

**Ohio School Facilities Commission
October 23, 2014 Meeting
William McKinley Room, Statehouse
1:30 PM**

MINUTES

Chairman Keen called the meeting to order at 1:33 PM.

Roll Call

Members present: Chairman Keen, Vice Chair Blair, Dr. Richard Ross, Representative Ramos and Rebecca Cochran for Senator Manning.

Adoption of the July 10, 2014 Meeting Minutes

Dr. Richard Ross moved to approve the July 10, 2014 meeting minutes.

Vice Chair Blair seconded the motion.

Approval: Vote 3-0.

Authority to File Administrative Rules Approval – Sarah Spence – Resolution 14-33

Sarah Spence presented authorization for the Executive Director to file a proposed rule for the administration of the School Energy Conservation Program for Commission approval. The school energy conservation program, more commonly known as the HB 264 program, allows for school districts to undertake work for certain energy conservation measures without going to the voters to issue debt as long as the proposed modifications can be paid back with energy savings within a 15-year period. On average, Ohio's school districts enter into 44 energy performance contract projects worth \$56 million annually.

Since its inception in 1986, HB 264 had no requirement for energy contracts to be awarded through a competitive process, which is an anomaly compared to other contracts of this size and complexity. House Bill 487 of the 130th General Assembly now requires the Commission to adopt rules for a competitive selection process for school districts to use when choosing an energy services company to perform such work. The Commission worked with industry through the Energy Services Coalition and schools through the Buckeye Association of School Administrators and the Ohio Association of School Business Officials to draft the proposed rule.

For schools that choose not to complete the standard bidding process, school districts can follow a similar process used by the Commission in selecting professional design services and consultant services. Districts will solicit statements of qualifications from at least three firms and may request clarifications and/or conduct interviews. The district will rank the responding firms based upon the qualifications and negotiate a contract with the firm ranked most qualified. Since the resulting contract is 100% locally funded, the decision lies entirely with the district, and our commission is not involved with the ranking or selection of these firms.

Chairman Keen asked once this is approved by the Commission, what is the process that will be followed by the staff of the Commission to proceed with the rules and work towards their adoption. Sarah Spence responded, once the resolution is passed, then we will file the rules with Joint Committee on Agency Rule Review (JCARR.) There will be a 65 day process that will go through JCARR. We will conduct a public hearing within 30 days of filing the rule, listen to any public comments that are given, eventually have a meeting in front of JCARR and then final file the rule.

Vice Chair Blair asked if these energy projects are almost entirely a retrofit buildings. Sarah Spence responded that was correct. It is mostly retrofitting for older buildings.

Chairman Keen added that given some of the changes that the legislature has made to process, particularly to make it competitive and particularly to also make sure that there is a guaranteed savings, that this program has been reviewed and approved over the last couple years as well.

Dr. Richard Ross moved to approve Resolution 14-33.

Vice Chair Blair seconded the motion.

Approval: Vote 3-0.

STEM School Facilities Assistance Guidelines Approval – Sarah Spence – Resolution 14-34

Sarah Spence presented updates to the STEM School Facilities Assistance Guidelines for Commission approval. House Bill 153 created the STEM school facilities assistance program, which would provide OSFC funding to any Science, Technology, Engineering, and Mathematics school that is not governed by a single school district board for the construction, reconstruction, or additions of classroom facilities for the school. The original guidelines were approved at the May 2012 Commission meeting, and have been updated to account for changes made by HB 487 and SB 316 of the 129th General Assembly. Most recently, House Bill 487 of the 130th General Assembly, effective September 15, 2014 made additional changes to the Revised Code section that governs the STEM School Facilities Assistance Program.

Updates to the guidelines based upon the legislation include changing language to reflect that the Commission is now required to fund STEM school projects once the project meets the guidelines set by the Commission; clarifies that the offer of funding will be made at the first available funding opportunity after serving lapsed districts as required by the Revised Code; adds student and staff safety and health as considerations of the project plan in accordance with other Commission projects, and requires the STEM school to provide either a suitable building site or facility that will meet all current Ohio building code requirements once renovations are completed.

Chairman Keen asked if there had been one STEM school funded through the School Facilities Commission. Sarah Spence responded that was correct. It was the Dayton Regional STEM School, located in Kettering, Ohio.

Vice Chair Blair moved to approve Resolution 14-34.
 Dr. Richard Ross seconded the motion.
 Approval: Vote 3-0.

School Security Grant Program Guidelines Approval – Jeff Westhoven – Resolution 14-35

Jeff Westhoven presented the School Security Grant Program Guidelines for Commission approval. A recommendation was made to return to the direct payment model for MARCS radios, rather than have schools buy directly and seek reimbursement. OFCC hosted a Round 2 informational webinar with approximately 170 attendees on October 15, 2014 explaining that the reimbursement procedures were in draft form and subject to Commission approval. The program was launched the same day via e-mails to every eligible school superintendent, treasurer and/or principal. As of October 22, 2014, OFCC received 259 applications - 134 for entrance grants and 125 for communication systems with 1/3 of applications coming from non-public schools and 2/3 from public schools. State Controlling Board approval for the release of funds was received on October 19, 2014.

Dr. Richard Ross moved to approve Resolution 14-35.
 Vice Chair Blair seconded the motion.
 Approval: Vote 3-0.

Accelerated Urban School District Update and Approval – Bill Ramsey – Resolution 14-36

Bill Ramsey presented an Urban School District update for Akron Public School District for Commission approval. The Commission approved a Master Facilities Plan in 2002 for \$693M divided into an estimated 4 segments for 57 buildings to house 30,971 students. The Commission has approved 4 segments to date. The Commission amended the Master Facilities Plan in 2010 for 20,703 students. The current projected enrollment is 19,452 students a decrease of 1,251 students. The Segment 5 agreement provides \$57.8M for the construction of two new buildings and an allowance for abatement/demolition of three buildings. There is one additional segment being planned for Akron which will be brought to the Commission at a later date. The estimated budget for the remaining segment is \$63.2M.

School District	County	State Share	Local Share	Total Project Cost	Program
Akron PSD, Seg. 5	Summit	\$34,125,273	\$23,714,075	\$57,839,348	Accelerated Urban

Dr. Ross asked where the Career Tech educational opportunities come in the construction of facilities with Akron Public Schools. Bill Ramsey responded the Career Tech is considered within the program. Chairman Keen asked if Akron was a comprehensive district. Bill Ramsey responded that was correct. Dr. Ross was curious as to whether the new high school being proposed would include certain aspects of Career Tech education in it. Director Hickman responded that in the current segment that is being proposed there are approximately 210 Career Tech students that would be included within the construction of the high school. The discussions that we are having about the new segment, is also for a 9-12 Career Tech, with another 330 Career Tech students. We will go through the process with them, identify the enrollment and

make sure we build what the district needs. We have also built for another 700 or 800 Career Tech students in high schools that have already been constructed in prior segments. Dr. Ross asked if the discussion with the school district included anticipated growth in the amount of students enrolled in Career Tech programs. Director Hickman responded that was right. While Director Hickman visited the district on October 17th, he visited one of their Career Tech high schools and the programs and the enrollment in those Career Tech programs had really surprised him, it is much better than we have seen in other school districts. In particular, they have a masonry program where they have built various masonry projects for the athletic fields that are associated with the high school and he was very impressed with their Career Tech portion of their educational plan. Vice Chair Blair asked when we do this planning and the schools get together, do they get together with the businesses to determine what they need to be building for future. How do we help them determine what they really need to have in their Career Tech. Bill Ramsey responded that goes a little bit beyond what we would normally do for planning for a K-12. It is certainly something that would be within the realm of the district's evaluation. If we talk about what a Career Tech program might do, it is certainly going to expand and see what the needs might be for their program, but as far as how we look at planning as far as the evaluation of the size of the project, that is not the evaluation we would do at that point. Dr. Ross thought the answer was that the schools are working more comprehensively with the employers about jobs today than they have ever done before and are trying to connect the workforce with the training programs we have. If your question is are we doing well enough on that, the answer is no. Are we doing better than we have in the past, it is probably a yes. We have a lot of improvement to do to continue to reach out to our business folks who are providing the jobs and making sure we have the skilled workforce that is ready to step right in there and go. Dr. Ross felt they were making progress and that was his reason why he asked the question. He thought he saw a growth in Career Tech opportunities in the state especially in light of the 24,000 drop outs we have each year and this is a way that schools can reach out with a hands on approach to provide an opportunity to the students that see the role in what is happening in the school that can lead to a well-paying job. Dr. Ross' encouragement would be to engage more with the Career Tech and the businesses that are providing those jobs in each of our communities. Chairman Keen added that if you just roughly run the numbers, this is a 19,000 student district and if you figure less than one-third of the students are going to be in high school and you think about these numbers we have talked about, we are up over 1,000. So it is a decent proportion of the spaces that are incorporated into the plans that the district has made. Representative Ramos commented to the Vice Chair's point about Career Tech and asked how specialized or fluid the Career Tech spaces are. Representative Ramos represents Lorain City Schools, in which they had a building that has since been gotten rid of because they are building a new high school, but it was originally a wood shop and then they turned it into a computer networking/engineering kind of Career Tech. How specified are the spaces as far as this Commission is concerned. If there is Career Tech space and it is a large enough space and we have all the proper electricity and all those such things, could they theoretically be changed from whatever the jobs of tomorrow are today as opposed as to what the jobs of tomorrow are in 20 years. Bill Ramsey responded part of what we try to do with the visioning side of our planning is to get them to future think the building. To exactly address certainly where you are heading, we do not know where a district may want to expand their opportunities. You do not want to necessarily design a space that is too fixed in what it can provide. In any lab it can be very hard wired sometimes and hard to adjust, so you have to have that fine line between what you need to address for your

current needs, but allow that flexibility to move forward. The visioning sessions that we start with when we are trying to work towards a 21st Century model brings the faculty and the leaders of the district and the community together to see where they want to go. We would then bring the architects on board giving them that model to say we do not just want a standard lab, woodshop or welding lab. We may need some of that, but maybe we also want labs and workspaces that allow some flexibility and then challenge the architects to design spaces that can do that.

Chairman Keen moved to approve Resolution 14-36.
 Vice Chair Blair seconded the motion.
 Approval: Vote 3-0.

Fiscal Year 2015 Projects Approval – Bill Ramsey

Bill Ramsey presented the Fiscal Year 2015 projects for the Commission’s conditional approval. In July, approval was sought for 13 projects. Since that time FY 14 projects that did not obtain their funding have lapsed and those dollars have been released to support additional projects.

CFAP Approval – Resolution 14-37

Mr. Ramsey presented the Master Facilities Plan for one school district for the Classroom Facilities Assistance Program for Commission approval.

School District	County	State Share	Local Share	Total Budget
Northridge LSD	Montgomery	\$41,809,672	\$9,177,733	\$50,987,405

Vice Chair Blair moved to approve Resolution 14-37.
 Dr. Richard Ross seconded the motion.
 Approval: Vote 3-0.

CFAP Lapsed Approval – Resolution 14-38

Bill Ramsey presented two school districts with a lapse of one year certification for participation in the Classroom Facilities Assistance Program for Commission approval. All were successful at the May 2014 election. These projects were originally approved at the July 2013 Commission Meeting.

School District	County	State Share	Local Share	Total Budget
Middletown CSD	Butler	\$51,403,241	\$28,914,323	\$80,317,564
Northwood LSD	Wood	\$13,309,313	\$19,963,969	\$33,273,282

Chairman Keen recognized Representative Timothy Derickson and other Middletown officials that were in attendance. Chairman Keen and Representative Derickson had discussed the

Middletown project a number of times over the past year, and Chairman Keen knew Representative Derickson was pleased to see that this action took place.

Chairman Keen moved to approve Resolution 14-38.

Vice Chair Blair seconded the motion.

Approval: Vote 3-0.

CFAP Renewal Approval – Resolution 14-39

Bill Ramsey presented a Classroom Facilities Assistance Program renewal project for one school district for Commission approval. Pursuant to ORC Section 3318.054, the Commission is charged with establishing the new scope, estimated basic project cost and estimated school district portion for a lapsed project if the school district desires to seek a new conditional approval of its project. This district has requested a new conditional approval and the master facility plan has been developed by Commission staff and the local school district. The project scope and estimated costs established will be valid for one year. This district is on the November ballot.

School District	County	State Share	Local Share	Total Budget
Liberty-Benton LSD – Seg. 1	Hancock	\$12,821,490	\$14,458,276	\$27,279,766

Vice Chair Blair moved to approve Resolution 14-39.

Dr. Richard Ross seconded the motion.

Approval: Vote 3-0.

Master Facilities Plan Amendments Approval – Presented by Bill Ramsey – Resolution 14-40

Bill Ramsey presented Amendments to the Master Facility Plans for three school districts for Commission approval.

School District (County)	Recommended Modifications to the Master Facilities Plan	Recommended Modifications to the Project Budget
Ashland CSD (Ashland) Amendment 1	<ul style="list-style-type: none"> Deletion of \$300,000 for site safety allowance and a decrease of \$544,000 in the project budget due to market conditions for the new elementary school. 	(\$902,000) State Share
	<ul style="list-style-type: none"> Deletion of \$300,000 for site safety allowance and a decrease of \$1,056,000 in the project budget due to market conditions for the new middle school. 	(\$1,298,000) Local Share
		(\$2,200,000) TOTAL

School District (County)	Recommended Modifications to the Master Facilities Plan	Recommended Modifications to the Project Budget
Maple Heights CSD (Cuyahoga) Amendment 1	<ul style="list-style-type: none"> • <u>New Elementary 1</u>: Build new to house Grades 2 thru 5, budget adjustment due to enrollment modification, LEED allowance and market conditions. • <u>New Elementary 2</u>: Budget adjustment due to removal of project scope and LEED allowance. • <u>New Elementary 3</u>: Budget adjustment due to market conditions • <u>New Middle School</u>: Budget adjustment due to enrollment modification, LEED allowance and market conditions. • <u>New High School</u>: Budget adjustment due to enrollment modification, change to Career Tech programming, mold remediation, LEED allowance and market conditions. • Allowance to abate and demolish: Dunham, Granger, Raymond and Stafford elementary schools, Milkovich Middle School, West Junior High School and Maple Heights Senior High School; allowance adjustment due to market conditions at Dunham, Granger, Raymond and Stafford elementary schools, Milkovich Middle School, West Junior High School and Maple Heights Senior High School. 	(\$1,692,630) State Share (\$1,626,253) Local Share (\$3,318,883) TOTAL

School District (County)	Recommended Modifications to the Master Facilities Plan	Recommended Modifications to the Project Budget
Trotwood Madison CSD (Montgomery) Amendment 2	<ul style="list-style-type: none"> • The final ELPP Closeout Credit Report was executed August 31, 2014 in the amount of \$27,251,488, an increase of \$481,675. 	\$317,906 State Share \$163,769 Local Share \$481,675 TOTAL

Dr. Ross asked regarding the Maple Heights City School District's Master Facility Plan amendment that talks about enrollment modification and it also mentions change to the Career Tech programming. With the decrease of \$3.3M are we looking at a reduction in programming at the high school because of overall enrollment reduction. Bill Ramsey responded a majority of the changes were market condition changes. The actual enrollment increased in both the high school and the middle school. Dr. Ross asked if it did increase. Bill Ramsey responded that he did not believe there was any reduction in the programming. It was actually market condition change.

Vice Chair Blair asked what the safety allowance was at Ashland City School District. Bill Ramsey responded it was a traffic study allowance. When the projects are close to major highway intersections or major highways in general, you have to have site safety traffic study and that allowance primarily works towards that and any adjustments that are necessary to the major roads.

Vice Chair Blair moved to approve Resolution 14-40.

Dr. Richard Ross seconded the motion.

Approval: Vote 3-0.

Priority Order of Assistance Policy Approval – David Chovan – Resolution 13-41

David Chovan presented the Priority Order of Assistance Policy for Commission approval. This resolution updates the Priority Order of Funding list to reflect activity since approval of the prior list in October of 2013. The list provides for an orderly prioritization of funding awards within and between OSFC programs. The amended list removes 11 districts that received funding offers, added 6 lapsed districts, added 8 segmented districts and added 21 newly reached K-12 districts and 3 Joint Vocational School districts. The revised priority list will guide funding offers over the next year.

Chairman Keen asked how many segmented districts are on our segmented list now. David Chovan responded that we are in the neighborhood of about 25-30 now. What we are seeing is a much higher percentage of districts that are segmenting. It seems as we are getting up into the higher wealth districts we are getting some larger districts in there. For example, Southwestern City School District is the largest segment we have seen from a non-urban. They are doing 16-17 buildings. We are seeing much of that now and I think it just helps the districts in difficult financial times to be able to raise a smaller share than they would have without segmenting.

Chairman Keen asked where we are now on the list. David Chovan responded this past year when we got to the 13 districts we had a much higher percentage of districts that were wanting to move forward with an offer. We were not able to reach any new districts that were not on the priority list a year ago. The highest ranked district that we offered last year was about 74% local share, so we are approximately three quarters of the way up the list, but about 50 districts are on the lapsed list and about 75 are on the deferred list. In general we say it is about half the districts we have served, about a quarter are lapsed and deferred and about a quarter are not yet served.

Vice Chair Blair moved to approve Resolution 14-41.

Dr. Richard Ross seconded the motion.

Approval: Vote 3-0.

Settlement Agreement Approval – Jon Walden – Resolution 14-42

Jon Walden presented a settlement agreement with Blaze Building Corporation and Liberty Mutual Insurance Company on the Jefferson Area Local School District project for Commission approval. After the completion of the construction at the Jefferson Elementary School and Jefferson Junior/Senior High School, the facilities began experiencing issues with the construction of the roof systems causing ice damming and large ice formations along the exterior soffit areas of the steep slope roofing system. After investigation, in addition to the defective designs by the Buehrer Group, it was determined that Blaze Building Corporation, the General Trades Contractor, was responsible for the construction portion of the roof problems at both buildings. Liberty Mutual Insurance Company served as the surety for Blaze on both contracts, and they took the lead on potential resolution due to Blaze's financial difficulties. After mediation, an agreement was reached whereby the Commission and the School District will receive \$2.1M, which includes payment by Liberty Mutual of approximately \$1.8M in new funds and the Commission's and District's retention of the remaining contract balances for Blaze's

contracts. The settlement will include a partial release by the Commission for claims related to the roof issues.

Dr. Richard Ross moved to approve Resolution 14-42.

Vice Chair Blair seconded the motion.

Approval: Vote 3-0.

Authority to File Suit Approval – Jon Walden – Resolution 14-43

Jon Walden presented an authority to file suit with Bovis Lend Lease, Inc. and SHP Leading Design on the Ohio School for the Deaf and Ohio State School for the Blind project for Commission approval. We are seeking authority to file suit against Bovis Lend Lease, Inc. and SHP leading Design relating to the issues of their performance on the construction of facilities at the Ohio School for the Deaf and the Ohio State School for the Blind. Currently the Commission is in litigation with two separate companies on that project, both the general trades contractor and the electrical contractor for claims they have made related to issues on the project. Lend Lease Services is the construction manager for the Commission on that project. SHP serves as the project architect. Of those two law suits one is scheduled for trial in December and the one with the electrical contractor, Jutte, is scheduled in May 2015. Part of the claims in the litigation is that the architect and CM failed to perform their duties on the project which caused increased cost for the contractors. One of the reasons that we are asking authority to file suit against these companies is in the event that we sustain liability mitigation. We want to have the opportunity to bring those companies either in in the case of one of the litigations or seek recovery if there is any judgment found against us related to the alleged deficiencies in their performance.

Vice Chair Blair moved to approve Resolution 14-43.

Chairman Keen seconded the motion.

Approval: Vote 3-0.

Executive Director's Report

Director Hickman reported that since the last meeting, there were 12 dedication ceremonies. There were 21 closeout reports. He recognized David Chovan and Lois Snyder. That is the most districts that we have reported that have completed their closeout process. This has been an emphasis for our Commission. It is important to close the projects out, bring the state money back to the state to fund additional school districts under our program, as well as to bring the local district's share back for use whatever is permitted under law.

Director Hickman reported on contracts executed since the April meeting. Executed were 6 HB264 projects totaling \$11.9M, and all of those projects are currently required to provide savings guarantees; professional design services and amendments; CM, CMR, Design Build Services, Single Prime and specialty contracts; 26 trade contract with 15 school districts with four contracts executed to the second low bidder because the low bidder withdrew their bid prior to award; one contract that requires the payment of Federal Prevailing wage because of a QSCB Grant from the federal government, and the Commission was given authority to amend project agreements as long as those project agreements do not increase the master facility plan and there

were three school districts: Austintown City School District; Brown Local School District and Keystone Local School District.

Director Hickman concluded his report with upcoming events.

Chairman Keen announced that Director Hickman had notified the Commission that he would be retiring at the end of October. This will be his last School Facilities Commission meeting. He acknowledged the Director for all the work he had done for the School Facilities Commission prior to its incorporation into the Facilities Construction Commission. The Director has worked two different times at the School Facilities Commission, and he commended and appreciated him for his service.

Vice Chair Blair added that he has known the Director for a great number of years in many capacities and you will not find a finer public servant. He has saved the state many, many, many dollars over the years. He is incredibly bright and works an incredible number of hours and the state has been incredibly well served by him. He will be a tough loss for us, but the good thing is he leaves the Commission in good shape. He has done a great job. He did a great job when he was also with DAS. His legacy will live on. He thanked the Director for all the things that he had done.

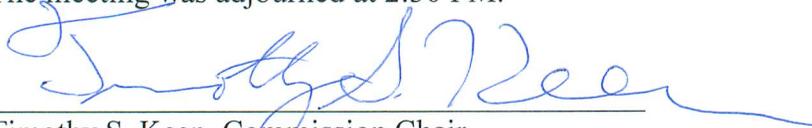
Dr. Ross added ditto, ditto because he agreed. He had a different perspective because he worked with the Director when he was the superintendent and saw the other side of that which was outstanding and a pretty comprehensive project was done in a local district on the east side. He appreciated the Director's effort there and sitting on this seat on the Commission. He wished the Director the best. We will miss you and you have done a great job here. The schools appreciate it.

Representative Ramos added that he would be so bold as to speak for the legislative members of this panel. He thanked the Director for his service. When we do this job right it is about the kids, it is about making their learning experience as positive as possible. He knew the Director has always been there to work with him when he had questions and he was certain that has been the way for all the other the legislators. He thanked the Director for his service to the people and to the children of Ohio.

Director Hickman thanked everyone for their comments.

There was no public testimony.

The meeting was adjourned at 2:30 PM.



Timothy S. Keen, Commission Chair



These meeting minutes were prepared by
Carolyn L. McClure, Secretary to the Commission