

ASHLAND PUBLIC SCHOOLS

JACKSON COUNTY SCHOOL DISTRICT #5

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Bond Oversight Committee

Bond Office, Lincoln Elementary School
320 Beach Street
Ashland, Oregon 97520
March 11, 2020 4:00 pm – 5:30 pm

Attendance

Curtis Bacon, Secretary	Kelly Raymond, ASD
Jill Franko, Vice-Chair	Ryan Schnobrich, Chair
Kathleen Kane	Alana Valencia, ASD
Chris McKay, HMK	Dustin Way
David McKay, HMK	Jim Westrick
Steve Mitzel, ASD	District Staff: Kristi Nelson

Meeting Minutes

- **Call Meeting to Order**
The meeting was called to order by David McKay at 4:07 pm.
- **Recap Bond Premium Q&A**
David McKay asked Curt Bacon to recap the Bond Premium Q&A session with Matt Donahue from D.A. Davidson, which took place earlier in the day. Curt stated that it was a good explanation of why there was a premium, as to why the Bonds sold for \$129M versus the original \$109M. They sold at premium due to changing interest rates, and since the interest was lower than anticipated the Bonds sold at a higher price. The premium was \$22.4M. Curt had concerns that the underwriters were trying to make a bigger profit off the Bond sale, ergo advising the district to sell at a premium. Curt felt satisfied during the Q&A that this was not the case. Ryan Schnobrich stated that the bond was purposefully sold by the School District at a higher interest rate to generate more funds. Jill Franko expressed concern over the rate of interest payments that taxpayers are making. Alana Valencia made clear that taxpayers would pay interest on the Bond no matter what the price of the Bond is. The committee was assured that Bond Premium will stay with the Bond; it will not be allotted for other projects for the District. It will not be touched unless it is needed for Bond projects, and both Alana and Steve Mitzel confirmed that no premium has been spent to date. Curt asked where the estimate of \$109M for the Bond came from.

Alana answered that there was a Pre-Bond Committee that worked with ORW to come up with the estimate. Pre-Bond did not have time to do sufficient programming, thus even while accounting for budget escalation, current project estimates are coming in above what has been budgeted. Group discussion ensued over Bond projects, estimates, and what can realistically be accomplished with available Bond funds.

Steve requested that the committee pass a statement of satisfaction that stated they are satisfied with the explanation of the Bond Premium, and can move on from this topic. A motion is made by Dustin Way to agree to put the topic of the Bond Premium behind us, that we have learned all that we need to learn and can move forward from this topic and operate in the manner we were designated to operate. No members are willing to second, the motion dies.

Steve read the Bond Oversight Committee roles and responsibilities from HMK's Program Implementation Plan (PIP). Ryan tasked the committee with upholding the charter for the Bond Oversight Committee as stated in the PIP and asked Superintendent Kelly Raymond to designate a Committee Chair, Vice Chair and Secretary. Superintendent Raymond designated Ryan Schnobrich as Committee Chair, Jill Franko as Committee Vice-Chair, and Curt Bacon as Committee Secretary.

- **Review End of Month Reports**

- **EOM December 2019** – Chris McKay reviewed the end of month report for December.

Highlights included:

- Schematic Design meetings continued at Helman Elementary. The first round of Design Development began at AMS and JMOS.
- For Walker Elementary and AHS projects, the School Board approved the recommendation for the architects for each school's design team. Walker Elementary had three different architect proposals and chose BBT Architects out of Bend, OR. AHS had three architect proposals as well and chose the local partnership of Arkitek and KSW Architects. Both Walker Elementary and AHS began hazardous material testing and geotech.
- Social media for the Bond continues to receive 20K views on posts. Committee members with feedback on Bond communication, please contact Chris.
- End of month reports continue to show and will eventually quantify Rogue Valley vendors that are used for Bond projects.
- AMS and JMOS received project estimates back from the CM|GC and from the Architect's independent estimate consultant. Ryan asked if contracts account for price spikes on materials. David McKay explained that things are structured so that the CM|GC must provide a guaranteed maximum price (GMP) on bids, which is fixed. The committee discussed JMOS and their move to the south building on the AMS campus. JMOS is a choice school that needs a larger school to exist; it has no cafeteria, library, gym, etc., of its own. The design team utilized this existing asset to the district and determined to renovate the space to meet the JMOS program.
- The District has partnered with the Climate Energy and Action Plan (CEAP). There are approximately 60 strategies outlined by the city, and about 20 of those apply to the School District. HMK is working with a sustainability consultant and at each milestone are targeting specific metrics to show implementation of these strategies. David stated an accountability report will be given at the end to show how well we aligned with CEAP strategies.

- Jill asked whether JMOS will have solar panels on the roof. Steve answered that roof will be solar ready but they have met with several other school districts and their facilities directors, who do not recommend putting panels on every roof. Small pockets of solar panels do not generate enough power to make it worthwhile. They all recommended, if the property was available, to build a solar array to create the kind of energy needed to power the District. The goal is to eventually provide 100% of the District power via solar energy and reduce the entirety of electric consumption.
 - **EOM January 2020** – Chris reviewed the end of month report for January. Highlights included:
 - Helman Elementary group completed Schematic Design. Their project is just behind the middle school by about 4 weeks. Documents were issued to the estimators.
 - AMS team continued in Design Development.
 - Design processes for Walker Elementary and AHS began.
 - Social media jumped to 35K views of posts, this is attributed to Walker and AHS projects coming online and new videos on the website.
- **Budget**
Alana shared an updated budget. She has been aligning the budget with HMK’s budget in the PIP (Kristi will send the committee a copy of the most recent PIP, which is also located in the Bond Oversight Committee Dropbox, meeting #3). Alana noted that costs shown in the prior year column were preparation costs, such as insurance. She reiterated that we have met the goal of spending 5% in the first six months, and our next goal will be to spend 85% in 36 months. The 85% spent does include encumbrances, which are contracts that are already in place.
- **AMS/JMOS Variance**
The AMS/JMOS variance was presented to the School Board on Monday, March 9. Schematic Design estimators reconciled the cost at \$29M. Asbestos abatement and solar brings the total to \$31M. Even with a revised maximum allowable construction cost (MACC) there is still a \$10M shortfall. HMK immediately went to value engineering to find an alternative, less expensive ways to accomplish the same goals (which is not the same as cost cutting). The following recommendations will be made to the School Board including utilizing the OSCIM Grant, allocating DW HVAC project funds, allocating owner contingency, and moving escalation to MACC to bridge the delta on this project. This still leaves a \$3.4M hole in the budget. To avoid cutting program from the project, which could negatively impact scope, an additional recommendation will be made to the School Board to set aside money from the Bond Premium, if needed, to make the budget whole and move forward with the project. All recommendations will be presented to the School Board for approval on Monday, March 16.
- **Questions and Comments**
None.
- **Next Meeting**
Wednesday, May 13, 2020, at 4:00 pm in the Bond Office at Lincoln Elementary School.
- **Adjourn**
The meeting was adjourned by Ryan Schnobrich at 6:09 pm.