



MEETING NOTES

MEETING: **Bond Oversight Committee Meeting**
2012 HISD Facilities Capital (Bond) Program

LOCATION: Hattie Mae White Educational Support Center
4400 West 18th Street
Houston TX

DATE: 25 October 2016 **TIME:** 8:30 A.M.

PRESENT: **Bond Oversight Committee (BOC)**
Mr. Gary J. White
Mr. Michael G. Davis
Mr. D.V. "Sonny" Flores
Mr. Robert M. Eury
Mr. Craig Johnson
Mrs. Phoebe Tudor
Mr. David Quan

Houston Independent School District (HISD)
Mr. Derrick Sanders, CS
Mr. Dan Bankhead, CS
Mr. Andreas Peeples, CS
Ms. Alexis Licata, Business Assistance
Ms. Sherrie Robinson, Controller
Ms. Tonya Savoie, Controller's office
Ms. Sylvia Wood, Communications
Ms. Christine Manrique, CS
Ms. Holly Huffman, Bond Communications
Ms. Rebecca Kiest, Bond Communications
Ms. Kristen Cobb, Bond Communications
Ms. Jade Mays, CS

ABSENT: Ms. Jessica Diaz (resigned)
Mr. Martin Debrovner (resigned)

The general purpose of the meeting was to brief the Bond Oversight Committee on the current status of the new construction and renovation projects funded through the 2012 Facilities Capital Program. Related issues, questions and activities were also discussed:

Item 1 Welcome

Construction Services Officer Derrick Sanders welcomed Bond Oversight Committee members and other attending guests at 8:40 a.m. The meeting was held in the third floor of the Hattie Mae White Educational Support Center in the Superintendent's large conference room.

Item 2 Oversight Committee Meeting Minutes — July 26, 2016

Mr. Sanders asked if there were any issues with the minutes. There being none noted, the committee approved the minutes as presented.

Item 3 21st Century Learning Video and Third Quarter Progress

Mr. Sanders began the Third Quarter Progress Report with a video showcasing the 21st century learning environments now available to students at the new schools that opened their doors to students for the first time this fall. Those schools include Condit Elementary, Mark White Elementary and Mandarin Immersion Magnet schools, North Houston and South early college high schools, and (non-bond) Fonwood Early Childhood Center. The Worthing



High School Phase 1 Classroom Addition also opened to students in August and was featured in the video.

During the video, new HISD Superintendent Richard Carranza joined the meeting with Interim Chief Operating Officer Lenny Schad. At the conclusion of the video, Mr. Sanders introduced Superintendent Carranza to the Bond Oversight Committee.

Superintendent Carranza thanked the committee members for their service and noted the importance of their efforts as the district brings the bond program to to completion. Before departing, he asked each committee member to introduce themselves and explain why they wanted to be on the committee. Placing an emphasis on the importance of being transparent and open to feedback, the Superintendent said he was proud of the work accomplished, but encouraged the committee to continue keeping a critical eye on the bond. Doing so, he said, helps the bond team keep their eyes on the ball and deliver what was promised to voters.

After Superintendent Carranza departed, Mr. Sanders resumed his third quarter update. Mrs. Phoebe Tudor said she enjoyed the video and liked seeing students learning in the new communal spaces. She pointed specifically to Condit Elementary School, saying she liked the bright colors and inquired about the architect. She also asked if any schools had experienced issues getting used to the new facilities. Mr. Sanders noted that VLK Architects designed the school. He and Mr. Dan Bankhead noted that they had heard of no issues related to school staff adjusting to the new buildings. Mrs. Tudor went on to ask if all students had been assigned laptops. Mr. Lenny Schad, who also serves as Chief Technology Information Officer, noted that laptops were issued to all high school students and classroom sets were available to almost all middle school classrooms. Mr. Schad noted that instructional practices evolve a little more with each passing year of PowerUp. He went on to stress that the power of the initiative isn't in the device, but in the changing instructional practices and changing culture, which can take time to shift.

Mr. Sanders went on to note that during the third quarter construction contracts had been executed on Lawson MS, YWCPA, and the final Middle School Restroom Renovation package. He also noted that three project milestone celebrations had been held in the third quarter — grand openings for North Houston Early College High School and the Worthing HS classroom addition, and a groundbreaking for Lawson MS — with about a dozen more expected in the fourth quarter.

Mr. Sanders said the next round of schools expected to be finished include Sterling Aviation High School and DeBaKey High School for Health Professions. Both have target completion dates in the first quarter of 2017, but likely will be finished during winter break. Furr and Wisdom high schools, as well as the Mickey Leland College Preparatory Academy for Young Men, are expected to be completed during the second quarter of 2017. Milby High School has a target completion date of third quarter 2017, but is expected to be completed in the second quarter and open to students in time for summer school.

Item 5

Business Assistance (M/WBE) Report and Community Outreach

Business Assistance General Manager Alexis Licata directed the committee to page 123 of the binder for detailed M/WBE information. Ms. Licata reported that M/WBE commitments for contracts awarded to date are 54 percent for architect projects, 23 percent for construction



firms, 47 percent for program management firms and 40 percent for other projects. Ms. Licata announced that HISD held three workshops during the third quarter as part of ongoing outreach activities. The events were continuing to be popular because the district solicits speakers with valuable experience that they provide to small business owners at no cost. In addition, the district participated in a variety of events with local chambers of commerce and M/WBE organizations. Of the 2012 total combined projects, committed MBE is 24.6 percent, committed WBE is 3.7 percent and non-M/WBE is 71.7 percent. The original goal for M/WBE participation was 20 percent for construction and purchasing of materials and 25 percent for professional services. Ms. Licata noted that, collectively, the district now is just shy of 29 percent M/WBE participation. She said she remains hopeful that the district can exceed 30 percent.

Mr. David Quan asked why the total combined percentage of M/WBE participation is less than 30 percent when each individual percentage appears to be higher than 40 percent. Ms. Licata noted that CMAR dollars were not included until they issued their final Guaranteed Maximum Price, which generally includes the highest number of M/WBE commitments.

Item 6 Bond Financial Report

Ms. Robinson directed the committee to page 139 for detailed financial information. Ms. Robinson reported that as of Sept. 30, 2016, \$1,035,747,838 of the total program dollars had been committed, including \$477,650,454 in encumbrances and \$558,097,384 in actual expenditures. That leaves \$1,066,702,125 available to complete the remaining projects. She went on to note that the last bond sale had been in April, and the team didn't expect to issue additional bonds until after the first of the year.

Mr. Gary White inquired about the issuance of bonds for the \$212.4 million in supplemental funding, asking if it was correct that the bonds would not be sold if they were not needed. He also asked if any schools were having to tap into their supplemental funding. Ms. Robinson noted that supplemental funding had been allocated to each project, but not necessarily spent. She and Mr. Sanders said that some schools had needed the additional funding, while others either hadn't or it was too early in the process to be certain. Mr. Sanders noted that his team was working on a forecasting model to better predict which schools might need the funding. For now, he said, prices seemed to be holding firm at \$220- to \$225-per-square-foot for new construction. Mr. Sonny Flores asked if the team thought prices could continue to rise and then suggested he thought prices would remain flat for a while before decreasing. Mr. Schad said prices were not expected to increase over the next couple months and noted that all but two contracts — Bellaire and Austin high schools — should be signed by the end of the year. Mr. Schad said it was possible that some schools could come in under budget, and noted that the district was in talks to determine how to utilize any left over funds. In the past, he said, unspent bond funds were gathered centrally and re-allocated by the Board of Education.

Mr. Michael Davis asked how potential underspend would affect the supplemental funding. Ms. Robinson and Mr. Schad explained that if the supplemental funds weren't needed, the bonds wouldn't be sold so there would be no unspent money. Ms. Robinson also noted that if they determined the money wasn't no longer needed after the bonds had been sold, the money could be immediately used to pay down the debt.



Mr. White asked the bond program staff to notify the public if the bond comes in under budget, as such news would be good and worth promoting. Mr. Craig Johnson encouraged the team to ensure parents were educated about the process and understood how and where remaining funds would be spent. If the community perceives that money allocated to their project was not spent and then reallocated to another school, it could cause distrust in the district and bond program. Mr. David Quan agreed, noting that the process for potential reallocation would need to be transparent. Mr. White said the first matter of business before reallocation takes place should be making sure the school in question received all it was promised. Mrs. Tudor said she believed any money that goes unspent should go back into the school to which it was originally allocated and not to a centralized fund. Otherwise school communities may end up feeling penalized for value engineering and trying to stay under budget. She added that money should be allocated “per student, per square foot, per dollar” to ensure fair distribution among all schools.

Mr. Schad noted that the district would try to do a better job of communicating good news, adding that having all but two projects under construction by the end of the year was great news and cause for celebration.

Item 7 Bond Communications

Ms. Wood reported that the big focus for the last quarter had been supporting principals as they moved into new facilities. Specifically, she noted that the team had worked closely with administrators at South Early College High School and Mark White Elementary School to help assist with communication needs, including directional and parking signage, and letters designed to alert parents to the move and provide information about the first day of school in their new buildings. Ms. Wood also noted that the team was helping principals plan their project milestone events, such as groundbreakings and grand openings. The team coordinated three groundbreakings and three grand openings in the third quarter and first week of the fourth quarter. Another eight milestone events are scheduled to be held throughout the remainder of the fall semester.

Ms. Wood noted that the team was working to promote good news related to the bond program, but that reporters weren’t always receptive. She pointed to the Mandarin Immersion Magnet School Grand Opening, which was held the previous day, as an example of a successful event with positive coverage. The event drew reporters and videographers from KTRK, KPRC, Univision, and HCC.

Following up on Ms. Jessica Diaz’ idea that a survey be done to gauge the effectiveness of communications efforts, Ms. Wood stated that a survey of bond school stakeholders is currently underway. Designed to determine the effectiveness of bond communications and community engagement efforts, the month-long survey was promoted through district, bond and campus communications channels. With just a week left to go, the survey has garnered more than 650 responses, most of which are trending positively. Early review of the results show stakeholders would prefer communication via email rather than traditional fliers.



Mr. Davis asked if survey results could show who responded online and who responded to a hard copy survey. Ms. Wood noted that it did not, but that would be something to investigate.

Item 8 Looking Ahead

Mr. Sanders said the district would have 11 more contracts (all but Bellaire and Austin high schools) executed and 35 total projects under construction by the end of December. Additionally, Delmar Stadium, Jones Futures Academy, and Waltrip HS are scheduled to be completed by the year's end. Sterling Aviation HS and DeBaKey HS for Health Professions are scheduled to be completed in the first quarter of 2017, but both should be done early – by this coming winter break.

Mr. Bob Eury asked why Delmar was marked with a red light on the district traffic report. Mr. Sanders explained that there had been delays resulting from issues with the contractor. Several committee members inquired about the status of the Bellaire project, asking specifically about publicized plans to consider the purchase of new land in Bellaire. Mr. Schad explained that the team was notified in the spring that Chevron was selling its property in Bellaire and asked to consider the possible purchase of the site as a location for a new Bellaire High School. After extensive review, it was determined such a plan was not feasible nor would it be supported by the trustee. The team met with the Bellaire PAT a few weeks ago and plans to meet again at the end of October to determine the best alternative options for the school. Mr. Johnson asked if they delay in starting the Bellaire project would lead to cost overruns. Mr. Schad said the cost for Bellaire had been projected at \$246-per-square-foot. Costs are expected to stay under that figure if the district is able to move forward with design in the next three months.

Mr. Schad also noted to the committee that the new superintendent was in the process of actively searching for a new Chief Operations Officer. Serving as interim for the last year, Mr. Schad noted that he was honored to have had the opportunity to serve with the committee and added that, if a new chief was hired soon, this would be his last meeting.

Mr. Davis questioned the bond team about the Board of Education's recent decision to rename HSPVA in exchange for a donation from the Kinder Foundation. He expressed concern that news stories suggested the project had been underfunded — a move that required the donation. Mr. Schad said there was enough money to build HSPVA and provide the school with the district standard for theater seating, lighting, sound, etc. However, Friends of HSPVA asked if they could fundraise the money needed for upgraded seating, lights and sound systems, among other things. Several committee members asked if HISD had ever previously sold naming rights to a school. Ms. Robinson noted that Codwell Elementary School had been named after the family that donated the land on which the school sits. Other members of the bond team and oversight committee mentioned that individual rooms had been named after donors.

Mr. White asked Mr. Sanders to provide an update on the four schools listed on the Traffic Light Report. Mr. Sanders explained that Mickey Leland College Preparatory Academy for Young Men and Furr High School had been delayed by one month because of summer rains. They delay is not expected to effect the overall schedule for the projects. Sharpstown,



will be delayed by a quarter because it was in the midst of groundwork and most affected by the summer rains. The delay will push the completion date to the end of September 2017 and potential move-in to winter break of that same year. Askew Elementary School also is listed on the Traffic Light Report because the district decided to terminate the CMAR after experiencing issues with the contractor on another project. The new contract is expected to go before the Board of Education in December, and the delay is not expected to impact the overall schedule.

There being no further questions or discussion, the committee determined there was a need to meet in executive session, and the meeting was adjourned.

The information outlined above reflects the author's understanding of the key discussions and decisions reached during this meeting. Should you have any additions and/or clarifications to these meeting notes, please notify the author in writing promptly. These notes will be relied upon as the approved record of the meeting, unless a written notice to the contrary is sent to the author within seven (7) days of the submission of these meeting notes.

Prepared by Communications.