two parts: an agreement for all projects under \$20,000 and an agreement for all projects over \$20,000 with the reasoning being that at the \$20,000 point the state procurement laws change. At \$20,000 or below a district may use local policies in place to do these projects. Over \$20,000 there are specific things that have to be met in state procurement laws with regard to the use of architects, engineers, advertisements, insurance, etc.

The short-term agreement will not be discussed specifically because many of the aspects of the short term are included in the long-term agreement in a condensed version. From the legislation the assumption was made that it left to the Commission the ability to add to the agreement those aspects deemed necessary to implement the program and that is what has been done. All the “whereas” statements are found on page 1 and basically says that in consideration of the mutual promises, the Division and the District agree to cooperate in the design, construction and terms of the agreement. So on July 1 the agreement has to be signed, but to submit the application in March preliminary work had to be done. That is fine; you are allowed to do that. It also goes on to say that no additional aspect of the project will proceed prior to the signing of this agreement which certifies that the Commission has approved the project. When the District signs it, the District certifies that it has not begun the project and I think that this is in large part due to the Immediate Repair and Transitional Programs in which the districts proceeded and then we came in and gave them the money. This is not the way the Partnership Program is going to work.

Once the agreement is signed, the District acknowledges that the Commission may exercise: 1) project disapproval; 2) declare any aspect undertaken prior to the sign date ineligible for funding; and 3) require plan modification. The Agreement is going to be put out and districts may be asked to go back and change their contracts even though we understand how far along some districts may be. But in state participation we are going to have to go back and change the contracts.

Each agreement pertains to only one project. The project must comply with the Arkansas Public School Academic Facility Manual and policies and rules of the Division, and a budget must be established. Section III outlines the District and Division's responsibilities during the course of the project. Upon the Division's approval, the district administers the contract. The following will be submitted: schedules and drawings with estimated cost, design drawings and final drawings for final review so changes can be identified as the project goes forth. Contractor is to keep the district apprised of cost changes and clauses have been put into the contract to protect the District. Bid documents will come to the Division for review and the final approval. There is a possibility that a district may have to re-bid and/or redesign a project.

When a District signs the contract that means the District has the money available (from bond proceeds, donations, grants, local funds, etc.) to support the projects. The money can't be spent for anything that is not a direct cost to the project. Updated status reports will be submitted so that prorated payments may be made on the percentage of project completion (when the project hits 20% completion, the Division will be reimbursed 20% of state participation). To ensure there is enough money, an approved project will have priority over new projects. The Division reserves the right to audit the fund at any time, and if the District fails to provide and apply the funds for the project, the agreement will be null and void.

If a contract has been illegally awarded, it will have to be retrieved and realigned. The Division will provide the required contract clauses (see Appendix C). The Division will review change orders; have the right to on-site inspections; review at the time of bid opening and prior to award, the bid results and an updated construction schedule if recommended. This is necessary because of the need for a rolling four-year forecast of estimated amount of projects, estimated construction time, etc. to determine what the Division's cash flow will be.

Appendix A has three pages of instructions regarding the submittal of the Partnership Project Review and Approval Schedule and includes milestone dates in its planning and is to be updated as the project proceeds.

Appendix B outlines the financial aspects. Part 1A shows the overall cost of the project, where the money is coming from and broad terms of budget details. This is required to capture historical detail and to focus on design (i.e., where is 17 rooms of furnishings to come from) and is submitted initially with the Agreement. Upon project completion, Part 1B will be completed to show final disbursements (anticipated versus actual). Part 2 will be submitted, along with contract invoices, for each payment request. Part 3 will also be submitted with each payment request to provide project status information. Remember these are incurred expenses.

Appendix C contains the clauses to be added to the Architect contracts and two of these are very significant. Architect will redesign and cooperate in necessary bidding if a project comes in at a percentage over cost (i.e., \$10 million project came in at \$14.6) and must agree to do it within the original confines of the agreement. There are no clauses relative to construction management. There will be a construction management agreement.

Appendix D Pertains to the construction contracts. Bids will be considered on the basis of price. However, the District will have the right to reject and award the contract to the firm the District determines to be the best qualified to do the project, with consideration given to age of equipment, experience of personnel, projects completed in the past, etc.

Page 3 lists the responsibilities of the District and the Division. Probably a month after signing the agreement, the Division will begin to receive invoices. Not meant to be in their business but to establish procedure and monitor that state standards are met. Upon completion of the project, certify to us that an approved maintenance plan will be maintained.

Mr. Weiss wanted to know if the requirements for the architects and engineers are standard industry practice and if anything was added that is not standard practice. Mr. Eaton responded it was implemented and used by the Little Rock School District for the last 15 years. If costs have to be increased by 12% then architects and engineers will have to cost share. This is not meant to screen anybody out. A lot will come on board for a share of the \$270 million and at that time we will say by the way here is the standard for architects and engineers.

Mr. Weiss asked if there was anything that would cause architects and engineers to come back and say we cannot do business with you. Mr. Eaton said we are getting a rumble over certain clauses. Let's put them in and then sit down and try to get them to understand it. We have to establish the hard line up front and I don't think these clauses are bad. We are saying let's put them in – some are AIA clauses, some are not. If the clauses are in there, then use them.

Dr. James said that from the standpoint of putting out expectations and standards and putting out a lot of money there must be accountability. A percentage of districts do not have the experience and staff to put this all together. The requirements, level of monitoring etc. have to be there and there must be increased accountability across the state. We have to have these kinds of mechanisms in place and they will serve us well. If we have to go back to court it will help to defend if there is a good level of accountability. This is a step in the right direction, something that must be done as we move forward – accountability must be there. This is serious business and the school districts are going to be protected as we move forward.

Mr. Dodson asked if this is to be approved and then get comments. Does it take into consideration a unique situation in a district? Mr. Eaton said there were various types of contracts, and some already have these clauses in them. Short form will not need all the items. Clauses can be taken out and the Division will work with the District to make the decision.

Dr. James acknowledged the presence of Senator Broadway and Representative Cook and asked if they had any comments. Representative Cook responded that it sounded good to him. Senator Broadway said that all along, at some point in time, we have to defend to our colleagues the money that is being spent. At the end of the day, colleagues, citizens and court will ask, "Are the facilities better than they were in 2002 when we started; are they cleaner, safer?" In order to do that we are going to have to have some partnership role, not big brother looking down on you, and have to protect the state's interest as well. We are talking about all the taxpayers that deserve the accountability that all these things are being done. Some districts have never been in a construction project and will need this type of assistance. Representative Cook said it sounds like a good process. We need accountability. This is a lot of taxpayer's money and in another four years we should be in the midst of new facilities being realized.

Mr. Weiss made a motion to approve the Academic Facilities Partnership Program Agreements - Long and Short Form as submitted. Mr. Dodson seconded the motion and with no further questions or discussion, the motion was unanimously approved.

Dr. James asked if there was anything else to be discussed. He then presented a letter of appreciation to Tena Katchur for her service to the Commission. Mrs. Katchur has served as secretary to the Commission since its inception and will retire on June 30, 2006. Yolanda Anderson was then introduced as the new Commission secretary.

With no further business to come before the Commission, Mr. Weiss made a motion to adjourn. Mr. Dodson seconded the motion and the motion was approved unanimously.