

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

**Greensboro, North Carolina
April 25, 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 April 25, 2023 at 4:00PM in the McAdoo Conference Room located on the 3rd Floor of the Truist Building, 201 W. Market St., Greensboro NC.

Guilford County Board of Commissioners (BOC)

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

Absent: None

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

Present: Committee Co-Chair Deena A. Hayes, presiding; Board of Education members Bettye T. Jenkins, Khem Irby and Alan Sherouse (in at 4:14PM)

Absent: None

Also Present: County Manager Michael Halford; Dr. Whitney Oakley, GCS Superintendent; Lisa Nolen, GCS Board Relations Director; Clerk to Board Robin Keller; Victor Isler, Assistant County Manager; Jason Jones, Assistant County Manager; Jose Oliva, GCS Chief of Staff; Michelle Reed, GCS Chief Operating Officer; Tara Trexler, GCS Chief Financial Officer; Toy Beeninga, 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 Melvin “Skip” Alston called the meeting to order at 4:00PM and welcomed those present.

II. APPROVAL OF MINUTES

A draft copy of minutes for the January 4, 2023 committee meeting were reviewed for accuracy.

By unanimous consent, the committee approved the January 4, 2023 meeting minutes.

III. UPDATE ON 2020 SCHOOL BOND PROJECTS

Dr. Whitney Oakley, Guilford County Schools (GCS) Superintendent, introduced the update on the school bond projects and expressed her gratitude to the voters for their approval of \$2 billion in school bonds.

Dr. Oakley reviewed the revisions to the project ordinance amounts as of April 2023 and discussed the status of pending 2020 school bond projects.

IV. UPDATE ON 2022 SCHOOL BOND PROJECTS

Monte Edwards, Project Manager, introduced his team and provided an overview of the initial nine (9) projects and deferred maintenance approved by the Board of Commissioners. He shared his expectation that staff would receive scope and price proposals for the Sumner Elementary School and Swann Center projects within the next week.

Board of Education (BOE) member Alan Sherouse arrived to the meeting at 4:14PM.

Edwards confirmed an implementation plan has been drafted and they are meeting regularly with staff and have conducted site visits. He noted construction manager (CM) RFQ's will be released next week and discussed the bid event hosted today to address deferred maintenance. Edwards noted staff have compiled a priority list which primarily addressed HVAC, safety, roofing and technology, and confirmed the designer selected to address the deferred maintenance projects should have a proposal ready by mid-May.

V. UPDATE ON KATHERINE G. JOHNSON SCHOOL FOR SCIENCE AND MATHEMATICS

Dr. Oakley introduced the update and reviewed the history of the facilities master plan and the purpose of the Katherine G. Johnson School for Science and Mathematics. She confirmed the school will house one of four proposed STEM hubs and staff will continue to navigate increasing construction costs. Dr. Oakley noted the community now has STEM labs and maker's spaces at NC A&T State University, in addition to expansions at the Natural Science Center, that can fill STEM educational needs. She compared the average number of students in Guilford County elementary and middle schools to state numbers.

Amanda Hodierna, Attorney with Isaacson Sheridan, discussed the proposed site for the school located in the southwest portion of the county. She noted the site is approximately eleven (11) miles from the airport and pointed out this is a high-growth area for residences and economic development.

Hodierne spoke to site considerations such as access to public utilities, avoiding airport overlay restrictions and market rate price. She shared they evaluated fourteen (14) viable sites and confirmed the most frequent reason for elimination was property owners unwilling to sell.

Hodierne discussed the corporate city limits and planning jurisdictions and extraterritorial jurisdiction (ETJ) boundaries already established and reviewed High Point airport overlay zones that restricted school construction in certain areas.

Hodierne reviewed the conceptual building plan and noted that, once zoning is achieved, the designs will become much more detailed. She shared their goal is to set the building away from the road and that the layout can change during site planning. Hodierne spoke to the project entitlement timeline based on jointly applying for annexation and rezoning. She stated they are seeking to rezone the area to an Institutional District which allows a school of this type and size a 'by-right' permitted use versus requiring additional special use permits. Hodierne noted the rezoning process would include legislative hearings with the Planning and Zoning Board and the High Point City Council, with final action being taken by the Council.

Hodierne further discussed the timeline process and shared a community meeting on this rezoning process was held on April 18. She noted there was good public participation and shared that a public hearing on the item will be placed on the June 20, 2023 regular meeting agenda for Council consideration.

Hodierne shared a primary neighborhood concern was traffic and confirmed the City of High Point will require them to complete a traffic impact analysis. She acknowledged that the roads, in their current state, are not appropriate for the school and other associated improvements. Hodierne stated final authorization on how to proceed must come from the NC Department of Transportation (DOT).

Dr. Oakley reviewed next steps to include finalizing contracts with architects for new projects, hosting stakeholder meetings to discuss the next slate of school bond projects, ongoing construction on six (6) projects and securing land for the school.

Commissioner Alston stated this item was brought before the Board of Commissioners during their last regular meeting and questioned if the same presentation was shared with the public during the community meeting.

Hodierne noted this meeting was conducted in an open house format to and spoke to the challenges associated with the meeting and sharing information with the public. She stated there are still opportunities available to disseminate this information and ensure the community understands the purpose of the rezoning.

Commissioner Carly Cooke noted this meeting was conducted as a typical zoning neighborhood meeting and questioned the process for better engagement of stakeholders in the future.

Dr. Oakley discussed options for engagement and spoke to the importance of ensuring neighborhood meetings are held on the right dates and in the right spaces to ensure they are sharing the purpose of the project and how recommendations are made.

Commissioner Cooke discussed opportunities for alternate uses of the school facility and questioned if staff are considering the development of shared spaces with the proposed zoning.

Hodierne confirmed there is a section on the application that allows the applicant to limit usage and define how the property will be used. She spoke to their interest in partnership opportunities and building a facility that is an asset to the whole community.

Commissioner Kay Cashion thanked Hodierne for her overview and challenged staff to return to the community and provide a full picture of the process, as it appears that they received information in a fragmented way. She shared the community wants these facilities to be used more often than only during the school day such as, a library or community center. Cashion thanked them for the presentation and noted she is more prepared to speak to the community regarding this property.

Commissioner J. Carlvena Foster shared that it is her honor to be appointed to the Naming Committee for this project and shared that today's presentation provided a lot more clarity. She echoed Commissioner Cooke and Cashion's comments to encourage discussions with the community and property owners. Foster expressed her concerns with the narrowed roads and increased traffic and noted these issues were addressed in the presentation.

BOE member Khem Irby questioned who incurs the cost for road modifications.

Hodierne shared the state will pay for school road improvements.

Commissioner Alston offered an opportunity for committee members to ask questions related to the revised project ordinance amounts. He requested feedback regarding the increased amounts for the six (6) revised project ordinances.

Jose Oliva, GCS Chief of Staff, shared these are revised ordinances that have been reviewed approved by the BOE and BOC, with the exception of the New Visual & Performing Arts School project.

Commissioner Alston questioned the \$92 million cost of the first slate of 2022 school bond projects.

Edwards shared this amount has been directed to the 2022 school bond projects to cover design work for nine (9) schools, in addition to HVAC, roofing and maintenance costs.

VI. FUNDING PLAN UPDATE

Michael Halford, Guilford County Manager spoke to the accomplishments of the BOE and BOC over the past two (2) years. He spoke to Commissioner Cashion's comments about ensuring multiple uses for these new facilities and confirmed staff are exploring options with school health programs to meet community needs where they reside. Halford stated the Board allocated \$2.2 million for telehealth programs in schools and staff continue to have conversations and work through these processes and opportunities for collaboration with GTCC.

Halford reviewed the funding plan and discussed the basic principles. He spoke to existing school debt and projected bond issuance repayments, and shared that Commissioners have, overall, allocated 12.86 cents of property tax to fund this model. Halford noted the Board also allocated 7.3 cents in FY 2023 to prioritize school capital funding or \$50 million, plus annual growth. Halford confirmed the Board also dedicated a prior allocation of 5.56 cents, or the equivalent \$38 million, plus annual growth, restricted sales tax of \$27.7 million and lottery proceeds of \$4.75 million towards school funding.

Halford directed the committee's attention to the Kiser Middle and Claxton Elementary School projects and noted the revised project budget amounts may decrease as the guaranteed maximum prices (GMPs) came in under original projections. He discussed the amounts allocated for Phase 1 and Phase 2 projects.

Commissioner Cooke left the meeting at 4:56PM.

Halford noted current interest rates and project costs are higher than when the funding model was originally developed, and if rates remain high over the next twelve (12) years, the model will be in a deficit of approximately \$49 million by 2037. He confirmed staff will continue to monitor interest rates and expressed his hopes that as the rates change, the deficit will decrease.

Halford stated they will not need to sell the initial \$180 million on the bond market as soon as initially predicted, which will decrease the \$49 million by \$12 million. He noted a change in interest rates could decrease the deficit even further and delaying the sale of the \$570 million issuance could address cash flow concerns.

Halford emphasized the importance of continuing to set-aside \$50 million annually to sustain this funding model.

Commissioner Alston questioned if interest was earned on this set-aside funding and the projected amount of those earnings.

Halford shared they do not have this information, but it can be added to the model.

Toy Beeninga, Guilford County Budget & Management Director, introduced the cash flow model and discussed the initial five (5) projects currently under contract. He noted these projects are approximately \$130 million over initial estimates, and as spending begins, there will be a need to monitor cash flows versus reimbursement requests. Beeninga anticipated escalated spending each month for the projects as construction begins and spoke to the potential of costs increasing from \$1 million to \$17 million per month by April 2023.

Beeninga reviewed the \$92 million allocated by the BOE and BOC for Phase 2 projects and spoke to the activity that has begun to occur, as the County received \$7 million in reimbursement requests for related expenses within the last month. He reiterated costs for the initial five (5) projects have increased by \$130 million and noted the timeline is estimated at fifteen (15) months for design and fifteen (15) months for construction.

Beeninga stated that, based upon projected models, the initial \$120 million issuance would be spent by the fall and then a second issuance of \$180 million would be required to ensure there is

sufficient cash flow to pay bills for GCS. Beeninga discussed the general obligation (GO) bonds and recommended guidelines for issuance. He reviewed the bond anticipation note, a financing strategy, similar to a line of credit, that can be used when the County does not wish to borrow the full sum at one time for the authorized GO bond. Beeninga noted this option assists in cash flow and liquidity but must receive approval from the Local Government Commission (LGC) before issuance of the notes.

Halford reviewed the County's other capital responsibilities outside of those for GCS, including funding needs for Guilford Technical Community College (GTCC), facilities for state operations such as the two (2) County Courthouses, Juvenile Justice building, and Adult Probation and Parole buildings, as well as, County facilities for Public Health, Social Services and Adult Detention. He noted the LGC is interested in total debt, not just school debt.

BOE member Khem Irby questioned if there any projects in the plan that would require less time than fifteen (15) months.

Dr. Oakley confirmed certain projects could be completed quicker and shared they would work to utilize a "kit" process in the next phase of projects. She shared they have focused on building magnet schools and returning to work more on elementary, middle and high schools will allow them to reduce timelines.

Dr. Oakley spoke to the amount of time dedicated to the value engineering process and noted the importance of maintaining open communication to ensure projects are being accomplished timely. She confirmed they are well positioned to work within the presented funding model.

BOE member Irby spoke to the importance of the Boards reviewing projects if there is a funding shortfall and they are now utilizing the \$1.7 billion bonds to cover costs.

Dr. Oakley spoke to the importance of remaining committed to the facilities master plan while recognizing it is approximately five (5) years old.

Commissioner Alston questioned when the funding model was developed.

Halford stated the model was begun in summer 2021 and was implemented in FY 2023. He noted the issuance plan was based less on interest rates and more on when GCS would need cash, based upon estimated construction timelines.

Commissioner Alston questioned how often funding can be drawn down

Halford confirmed this would be based upon how often the County goes through credit ratings and expressed his interest in identifying how much can be spent and used within the next 2-3 years, along with the potential debt service.

Commissioner Alston expressed his concern with borrowing money and not being ready to spend the funds. He expressed his interest in the school system developing a plan that provides an estimate of the amount of funding they will need each fiscal year.

Halford spoke to concerns with returning to the bond market annually and spoke to historical plans for issuances.

Edwards shared they are currently working to develop a cash flow model that will allow them to work hand-in-hand with the County.

VII. OTHER BUSINESS

There was no other business to discuss.

VIII. ADJOURN

There being no further business, the meeting was adjourned at 5:24PM.

Commissioner Melvin “Skip” Alston
Committee Co-Chair

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

Robin Keller, Clerk to Board