

**MINUTES OF THE GUILFORD COUNTY BOARD OF COMMISSIONERS /
GUILFORD COUNTY BOARD OF EDUCATION
JOINT CAPITAL/FACILITIES COMMITTEE**

**Greensboro, North Carolina
July 26, 2023**

The Joint Capital/Facilities Committee, appointed by the Guilford County Board of Commissioners and Guilford County Schools Board of Education, met in a duly noticed meeting on July 26, 2023 at 4:00PM in the Board of Education Meeting Room located at 712 N. Eugene Street

Guilford County Board of Commissioners (BOC)

Present: Committee Co-Chair Commissioner Melvin “Skip” Alston, presiding; Commissioners Kay Cashion, and J. Carlvena Foster

Absent: Commissioner Carly Cooke

Guilford County Schools (GCS) Board of Education (BOE)

Present: Committee Co-Chair Deena A. Hayes, presiding; Board of Education members Bettye T. Jenkins and Khem Irby (via virtual participation)

Absent: Board of Education member Alan Sherouse

Also Present: County Manager Michael Halford; Dr. Whitney Oakley, GCS Superintendent; Lisa Nolen, GCS Board Relations Director; Clerk to Board Robin Keller; Jason Jones, Assistant County Manager; Erris Dunston, Assistant County Manager; Jose Oliva, GCS Chief of Staff; Julius Monk, GCS Chief Operating Officer; Tara Trexler, GCS Chief Financial Officer; Toy Benninga, Budget & Management Services Director; members of County and GCS staff, community partners, the public and media. Virtual participation was made available to the public and media partners.

I. WELCOME AND CALL TO ORDER

Committee Co-Chair Deena Hayes-Green called the meeting to order at 4:00 p.m. and welcomed those present.

II. APPROVAL OF MINUTES

A draft copy of minutes for the April 25, 2023 committee meeting were reviewed for accuracy.

By unanimous consent, the committee approved the April 25, 2023 meeting minutes.

III. DEFERRED MAINTENANCE

Dr. Whitney Oakley, Guilford County Schools (GCS) Superintendent, extended welcome remarks and recognized Dr. Julius Monk, GCS Chief Operating Officer, who led the presentation.

Dr. Monk identified fifty-two (52) schools under the Facilities Master Plan and the funding required to sustain operations until the façade is rebuilt, maintained, or closed. He spoke to unprecedented inflation and labor shortages and prioritized a repair list using \$25 million from bond funding. He identified a previous 2018 study which identified \$800 million in deferred maintenance, plus new design standards due to CV-19 impacts, inflation, a shrinking labor market and supply chain issues. He noted that the 2019 Master Plan recommended prioritizing safe school upgrades for those buildings not being renovated or replaced. He highlighted school enhancements to include repaving, HVAC, intercoms, phones, AV equipment, and renovating athletic facilities while Elementary and Secondary School Emergency Relief (ESSER) funds completed some projects with Brownstone.

Dr. Monk noted that ESSER funds completed forty-five (45) HVAC projects. He reviewed the safe schools' allocations, site and building improvements, and technology infrastructure. He noted that they have received \$48 million to go towards the first set of deferred maintenance projects. They have identified and planned for the first projects to develop annual cash flows to be evaluated quarterly by both County and School Staff.

IV. CAPITAL IMPROVEMENT PROGRAM UPDATE

Dr. Monk highlighted allocations of district-wide capital improvements, projected annual expenditures, and working with program management staff to reconcile projected encumbrances, new construction, and rebuilding projects. He provided a review of comprehensive projects totaling \$1.5 million minus \$500 million for deferred maintenance. He reviewed the 2019 study's priority list and highlighted twenty-six (26) items on the plan including the new Katherine G. Johnson School for Science and Mathematics. He noted four (4) schools are scheduled to close with students relocating to other sites.

Dr. Monk reviewed a table showing project phase updates. The first five (5) projects are in the construction phases. The Visual Performing Arts have a portion of the project ordinance for pre-construction and await the construction guaranteed maximum price (GMP). They expect to wrap up the bid for a final GMP in late September.

Dr. Monk provided an overview of the 2020 bond program update, a phased project ordinances chart detailing projected occupancy dates, land acquisition processes, and committed funds. He noted there are \$304 million in committed funds or a 71% allocation. He compared the 2019 Facility Master Plan Project Budgets with the 2023 Estimated Project Budgets and discussed the project variance amounts. He noted working on project ordinances for several sites. The Katherine G. Johnson School is in the property acquisition phase now. Erwin, Archer, Sternberger, and Allen Jay schools are working on program and design costs with construction to start in late 2024.

Dr. Monk noted that we have over \$304 million of the total current ordinances allocated. The total supplement to complete the projects is \$198 million. Current projects have been supplemented by the County in an amount of \$130 million from the 2022 bonds. He emphasized that they need an additional \$328 million from the 2022 bond program.

Dr. Monk noted that \$1.3 million was added to each project for approved increases and noted staff is working on remaining project ordinances for the Visual Performing Arts through the Allen Jay School. The program manager was anticipating \$79 million for the Katherine G. Johnson building which is larger than the \$56 million originally anticipated. Erwin and Sternberger schools were initially to be a renovation, but the project manager is now recommending a rebuild and staff will begin reviewing that recommendation.

Dr. Monk noted that they continue to see supply chain challenges, overall state economic growth, and construction activity which results in delays in ordering products. The construction industry is still working through post-pandemic pricing and logistics. He noted that this is the largest bond referendum in Guilford County and third largest in the nation, adding to our local economic development. However, there are several private sector projects currently underway in our region, such as commercial development and a housing crisis, which is impacting our ability to obtain supplies and workers.

Dr. Monk shared that since the pandemic they are working despite inflation and other expenditures to review design work, upgrade HVAC equipment to increase air flow, select finishing materials that are easier to clean and disinfect, consider outdoor classroom space, address mental health concerns, and invest in safer schools.

Dr. Monk discussed future cost escalations for each project, global and local economies, site assessments and feasibility studies, and design guidelines to focus on efficiency and technology. He noted that they are recommending placement of programs to ensure completion of as many projects as possible. Next steps will be to request project ordinances for the remaining eleven (11) projects. He emphasized updating student enrollment projections for the next ten (10) years, align academic programs from K-12th grades, integrate academic pathways for appropriate learning environments, and prepare college-bound and career-ready graduates.

Commissioner Cashion questioned that it has been ten (10) years since a student population study has been completed, in consideration of all the new construction across Guilford County. Are we currently building schools where we are going to need them in 10-20 years? She noted we are right in the middle of crucial decisions to buy new land and new structures.

V. LONG-RANGE MASTER PLAN UPDATE – 2019 MASTER PLAN TIMELINE FOR PHASE I SCHOOL CLOSURES

Dr. Monk noted that 2018 was the last time a ten-year projection was completed and are currently re-evaluating the study.

Dr. Oakley noted that while we are working through this current plan it is aging. She noted that Gibsonville is a great example of growth with most of their schools above capacity at 90%. Updating enrollment data is a moving target. She noted that at the time of the study five (5) years ago, we did not anticipate Toyota and Boom Supersonic economic development.

Commissioner Cashion questioned if they are hearing concerns from contractors. There are industry stressors given the local construction activities creating workforce competition.

Dr. Monk emphasized causes of concern regarding maintenance of contractual budgets.

Board of Education (BOE) member Khem Irby sought clarification on a needs reassessment to alter the Master Plan.

Dr. Monk noted academic realignment with career and college opportunities for each building project and readjust program offerings based upon our current blue-ribbon study. He noted the need to ensure the spaces are conducive for the programs.

Dr. Oakley noted that changing programs or undoing plans is not the goal, but to create an entire pathway from elementary to high school towards graduation.

BOE member Irby questioned project resources and voiced concerns regarding the acquisition of staff and talent to conduct the reassessment.

Dr. Oakley noted that the Archer school adjustment is to shift tornado-affected populations to Alamance, noting that Erwin Montessori students are at Alamance. The Archer school was initially a renovation, but now a rebuild, which is not a change of plan but a change in the scope of work to get that building ready to host a Montessori program.

BOE member Irby clarified the ten-year assessment staffing.

Dr. Monk noted that he would recommend using an outside firm to do that assessment along with staff, for operations to continue in its normal capacity.

Commissioner Alston questioned the 2020 school bond totals and sought clarification of an additional \$328 million to complete those projects.

Dr. Monk confirmed the estimated amount based on current construction numbers and school sizes with additional projections not included in those totals.

Commissioner Alston sought clarification on whether all the schools listed were included in the \$300 million package.

Dr. Monk confirmed.

José Oliva, GCS Chief of Staff, noted that projects like Sternberger and Allen Jay had only included design work. It is not totally new money, but the original project was just design.

Michael Halford, Guilford County Manager, reiterated that it is \$329 million more than the initial \$300 million.

Oliva noted these were full budgets at the time of the 2020 bond package. These projects were included but not the full project costs. He noted that the assumption was that you could start the projects with the 2020 bonds, but then use the 2022 funds to complete them.

Commissioner Alston noted that the \$1.7 billion should have been included so that it does not appear that you are just simply doubling the bond packages.

Halford noted that these projects were listed for the \$300 million bonds, but when we started looking at inflation, it was determined that \$300 million would not be able to complete the listing. He noted that we need another \$328 million to complete those 2020 bond projects. He shared that we will get to a dashboard discussion, and noted that this is a \$2 billion school bond program and we need to cease referring to them as separate programs.

Commissioner Alston expressed communication concerns and creating public misinformation. He questioned the occupancy dates showing 2024, which seems unrealistic.

Oliva noted that it is a typo and that it is 2025 for estimated completions.

Dr. Monk shared that Claxton has a substantial completion date of July so it could open in August 2024 while two (2) schools have completion dates in mid-late August. We would do a mid-year move for those projects. Kiser is slated for late September of this year, which would be a mid-year move, and Peck has a substantial completion date of December.

Dr. Oakley noted that these dates do not include any long-term impacts, and some of these are magnet programs which add some complexity. She cautioned that completion dates and occupancy dates are different standards and to consider construction and setbacks.

Commissioner Alston questioned the committed dollars, percentages, and agreed-upon contracts.

Dr. Monk noted that those included encumbrances and open purchase orders. He noted that those with GMPs are a firm price.

Commissioner Alston questioned the contingency fees, and the pricing will be adjusted accordingly.

Dr. Monk spoke to 6-8% of GMP.

Oliva noted that the contingencies are coming in at 2-4%.

Commissioner Alston asked for those funds to be broken down and shared with the committee and noted some possible cost savings.

A contractor noted that for most of the contracts the savings revert 100% back to the owner.

Commissioner Alston asked if he could see those written agreements. He asked if County staff have been updated on these figures.

Halford noted that he was briefed yesterday. He spoke in generalities that the County has not been included but are working with the School Board for inclusion on a regular cadence.

Deena Hayes, BOE Chairwoman, noted that there is interest in a communications protocol and perhaps meeting more often.

Dr. Oakley recognized the need to improve communications and meeting frequency will hopefully improve.

Commissioner Alston expressed concerns with lack of communication to the County team to manage the bond program.

Halford noted that there is currently a good working relationship between the two groups and are moving forward. He shared it would be helpful to have both boards agree to have staff-to-staff conversations to work out details before bringing items to the board.

BOE Chairwoman Hayes noted that she would be in support of that.

Halford noted that county staff is not going through the design process but need to work through allocations and project allotments.

Commissioner Alston noted that the Board of Commissioners need additional details as to cost increases as it is unlikely all of these cost adjustments cannot simply be due to material inflation. He spoke to an ongoing rationale for public transparency to move through these bonds.

BOE Chairwoman Hayes shared that she was agreeable to authorize staff-to-staff conversations.

Commissioner Cashion asked if we could have this information beforehand so that we could see these presentations before the meetings so that we can be prepared to ask questions.

Halford noted that one thing that they are working together with the School Board is to get together on a regular cadence sometime in the fourth week of each month starting in October and quarterly thereafter to help better communicate and take a deep dive into complex matters.

It was a consensus of the committee to meet quarterly on the 4th week, allowing staff to meet more frequently in between.

Halford questioned the \$500 million in deferred maintenance and requested an acceleration of some of those deferred maintenance needs.

Dr. Monk noted that the priority list shifts based on urgency and gave an example of a leaking roof. He spoke to the prioritization of those schools that are not undergoing renovation and replacement. They will be working through those schools first.

Halford noted the need for \$328 million for construction and the additional \$450 million is needed for the cashflow to accelerate deferred maintenance. The data needed is to time the bond sale to work within the model framework.

Dr. Monk noted projected Annual Expenditures. Around January and February of each year, we review projections and encumbrances.

Commissioner Alston questioned why it takes six (6) years to address maintenance needs.

Dr. Monk noted that some of the challenges is that these buildings are currently in use and timing. They need to be phased in over time. He noted that they have set aside \$4 million for those items needing emergency repairs. He noted that we must work together as a team to move this project and make those decisions to do preventative maintenance.

Commissioner Alston noted that he would have hoped that these needs would be worked on this summer in anticipation of the fall.

Commissioner Foster questioned if we can get a list of these maintenance issues as they are being repaired.

Dr. Monk shared that he will share the list with the committee.

VI. BOND PROGRAM DASHBOARD

Halford noted that one of the factors is to maintain and strengthen community trust and the method of information sharing. He shared a proposed dashboard sharing platform indicating what is occurring nearby, how much funds have been allocated, and the current project stage.

BOE Chairwoman Hayes shared that she really likes it but would like a website pop-up to assist with navigation.

Commissioner Alston questioned the dashboard completion and occupancy dates.

Commissioner Foster asked they could add monthly photos and designs to be included for each project.

Halford noted that the size of the circular images reflects the budget size.

Commissioner Cashion suggested a legend or key. She noted that people in the community also want to know what is going on and would like some site information as well as the dashboard.

Dr. Oakley noted that they have signs today that shows what phase they are currently in.

Commissioner Cashion noted that she receives the most questions regarding Kiser's progress.

BOE member Irby questioned if we have asked the community or are we communicating with the community regarding construction noises and parking.

Dr. Monk confirmed they do communicate directly with the community.

Halford reviewed additional dashboard information. He spoke to getting some parent academy and user feedback.

Commissioner Alston asked if we could get some QR codes added to the signs to drive them to the site.

Dr. Oakley shared that they will work to get some parent-user feedback.

Halford shared that he would love to have the dashboard go live by October if possible.

VII. CASH FLOW MODEL PERFORMANCE & DEBT PLANNING

Toy Benninga, Guilford County Budget & Management Services Director, began by introducing Don Warn, County Finance Director. He reviewed the guiding principles for cash flow and plan modeling, addressed current and future capital needs, deferred maintenance, service enhancements, infrastructure expenditures, and property taxes.

Benninga provided a snapshot of the \$2 billion school bonds. He noted that when we set up the funding plan in a series of several tranches with the first issuance of \$120 million in 2022 being completed, the next issuance of \$180 million to be issued in 2023, and the last issuance anticipated in 2029.

Benninga noted that the Board of Commissioners and Board of Education did approve a reimbursement agreement to help offer flexibility in issuance. He noted that our actual monthly spending is coming in below our anticipated spend. He noted that we are starting to see a pick up. He noted that we are committed to meeting monthly to review the cashflows and how they impact our bond issuance funding plan.

Benninga provided an overview of the original plan as compared to the revised plan in addition to next steps: 1. GC Schools and GC Government commit to monthly meetings to review cash flows and financing plan; 2. GC Schools Project Managers are finalizing cash flows for remaining \$1.88 billion in authorized but unissued debt. GC Government will update financing plan once those cash flows are received; 3. Additional amendments to project ordinances may be recommended to the Board of Commissioners after the cash flows have been provided by GC Schools and the financing plan has been reviewed with GC Financial Advisors.

Halford noted that when we think about the timing on accelerating deferred maintenance it is important to adjust those cashflows.

Dr. Monk concurred that we must constantly bid the work and move through the process and shift as necessary. He would be agreeable to shift the issuances.

Commissioner Alston questioned if the schools feel like they can continue to move on this schedule. He noted that he does not wish to issue the bonds and pay the debt if they are not able to use the funds for active projects.

Halford noted that they will begin working more closely to better time issuances. He added that the County's decision to set aside \$50 million each year allows an option to issue bonds at the best price for the citizens. Having some funds to access for immediate needs allows better time issuances with the market.

Commissioner Alston noted that we have seven (7) years once the voters approve the bond to issue the bond. At that point permission can be granted to extend the period an additional three (3) years.

Warn noted that if issued within those ten (10) years all the funds must be spent within three (3) years from that last issuance.

Commissioner Cashion questioned the \$50 million set aside, the earned interest, and a need to set aside additional funds.

Commissioner Alston clarified that next year we will have \$150 million to draw from which provides spending options.

VIII. OTHER BUSINESS

There was no other business to discuss.

IX. ADJOURN

There being no further business, the meeting was adjourned at 5:41 p.m.

Commissioner Melvin "Skip" Alston
Committee Co-Chair

GCS Board of Ed., Deena A. Hayes
Committee Co-Chair

Robin Keller, Clerk to Board