

**Rochester Joint Schools Construction Board**  
**Monthly Meeting Minutes**  
**December 2011, 2023**  
**4:00 PM**

**Present – Called to Order by the Board Chair at 4:01 PM**

The meeting was attended by Board Chair Thomas Richards, Vice Chair Shaw Farr, Treasurer Kim Jones (virtual), Richard Perrin, Jesse Dudley, Jacob Scott (virtual), Ron Gaither (virtual), General Counsel Greg McDonald, General Counsel Melissa Mahler (virtual), State Monitor Jaime Alicea and RCSD Superintendent Carmine Peluso.

**Approval of Minutes**

Monthly Meeting held on November 13, 2023

Motion by Board Member: Rich Perrin

Second by Board Member: Kim Jones

Approved: 7-0

**Action Item**

**Resolution 2023-24:12**

**Pay Requisition Summary Acceptance (November 2023)**

**Moved by Board Member: Kim Jones**

**Second by Board Member: Jesse Dudley**

**Adopted: 7-0**

**Resolution 2023-24:13**

**Phase 3 Independent Compliance Officer Contract Award**

**Moved by Board Member: Rich Perrin**

**Second by Board Member: Kim Jones**

**Adopted: 7-0**

**Resolution 2023-24:14**

**Phase 3 Financial Advisor Services Contract Award**

**Moved by Board Member: Jesse Dudley**

**Second by Board Member: Kim Jones**

**Adopted: 7-0**

**Resolution 2023-24:15**

**Phase 3 Underwriting Services Contract Award**

**Moved by Board Member: Kim Jones**

**Second by Board Member: Jesse Dudley**

**Adopted: 7-0**

**Resolution 2023-24:16**

**Phase 3 Legal Services**

**Moved by Board Member: Ron Gaither**

**Second by Board Member: Jacob Scott**

**Adopted: 7-0**

## **FUND BALANCE REPORT:**

Chairman Richards asked consultant Kimberly Mitchell to review the details of the Fund Balance report with the Board. The payments from the previous month were deducted from the cash capital account. This left a balance of approximately \$5,239,924 in the Cash Capital account, which does not reflect any interest accrued in the account. The current pay requisition for \$210,881.50 is comprised of four vendor payments from the RCSD Loan Fund totaling \$210,881.50. The remaining account balances are \$330,648 in the RJSCB Fund, \$4,503,855 in the Phase II Bond Fund, \$405,421 in the Settlement Funds and \$334,065 in the RCSD Loan Fund.

## **Meeting Notes**

- Chairman Richards opened the Action Items portion of the meeting by explaining the importance of the Board understanding the totality of how much money will be spent on this Program and the schedule by which it will be spent. The Financial Advisor is the same group that was used in the past phases. In addition to having developed a specific expertise with respect to this particular kind of transaction, they are the group that provides similar services to the City. That's important because they have experience with the City and particularly with respect to the first of the financial transactions, which is the Bond Anticipation Note, which uses City credit. The Bond Underwriter also has experience with the particular types of transactions performed on this Program. There's a lot of work to be done to get to the financing and these people need to be in place to do it.
- P  pin Accilien began the Program Manager's report by thanking the Board for selecting the Financial Advisor and Bond Underwriter. Savin will meet with RJSCB leadership to plan the short term financing process for the phase and review the requirements for sizing the Bond Anticipation Note (BAN). The BAN would carry the Program through the planning process and early design work necessary to move the Program along until the first tranche of the serial bonds are sold. Once the scope of the Program and the associated schedule and costs are reviewed with the financing professionals, Savin will start drafting the narrative of the financial plan and supporting documents that need to be reviewed by the school district and then submitted to the office of the State Comptroller. The Program costs are being reconciled with the master plan architect using the best information and assumptions available and those assumptions involve the calculation of building aid units for each building in Phase 3. They also involve regional cost factors, the construction cost index in effect when the general construction contract is signed, maximum cost allowances and the SED Commissioner approval of each of the projects. Chairman Richards stated that the overall cost estimate will change all the way through this whole project but they'll probably change dramatically between now and when the first project begins but there was a need to have something to work against to get some sense of the totality. What was presented was the initial cost structure for the whole project and for each of the individual projects. It was important to get some sense of the order of magnitude and what it shows is the project is \$38 million dollars over budget already. That's no surprise as it almost always happens. There's work being done to see if there are things that can be changed in the estimate itself before changing the project but, ultimately, that number has to go away. One of the reasons the number is higher is that current cost structures were used and current construction costs have gone up dramatically. The other reason for having something this large and beginning to use this as a basic planning document is to avoid a situation where all the money is spent on the first two projects. In the course of the project, some decisions will have to be made to spread this money across all projects and help the District make decisions about what's most important to them and what it is they want to do. Mr. Accilien added that the current costs were escalated to midpoint of construction, approximately August 2027, and that's where the overage really got escalated. Member Ron Gaither asked if there was a contingency. Mr. Accilien responded that there is a 10% contingency being carried to 95% of construction. Chairman Richards explained the two-step process. The first step is to get the cost structure itself within the statutory limit of \$475 million. In addition to that, the total number has to be 95% that's state reimbursed. The Chairman detailed the three-step process for financing the Program. Step one is to borrow money from the District. Some money has already been borrowed but more will need to be borrowed. In Phase 2, that total turned out to be about \$5 million. The second step is the BAN, Bond Anticipation Note, which is anticipating the ultimate issuing of the bonds, which pays back the District and finances the beginning

of the work. The third step is the bonds themselves. The loan from the District will have to be finalized sometime around the middle of January, the BAN is anticipated in June of next year and the first tranche of the bonds will be about \$200 million dollars that would occur June of 2025. That would pay back the City or BAN and finance construction of the project. These are approximate dates. Mr. Accilien continued the Program Manager report by reviewing the cash flow plan. Historically, in Phase 2, the District issued one loan for \$2.7 million dollars, a second loan for \$2 million dollars and an advance of \$5.3 million totaling \$10 million dollars of advanced funds to the RJSCB to roll out Phase 2. Mr. Accilien estimates the total loan from the District to the RJSCB to roll out Phase 3 will be about \$5 million dollars. Chairman Richards suggested that some of the planning, particularly architectural planning, should be done sooner rather than later. That will take some of the pain out of the schedule and start firming up the numbers. Mr. Accilien stated that after the kickoff meeting with the advisors, he will be able to size the BAN. Once the City authorizes the BAN with an ordinance, the closing will be scheduled, hopefully in June 2024 or sooner. Treasurer Kim Jones expressed concern about the June 2024 date with the City being in the midst of closing their financial statements at that time but indicated a need for flexibility. Chairman Richards stated that another wild card with the cost structure is how much it will cost to finance the Program. The interest rates in Phase 2 were less than a percent in the final period of time. That will not happen this time. That will have an impact on the total cost of the Program.

- Roland Coleman began the introduction of the schedule portion of the Program Manager report by informing the Board that the schedule is iterative and will change. Mr. Coleman explained that Phase 3 has three very unique attributes that distinguish it or differentiate it from prior phases. The projects are larger by an order of magnitude and are much more focused on mechanical, electrical and plumbing as well as building condition survey deferred maintenance. One of the immediate implications of that is there are long lead items for MEP building system infrastructure; boilers, generators, switchgear and the like. It's not unusual at the moment to see close to two years lead time. The Program Management team would like the Board to consider the pre-purchase of some major equipment in an effort to both manage the funds and cost effectiveness of the project as well as complete the projects by 2031. Another very differentiating characteristic of Phase 3 is there is a much more proactive process with SED, with many more required reviews of the projects. Sixty work days of SED review time has been built into the Phase 3 schedule as opposed to ten days in Phase 2. Also, each submission has to substantiate that the project is below the maximum cost allowance and that the base project is 95 percent or lower. That is a different kind of discipline but that also means there will be some priority alternates that can bring the project up to 100 percent of the budget. There needs to be a meeting with SED to ensure that they concur with the allotted time for the reviews. If those dates can't be agreed upon, the financial plan will be severely impacted. The schedule is also designed to stagger the projects to allow for more availability of contractors. The Program Management team is asking for authorization to go out with a mini-bid to pre-purchase major equipment. That puts the equipment in what's called an equipment by owner category. The equipment is already specified and coordinated in the drawings but by pre-purchasing it, the markup from the contractors is eliminated. This process is unusual for the District and unusual for SED but it is not unusual in the building design and construction industry. If SED will not agree to allow that, the schedules become untenable in certain respects. The schedule also revealed that Wilson and Franklin cannot be constructed at the same time without a swing space suitable for a high school. The plan originally identified two high school swing spaces, one of which was removed, and the District is looking at candidates to replace it right now. Without Wilson underway in the second year of construction of Franklin, the Program schedule is severely impacted. Some procedures the Board is being asked to consider are the early selection of the AE teams and the option to go to a single prime, where construction managers wouldn't be needed. SED's concurrence is required for the timing of their reviews, the purchase of long lead items, their concurrence on exactly how the 95% will be determined and their concurrence on the gut renovations being eligible for furniture and the like. That concluded the Program Manager's report.
- Chairman Richards informed the Board that they would receive the materials that were reviewed, not to take action but to understand what's available and what's being considered.
- Member Richard Perrin asked if the change in SED review time from 14 days to 60 days had to do with the fact that the Phase 3 projects were much bigger. Roland Coleman responded that SED will be constantly updated through the

life of the documents, stating at 25%, which will highlight anything that has significantly changed or matured. There's also a detailed cost estimate that has to accompany it to show that the project is at or below 95% and this will help them get the confidence that there is control over the quality, scope, schedule and estimating which will focus their review on code conformance and life safety. Chairman Richards added that if it will take SED longer to perform the reviews, there will be time and cost consequences. Member Rich Perrin asked the Program Management team if they'd considered bundling the work so the same laborers are working on multiple sites, doing the same work. Chairman Richards responded that it might be something to think about further into the project as access to labor is going to be an issue that has to be dealt with.

- Chairman Richards reiterated to the Board that there is a master schedule for the whole project now that has considerable detail and as well as a total project cost with a little less detail. These two elements provide a basis from which to work from. Member Ron Gaither asked if the Program Management team had an idea what the percentage of the total cost represented the long lead items. Chairman Richards responded that there's not an answer to that question currently but that was one of the reasons for requesting the engagement of the architectural engineering team sooner to provide specifications early in the schedule. Due to the long lead times, Chairman Richards stated that there may need to be some changes to what equipment is being planned for today in order to meet the current circumstances.

**ADJOURNMENT:**

5:20 pm.