

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

**Greensboro, North Carolina
July 24, 2024**

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 24, 2024 at 3:00 p.m. in the Board Room, located in the Guilford County Schools Administrative Building, 712 N. Eugene Street, Greensboro, NC 27401.

Guilford County Board of Commissioners (BOC)

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

Absent: None.

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

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

Absent: BoE member Alan Sherouse.

Also Present: County Manager Michael Halford; Dr. Whitney Oakley, GCS Superintendent; Lisa Nolen, GCS Board Relations Director; Deputy Clerk to Board Ariane Webb; Deputy Clerk to Board T’ebony Rosa; Andrea Leslie-Fite, Guilford County Attorney; Jill Wilson, GCS Attorney; Jason Jones, Guilford County Assistant County Manager; GCS Superintendent Dr. Whitney Oakley; Dr. Julius Monk, GCS Deputy Superintendent of Business & Operations; Tyler Beck, GCS Chief Financial Officer; Don Warn, Guilford County Finance Director; Toy Beeninga, Guilford County Budget Director; members of County and GCS staff, community partners, the public and media.

I. WELCOME AND CALL TO ORDER

Committee Co-Chair Deena Hayes called the meeting to order at 3:03 p.m. and welcomed those present.

II. APPROVAL OF MINUTES

A draft copy of minutes for the April 24, 2024 committee meeting was reviewed for accuracy.

Committee Co-Chair Hayes identified a statement on page 7 under Section VI. Other Business: *“Committee Co-Chair Hayes noted that low wages qualify for Guilford County assistance. There are costs associated with not having comparable pay.”*

Committee Co-Chair Hayes clarified that GCS is a major employer for Guilford County and a significant number of employees qualify for assistance.

Moved by Committee Co-Chair Melvin “Skip” Alston, seconded by Commissioner J. Carlvena Foster, to approve the minutes. The motion carried with unanimous approval.

III. BOND PROGRAM UPDATE

Committee Co-Chair Hayes recognized GCS Deputy Superintendent of Business & Operations Dr. Monk who spoke to better schools creating better communities.

Dr. Monk spoke to current economic impacts and challenges associated with electrical and mechanical and to a struggling skilled-labor market in HVAC and plumbing. He noted a bond program update with 72% spent and 39% extended. He spoke to a revised proposed project ordinance as they move towards the design phase. He noted completions to Kiser Middle School and Claxton Elementary School and spoke to presenting information before the Board of Commissioners (BoC) on August 15th.

Dr. Monk provided an overview and illustrative renderings of Claxton Elementary School with an August 2024 occupancy date, and spoke to punch-list completion, and to an upcoming ribbon cutting event. He shared a January 2025 occupancy date of the Foust Robotics and Gaming Elementary School along with parking accommodations and bus lanes. He shared updates on the Brooks Global Studies painting, playground, and HVAC installation. He noted a January 2025 occupancy date for Kiser Middle School, in addition to dry wall installation, mechanical, electrical, and plumbing (MEP) overhead, and exterior finishes. He spoke to the Peck K-8 Expeditionary School, to painting, to grading, to landscaping, and to a punch list review.

Commissioner Foster questioned Peck student capacity.

Dr. Monk confirmed kindergarten through sixth (6th) grade is 600 students, sixth (6th) through eighth (8th) grades is 300 students for total of 900 students.

Dr. Monk continued the presentation and noted the New Visual Performing Arts School concrete masonry unit (CMU) and slab-on-grade installations to start framing that school. He spoke to Katherine G. Johnson K-8 schematic drawing and plan layout. He noted the remaining bond projects and receiving BoE direction on Archer and Lindley in addition to other projects with a three (3) month look ahead.

Commissioner Cooke questioned slide six (6) regarding two (2) project ordinances for Claxton and Kiser. She sought clarification of the increase considering the guaranteed maximum price (GMP).

Dr. Monk confirmed Claxton's furniture expenditures, and elementary GMP playground equipment installation. He noted Kiser's furniture and funding for jurisdictional alterations.

Commissioner Cooke highlighted including contingencies as there were cost increases. She questioned whether future projects would try to avoid increased expenditures.

GCS Superintendent Dr. Oakley described future uncertainty, and not using the term "guarantee" as GCS tries to estimate as close as possible.

Commissioner Cooke stated that we are learning from each project and urged GCS to get closer to estimates.

Dr. Monk continued the presentation and spoke to deferred capital placement. He noted that safety and security remain in the design phases as well as interior lock replacements with \$300,000 in technology modernization. He shared a readiness to move forward with capital placement as approved last night by the BoE. He further explained that by meeting with Guilford County staff, we are working on new accounting measures to identify individual elements at each school. He stated a total request on August 15th is for approximately \$237M and concluded the presentation with the next steps.

Committee Co-Chair Alston questioned the details surrounding the requested amounts.

Dr. Monk confirmed the previous method of providing details was through the website dashboard. He noted that it will be taken down and rearranged to identify the scope of project for each school.

Committee Co-Chair Alston questioned the utilization of estimates versus GMP.

Dr. Monk confirmed the numbers presented are estimates.

Committee Co-Chair Alston questioned whether the figures were from contractors or in-house.

Dr. Monk explained that the Brownstone Group is handling the deferred maintenance and using a formula to create project budgets.

Committee Co-Chair Alston questioned actual bids.

Dr. Monk explained that pending August 15th BoC approval, it will depend on design time.

Committee Co-Chair Alston sought clarification regarding using a portion of the \$500M for expenditures.

Dr. Monk confirmed.

Committee Co-Chair Alston questioned utilization of the request for qualifications (RFQs).

Dr. Monk spoke to using a portion of RFQ for design work and construction costs and then bid out remaining cost of the work.

Committee Co-Chair Alston sought clarification regarding a start date.

Dr. Monk confirmed that work will start immediately following BoC action.

Commissioner Cashion questioned the details on individual schools at the August 15th BoC, and whether these are cost estimates prior to bid.

Dr. Monk confirmed individual school details, and further confirmed that cost estimates were based on the original \$48M.

Commissioner Cooke spoke to a comprehensive listing and questioned project prioritization affecting a coordinated effort with the Master Facilities Plan (MFP).

Dr. Monk confirmed the same priority order. He noted the difference is in the way we are presenting the projects to you. He stated that originally the projects were in three (3) buckets by fiscal year, and now we are taking all the projects and identifying how it is being presented.

Commissioner Cooke further questioned the effect on remaining MFP projects, and whether there is a specific deferred maintenance ordinance.

Dr. Monk confirmed and noted that last year we had to replace fire alarm systems and may have to replace them within five (5) to six (6) years. He shared that at a particular point, the site will not be used as a school but upfit with amenities so it can be used.

Committee Co-Chair Hayes requested context for this particular format.

Dr. Oakley spoke to collaborating with GC staff and stakeholders to determine the best use of funding. She encouraged thinking in phases and not total projects. She shared that teams are navigating how to move forward. She noted reaching capital projects first and then deferred maintenance as they were public facing. She explained that as more items come before the BoE the frequency presented to the BoC will increase.

Guilford County Manager Halford noted that this matches the conversation we had with the BoC. He shared that the BoC only approved \$48M with a realization of \$10-12M for individual schools. He explained how the schools were touching the communities and there is a need for better tracking as this is how we handled capital projects in the past. He noted that when we look at individual projects as part of a larger renovation package, it becomes a portion of a larger scope. He urged consideration of the \$500M for large sectors transferred to specified phases as this does not change the total but reformats them.

Commissioner Cooke expressed appreciation for the context and how it reaches our community. She requested context on individual items as compared to the MFP regarding remaining expenses.

Halford stated that when I saw the list there were multiple listings of similar items such as HVAC and electrical, and this view provides better context.

Committee Co-Chair Alston questioned district-wide projects.

Dr. Monk noted that \$10M from the bonds will be used at different sites without specifying one site. He shared that if something goes wrong earlier it will not be assigned to a particular school but use the bond money to replace those expenditures.

Committee Co-Chair Alston sought clarification regarding the approximate \$253M package coming before the BoC and voiced concern regarding the Local Government Commission (LGC).

Halford explained that to manage expectations we have more pricing schemes much higher than the MFP that will impact cash flows. The BoE vote last night resulted in cost increases, so we must look at price and how this will impact the financing model. He urged looking at cash flows. He voiced concern regarding presenting this item on the August 15th BoC agenda. He emphasized that we have to review construction pace and whether it matches the financing model. He noted that we may need to adjust the model regarding future spending.

Committee Co-Chair Alston sought clarification regarding unknown estimates and questioned the timeline of when an actual contract will be presented with exact totals considering market fluctuations.

Dr. Monk explained that it is important to note this is setting up the project ordinance and our intent to set up the projects as established per priority. He noted that without additional funding those at the bottom of the priority list will not be addressed in the same manner as the comprehensive plan.

Dr. Oakley stated this is how we did the first wave. She questioned whether this is presented by school and not by individual project.

Dr. Monk confirmed per school presentation.

Dr. Oakley stated that this is how we set this up before; the ordinance must come first.

Halford reiterated that he was not okay with a project ordinance presentation to the BoC on August 15th. He emphasized a need to reconcile cash flows as the intent is to move at the pace of the bond model. He explained that an estimated \$30M elementary school is now a \$60-80M expenditure that does not align with the bond ratio.

Committee Co-Chair Alston voiced concern regarding a timeline for completion.

Dr. Monk confirmed a timeline over the course of two (2) years.

Committee Co-Chair Alston questioned need prioritization.

Dr. Monk confirmed.

Dr. Oakley stated that we have been asked regarding the sense of urgency that these are projects with the most dire need. She noted that we must follow cash flow, but we have a restricted budget.

Committee Co-Chair Alston requested input from the contractors and questioned capacity.

Dr. Monk shared that we were charged with that task, and we executed within \$48M the safety and security piece and will keep rolling out projects.

Committee Co-Chair Alston recalled requesting being aggressive but questioned the estimates being close to the real price. He voiced concern regarding the market and demand for services resulting in higher expenditure.

Dr. Monk stated that the sooner we can get to bid the more comfortable I am with the bidding process.

Commissioner Foster clarified preferring the new format. She inquired of Dr. Monk the work to be done, a work schedule, and prioritization.

Dr. Monk stated that for ease of readability, the work can be prioritized over the course of the next two (2) fiscal years. He noted that we can get to that level of detail.

Committee Co-Chair Hayes clarified agreeing on an approach and communicating with staff. She voiced concern that members are meeting but appear uncomfortable with our approach.

Halford requested an explanation regarding a lack of agreement.

Committee Co-Chair Hayes noted that she thought we were agreeing jointly to move forward, but now hearing something different.

Halford specified HVAC, technology, and security were presented on multiple lists, and now there is an approach to be consistent. He shared that the purpose of this committee to seek feedback and details about each school and how it fits within the bond plan.

Committee Co-Chair Hayes explained that the details were on the public dashboard. She voiced concern regarding not agreeing to our approach.

Halford emphasized that the dollar amount is the issue. He explained a cash flow deficiency of \$60M from the BoE. He stated that we perceive where the bond funds are available and where cash flow fits within the bonds. He stated that we talked during our budget cycle regarding \$30M for an elementary school and now a \$60M elementary school changes our model or it will break. He reiterated there is no disagreement but what staff brings to the BoC is to maintain fiscal stability and maintain our bond rating.

Committee Co-Chair Hayes expressed concern regarding the BoC meeting to work things out and then we get to this committee, and we cannot agree, we are not moving forward. She voiced uncertainty of which approach will work, and questioned whether there is some miscommunication. She urged a need to figure out the disconnect.

Committee Co-Chair Alston explained that BoE staff was to secure estimates and get as close as possible to the actual cost. He expressed uncertainty regarding the format or system used to gather estimates. He noted that with previous pricing schemes, future inflation was taken into consideration to determine figures. He shared that the drastic price increases are difficult to digest when we are issuing bonds as the cost increases are excessive. He urged a need to address cost increases.

Committee Co-Chair Alston explained that the County Manager must listen to the other BoC members' insights as we give the Manager direction. He further explained that the Manager and staff provide recommendations and the BoC ultimately makes the decision. He clarified that the school staff does not control the budget – the BoE does. He shared that we need to redirect the communication and suggested receiving this information ahead of time prior to the Joint Board presentation. He noted that we are making millions of dollars' worth of decisions within a tight time frame.

Committee Co-Chair Hayes stated to take as much time as you need. She shared that we try not to present information too early to quell the inquiries. She reiterated that the dashboard is publicly available for viewing and the Brownstone Group has impressive technology and software. She spoke to looking at historical data to be accurate with the numbers as we talk of unprecedented inflation with materials and labor. She noted that we anticipate price increases going forward. She expressed concern regarding the staff meeting to allow us to be better aligned to create Joint Board transparency.

Committee Co-Chair Alston stated that this is a matter of asking questions as need to receive the presentation prior to the Joint Board. He emphasized that this is millions of taxpayer dollars and that we need to have a BoC-staff conversation prior to a vote. He suggested having our staff review information and make recommendations prior to us meeting.

BoE Member Bettye Jenkins suggested meeting an hour prior to the Joint Board.

Committee Co-Chair Alston suggested having our Manager review and then provide recommendations to the BoC instead of arriving to the Joint Board seeing the presentation for the first time.

Halford confirmed that the Joint Board is a method to present information in a small group setting but the challenge is having a timeline for expectations.

Committee Co-Chair Hayes noted that we can agree on the information getting to the committee as information passed last night at the BoE meeting. She suggested one (1) to three (3) days prior to the Joint Board, the GC Manager can meet with Dr. Oakley and other staff to flesh out questions and concerns.

Commissioner Cashion echoed the Manager's comments to flesh out information, and to vet questions prior to a BoC meeting before taking action on expenditures. She explained that this is a lot to absorb and difficult to prepare questions ahead of time when we have not seen the information. She expressed appreciation for the opportunity to come together and meet. She shared that Dr. Monk is so gracious to answer our questions as we make decisions a week or two later.

Committee Co-Chair Hayes encouraged asking all the questions you need. She sought clarification regarding best practices to receive the information.

Commissioner Cashion confirmed that we depend on staff to provide info. She noted that when we ask questions, we are representing the public at large.

Committee Co-Chair Alston stated that we need to get the information beforehand in order to have an opportunity to ask questions and inquire of our staff.

Commissioner Cooke recalled that I did ask for a change in format. She shared an understanding around encouragement to move quickly but that does not mean we are going to rush through over \$200M worth of projects. She emphasized being careful in order to make smart decisions.

IV. SCHOOL CAPITAL FUNDING PLAN UPDATE

Halford recognized GCS Chief Financial Officer Don Warn.

Warn provided an update on guiding principles and spoke to a stable funding model that fits revenue sources. He noted consistency with the plan based on slide three (3) and being in line with future funding. He explained the \$2B in revenue inputs and spoke to a debt issuance plan. He stated that the remaining bond fund as of June 30th is \$81.2M.

Warn spoke to the debt issuance timeline, to expectations of a spending increase, and cautioned that increased spending would upset the cash flow model.

BoE member Khem Irby left the meeting at 4:06 p.m.

Warn spoke to a plan in preparation for a fall debt issuance as the date can be pushed back to 2025 as appropriate.

GCS Attorney Jill Wilson shared that it would be helpful to have discussions on the cash flow models proceed the Joint Board meetings.

Halford stated that the cash flows are there, and we had interest and project input dials. He shared that now we have changes in individual school expenditures and further discussions are needed to help create a funding model. He explained that the issue is that new projects coming in are more than what we initially had and that we must work through the cash flow and bring back changes. He shared that this is the nature of a \$2B bond in the midst of increased interest rates. He explained that the project is now \$70M (two and a half times more) and that changes the model.

Wilson suggested not to restructure the request. She shared that our understanding was to redesign what we were doing, and within an examination, determine how we fund the model.

Halford explained that this is math consistency in order to not go into a deficit. He noted that the model must work based on previous estimates. He shared that the Lindley Elementary School estimate was \$40M and now \$70M. He noted that we are bringing back to you \$500M in deferred capital so we must check pricing since a lot is moving at the same time.

Wilson suggested breaking this out per year to make the model work.

Committee Co-Chair Alston opined that we may be within the model but did not know this was a two and a half (2 ½) year model. He shared that we would have spent over \$1.2B. He noted that we may need to break it down from \$300M and review the 2025 bond issuance over the next year.

Commissioner Cooke spoke to the ability to fund the model as the Board is going to get questions. She emphasized that we need to know the school projects while understanding the ‘why’.

Wilson stated that staff can handle the model prior to this meeting’s discussion.

Halford reiterated that the BoE decision regarding Lindley Elementary School changes the model, and having an updated model today is not reasonable. He noted that the BoC has provided this level of cash flow, and contingencies help, but the dials will flip every two (2) weeks when the BoC meets.

Warn continued the presentation and introduced debt burden considerations.

Halford explained the fast pace of project ordinances and protocols to make the model work prior to a bond discussion as this is based on a County and State policy. He noted the LGC protocols and provided an historic overview of debt service as a percentage of general fund expenditure since 2019. He explained how \$2B covers GC Schools, our community college system, and the community as a whole because there are other things to consider such as debt burden.

Halford noted debt per capita is \$4500 per person. He shared that this is the math challenge to make the model work as the original model was based on prior estimates. He explained that now

the conversation is best use of inflated pricing. He noted the additional debt conversation must reflect ratios and the LGC rating. He reiterated that staff and both Boards must be aware of this structure.

V. OTHER BUSINESS

There was no other business for this agenda.

VI. ADJOURNMENT

Committee Co-Chair Hayes questioned how many days are needed to review and share information with committee members.

Dr. Oakley suggested a Monday date before next Wednesday to maintain a collaborative structure.

BoC members agreed to the timeline.

Committee Co-Chair Alston stated that the Manager needs to provide his presentation so the BoC can review and seek clarification regarding any questions or concerns.

Commissioner Cooke noted a Transportation Advisory Committee (TAC) meeting on October 23rd.

Committee Co-Chair Hayes confirmed the next meeting will be hosted by Guilford County on Wednesday, October 23, 2024 at 3:30 p.m.

There being no further business, the meeting was adjourned with unanimous consent at 4:25 p.m.

Commissioner Melvin “Skip” Alston
Committee Co-Chair

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

Robin Keller, Clerk to Board