



MEETING NOTES

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

LOCATION: Hattie Mae White Educational Support Center
Conference Room 2E02
4400 West 18th Street
Houston, Texas 77092

DATE: 28 October 2014

TIME: 8:30 A.M.

PRESENT: **Bond Oversight Committee (BOC)**

Mr. Gary J. White
Mr. Martin Debrovner
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. Leo Bobadilla, Business Operations
Mr. Mark Miranda, Business Operations
Mr. Robert Sands, CFS
Ms. Sue Robertson, CFS
Mr. Dan Bankhead, CFS
Mr. Derrick Sanders, CFS
Mr. Andreas Peebles, CFS
Ms. Sandy Hellums, Legal Counsel
Ms. Alexis Licata, Business Assistance
Ms. Sherrie Robinson, Controller
Ms. Tonya Savoie, Controller's office
Ms. Sylvia Wood, Communications
Ms. Christine Manrique, CFS
Mr. Dave Funk, CFS
Mr. Clay Clayton, CFS
Ms. Iva Martinov, Business Assistance
Ms. Yesenia Taylor, Business Assistance
Ms. Rebecca Kiest, Bond Communications
Ms. Jade Mays, CFS
Mr. John Gerwin, Construction Audit
Mr. Richard Patton, Construction Audit
Ms. Pat Collins, Information Technology

ABSENT: Ms. Jessica Diaz

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 and the 2007 Facilities Capital Program. Related issues, questions and activities were also discussed:

Item 1 **Welcome**

Robert Sands called the meeting to order at 8:36 a.m. and welcomed everyone to the meeting.



Item 2 July 29, 2014 Oversight Committee Meeting Minutes

Mr. Sands asked if there were any issues with the minutes from the last minute. There being none noted the committee approved the minutes as presented.

Item 3 Bond Program/Planning Update

Mr. Sands reviewed the highlights of the remaining work from the 2007 bond program and noted that all construction work will be complete by the end of 2014.

Mr. Sands noted that 90% of all 2012 Bond Group 1 projects are in the Construction Documents phase and all will be under construction by the end of the year. He also informed the committee that planning has begun ahead of schedule for all Group 3 & 4 projects.

Item 4 Bond Design Update

Dan Bankhead informed the committee that during the last quarter, an Information Technology summit was held to determine best practices for using technology to support 21st century learning. Additionally, he noted that ten Community Meetings were held. Further, he informed the committee that submittals from Architects interested in the Group 3 and 4 projects were received and reviewed. Interviews were held and recommendations were forwarded to the Board of Trustees. It is expected that all the firms will be under contract by the end of 2014.

Mr. Bankhead highlighted several Group 1 projects including Sterling HS, Washington HS, HSPVA, Milby HS and Parker ES. He noted that in each, the focus of the school is on display for both the students and the community at large. For example at Sterling Aviation High School, the hangar is located at the school entrance and is surrounded by glass so that all can see the work taking place inside.

Phoebe Tudor asked if a rendering of the historic portions of Milby could be shown to the group. Mr. Bankhead stated that one was not included in the presentation but he could do so from his computer after the meeting.

In response to a question from Robert Eury, Mr. Bankhead noted that although Construction Documents are 60-80% completed that bid packages are already being issued on a number of projects. Typically, the early bid packages are for abatement, demolition, utilities, site work, etc.

Item 5 Bond Construction Update

Derrick Sanders reported on construction work currently underway. He informed the group that foundation work for Worthing HS and Delmar Field House is nearing completion, that utility work at Waltrip HS is ongoing and that the third phase of abatement and demolition commenced at Milby HS. Mr. Sands stated that the contractors for DeBakey HS and BT Washington HS were released last week and abatement is starting. The Notices to Proceed (NTPs) for the site package at Furr HS and Mandarin Chinese Language Immersion Center were released within the last two weeks. Mr. Sanders expects NTPs to be released for SECHS, Lee HS, Sterling HS, NHECHS, Condit ES, HSPVA, Sharpstown HS, and Butler/Barnett Stadiums to be issued in November with Mark White ES and HSLE to follow in



December.

Mr. Sanders reported that Phase 1 Middle School Restroom projects are underway and Phase 2 projects are expected to start in the 2nd quarter of 2015. He also noted that the high priority work included in the district wide Safety and Security program has started.

Item 6 Business Assistance (M/WBE) Report and Community Outreach

Alexis Licata reported that HISD received the 2014 Supplier Diversity Champion Award and introduced members of her team.

Ms. Licata reminded the Committee that the M/WBE participation professional services goal for the 2012 Bond program is 25% and participation is at 51%. She also stated that HISD's goal for construction services participation is 20% and that Construction Manager at Risk (CMAR) commitments currently range between 20-40%.

Ms. Licata noted that outreach events are being held with the CMARs. Additionally, HISD participates in or sponsors forums and events with other government entities as well as presenting at workshops.

Finally, Ms. Licata noted participation has exceeded the 20% goal of the 2007 program with almost 35% collective participation.

Item 7 Financial Report

Sherrie Robinson reported that the total current commitment for the 2007 Program is \$1.077 billion. Total uncommitted and available funds are \$98, 567,275. She noted most of this is earmarked for projects that carry over between 2007-2012 programs such as Condit ES, Worthing HS, Waltrip HS, etc.

Ms. Robinson noted that for the 2012 program, bonds totaling \$340 million were sold in Feb., followed by an additional \$350 million sale in September. She noted that evaluating when to sell the remainder is an ongoing process. It was noted that current commitments total \$184,153,380. Gary White asked how a determination is made to sell bonds. Ms. Robinson explained that this is determined in consultation with the Bond office to insure that funds are available prior to the need to encumber them. Leo Bobadilla reviewed the funding process and explained the "available" funds will become encumbered. He noted that the need to execute contracts is the main driver requiring the sale of bonds

Item 8 Bond Communications

Sylvia Wood reported that 10 community meetings were held in the third quarter. She noted that several were very well attended – Bellaire HS and Yates HS in particular. Ms. Wood stated that the public provided critical input which resulted in different options being considered for Bellaire HS and an additional community meeting focusing on curriculum being held at Yates HS.



In response to a question, Ms. Wood noted that the new options for Bellaire addressed moving a portion of the student body into swing space and allowed construction phasing of the occupied site. The previous options either moved the entire student body off-campus or caused a complex and lengthy construction process. Mr. Sonny Flores asked about the impact to the schedule. It was noted that the new options may result in a delay to the start date for Bellaire HS. Mr. Bobadilla expanded upon Ms. Wood's comments noting that the community also expressed concern regarding the current student enrollment at Bellaire HS and that the Board of Trustees was reviewing the possibility of making Bellaire's enrollment less than it is currently. He also noted that due to neighbors' concerns, underground parking is being explored. David Quan asked which students would be moved to the swing site. Sue Robertson explained that moving the 9th grade is being explored since at that grade there is less curriculum crossover between grades. Mr. Bobadilla noted that the possibility of moving the 10th grade is also under consideration.

There was a follow-up discussion regarding the swing space being used during the Milby construction process. Ms. Robertson noted that grades 10-12 are at Jones High School and the 9th grade is housed at Attucks Middle School. Mr. White inquired as to the reaction of the community and how the information was communicated to them. Ms. Robertson explained that first the PAT and then broader community were informed of the plans. She explained that the use of Milby's historic building kept phasing from being a viable option. She explained that while no one wanted to disrupt the campus, once the community realized the benefits of a better building, they accepted the swing space plan as the best option. Mr. Quan asked if moving off campus shortened the construction time. Mr. Bankhead explained that most of the high school projects were 15-24 month construction projects. He noted that at both Bellaire and Milby phasing resulted in an at least two additional years of construction.

Ms. Robertson acknowledged that while the students are affected by the new location, keeping the 10-12th students together on one campus helps to maintain the cultural connection to their school. It was noted that the school installed signage, "Same herd, Different pasture" to help maintain the Buffalo pride. In response to a question, Ms. Robertson confirmed that based on the current design, Lamar HS will not likely require students to leave the site during construction.

Mr. Sands reported on HISD's attendance at City of Bellaire City Council meetings to receive their input. He noted that, in general, the city council members expressed satisfaction that HISD was addressing the concerns of the community. Ms. Robertson noted that every effort was being made to satisfy the community while providing a facility that meets the educational needs of the students.

Craig Johnson asked how communication was made to the Attucks MS community of the inclusion of Milby's ninth graders. Ms. Woods noted that a community meeting and FAQs prepared by Bond Communications were used to notify the Attucks MS community. She stated that the strong leadership of both principals was critical to the success and acceptance by the community. Ms. Robertson noted that at Attucks MS the Milby HS students are appropriately separated from the middle school students. Similarly at Jones the three schools – Milby HS, SECHS, and Jones Futures Academy are each housed in separate areas and

only overlap to use common facilities – dining for example. Mr. Sands noted again the critical role the principals' leadership played.

Ms. Woods noted that all Group 1 design process videos are posted on the website and Group 2 videos are complete and will be released soon. She reported that Bond Communications worked with Dr. Grier to develop an editorial related to the impact of the bond program. Additionally, a mailer which highlighted the bond programs was prepared and issued over the summer. Lastly Ms. Wood noted that her group has provided a checklist for groundbreakings should a school elect to hold one. She noted that there is one at Condit ES this weekend.

Item 9 Looking Ahead

Mr. Sands noted that by the end of the year, construction will be underway on all schools in Group 1 as well as the athletic improvements at Butler and Barnett and the middle school restrooms. He further stated that the Group 2 projects will all be in the Construction Document phase and planning for Groups 3 and 4 projects will be nearing completion.

Mr. Sands noted that during the next quarter final scope-to-budget reviews of the Group 1 projects will be completed and that some changes to the projects may be required to keep the projects within budget.

Item 10 Construction Update

Mr. Sands reviewed the development of the bond budgets prior to the referendum. He noted that while the referendum included 5% inflation per year, inflation is currently reaching 10%. Due to the construction boom, there is a drop in available labor force, and material demands are increasing. Both of those factors have resulted in increased construction costs.

He noted that other districts are addressing increased costs by increasing the number of students per classroom. HISD hopes to keep the projects within budget without resorting to reducing programmed spaces; however, this remains a possibility. Mr. Sands noted that scope-to-budget is verified at checkpoints at each phase of the design. He explained that there are several steps to bring balance the scope to the budget should it be determined at the checkpoint that they are not aligned:

- Value Engineering review
- Re-purpose non-construction budget line items (FF&E, Survey, etc.)
- Re-program the project to the minimum capacity called for by the bond referendum
- Consider reducing program and/or amenities
- Coordinate communications to convey the issues to the PAT and the school community

Mr. Sands noted that in order to address the unplanned inflation taking place, planning for Group 3 and 4 projects had been accelerated by 6-18 months. This will allow the projects to move forward sooner should it be determined that it is necessary in order to remain on budget.



Sonny Flores asked what steps will be taken if bids received are greater than funding. Mr. Sands replied that the steps listed above will again be used. He noted that hard decisions and conversations with the PAT and community would likely be necessary should it be necessary to reduce the project size.

Mr. Flores asked for an update on the status of permitting. Mr. Bankhead reported that permitting with the City of Houston is going smoothly.

Mr. Flores asked if a traffic plan is required from the Contractor. Mr. Bankhead responded in the affirmative and added that a traffic study is generally prepared during the design phase also. Mr. Flores expressed concern with construction suddenly blocking traffic. Mr. Bobadilla noted the third community meeting is held so that neighbors can be informed of plans and who to contact with any issues related to construction.

Martin Debrovner asked if the pool of contractors is large enough. Mr. Sands noted that to date there has not been a problem with sufficient general contractors/construction managers at risk. Rather the issue appears be with a lack of subcontractors.

Mr. Eury stated that it appears that the level of certainty of the financial issue will become clearer in the last quarter of 2014 as Guaranteed Maximum Prices (GMPs) are received. Mr. Bobadilla confirmed this was the case and was the reason for the presentation so the Committee will not be surprised next quarter. Mr. Eury stated accelerating the planning is wise. Mr. Bobadilla noted his concern to maintain a reasonable level of quality and that may result in a reduction of the size of the facilities. Mr. Flores noted his agreement with this concept.

Mrs. Tudor asked for information on the projects which include maintaining the historically important portions. Mr. Bankhead reviewed the intent for the historically important projects. He used Lamar HS and Davis HS as two examples. He noted that both will maintain their exterior historic facades but will have 21st century interiors. Mr. Bankhead noted that Austin is currently being programmed and is not yet designed. Milby is the other historic project and is having a significant addition to the historic building. Mr. Bankhead noted that there are several projects that while not listed as historic projects are intended to retain some of their existing buildings – YWCPA and Wharton K-8 were examples noted. Mr. White asked if the PATs were providing input on what should be saved and what replaced. Mr. Bobadilla noted that the community provides input but that at times there is disagreement among them so the team works with the PAT and principal to develop the best possible solution. Mr. White noted that there are often sensitivities beyond bricks and mortar that have to be addressed also.

Mrs. Tudor asked how communication can be improved with the communities so that they are aware of the plans for historic campuses. Mr. Bobadilla responded that while there is always room for improvement and solicited ideas from the committee, he noted that great efforts are made to engage the communities, but not everyone takes advantage of the opportunity. He expressed his concern that the acceleration currently underway could negatively impact the communications. Mr. White stated his belief that the public will understand the effect of



inflation once it is explained to them. Mr. Johnson noted that keeping the cultural history is often as important as keeping the historic facility. He noted that the original Yates HS became Ryan MS which is now the Baylor College of Medicine Academy at Ryan. He expressed his desire to have some of the history from the original school affect the new Yates. Ms. Tudor noted that we need to remain sensitive to the history particularly for schools that do not have as active a community

There being no further questions or discussion, the committee entered Executive Session.

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 Construction and Facilities Services.