

**21ST CENTURY SCHOOLS BOND ADVISORY COMMITTEE
MEETING MINUTES – June 20, 2017**

The 21st Century Schools Bond Advisory Committee (Committee) met on June 20, 2017 in Conference Room 916 of the School Board Administration Building. Chairman Martinez called the meeting to order at 3:00 p.m.

Committee Members

Mr. Roberto Martinez
Ms. Cindy Lerner
Mr. Francis Ragoo
Mr. Anthony Dawsey
Dr. Jaap Donath
Mr. Frank Silva
Mr. T. Willard Fair

Dr. Sean Foreman
Mr. Alfred Billings ✓
Mr. Jack Lowell
Mr. Alan Rubin
Ms. Carol Graham Wyllie
Ms. Julie Williamson
Mr. Alvin Gainey

Ex-Officio Non-Voting Members

Mr. Jaime G. Torrens
Mr. Jose Montes de Oca
Ms. Mary Cagle

Alternates

Mr. James Murley
Ms. Leanne Tellam

Miami-Dade County Public School Attendees

Mr. Lawrence Feldman,
School Board Chair,
Mr. Alberto M. Carvalho
Mr. Carl Nicoleau
Ms. Daisy Gonzalez-Diego
Ms. Tabitha Fazzino
Ms. Ana Rijo-Conde
Mr. Raul F. Perez
Mr. Leo Fernandez
Ms. Dalia Rosales

Ms. Maria Delgado
Ms. Francys Vallecillo
Mr. Thomas Knigge
Ms. Luis M. Garcia
Mr. Richard Benvenuti
Ms. Maria Noya
Ms. Denise Landman
Mr. Ronald Frazier
Mr. Jerald Blumstein

Other Attendees

Mr. Glen White
Ms. Arlene Stanek

Recording Secretary

Ms. Erika Duarte

Mr. Martinez welcomed the Committee and called the meeting to order. Due to lack of a quorum at the beginning of the meeting, the Chair advised that voting on the minutes from the previous meeting would be delayed until later in the meeting. Mr. Martinez informed the committee that Mr. Alberto Carvalho, Superintendent of Schools would be joining the meeting later and also that the meeting would be followed by a walkthrough of Frederick Douglass Elementary School. He also announced that shuttle service would be available.

Mr. Martinez acknowledged the presence of Dr. Larry Feldman, Chairman of the Board and then introduced Mr. Jaime Torrens, Chief Facilities Officer for a GOB project update. He

Mr. Torrens provided an Update on Years 1 through 5 of the Project Rollout as follows:

Year 1:

- 68 of 68 projects completed, including the 2 larger projects at M.A.S.T. @ Key Biscayne, and the Miami Norland Senior High

Mr. Lowell reminded everyone that the Committee had toured the M.A.S.T. Academy site. Mr. Martinez added that the facility is beautiful.

Year 2:

- 79 projects:
 - 80% of the projects were under \$2 million dollars to allow small micro business firms to gain more experience and then compete for larger projects
 - 62 projects completed
 - 15 projects in construction
 - 1 project in bidding phase
 - 1 project in planning phase

Year 3:

In year 3 there was a shift from smaller to larger projects with approximately 70% of the 54 projects with values over \$2 million. Of those:

- 14 projects completed
- 22 projects in construction
- 18 projects in design phase

Year 4:

The 50 year 4 projects are a blend of larger and smaller projects. Of those, 11 projects under \$2 million have been assigned and in design. The balance over \$2 million are at various stages, with 7 already in design.

Year 5 and Accelerated Scope:

Of the 50 year 5 projects, 12 under \$2 million are in design phase with the balance in scoping. Additionally, out of 264 small accelerated scope projects:

- 196 projects completed
- 22 projects in construction
- balance in scoping, design or bidding

Mr. Lowell questioned where West Lab falls within the GOB roll out schedule. Mr. Torrens replied that it is a Year 4 project. Mr. Martinez asked if it is new construction and Mr. Torrens responded that the current project is new construction with a construction budget under \$2 million.

Mr. Martinez asked how many school projects have not started and Mr. Torrens indicated that approximately 100 projects had not started but reminded the Committee that every

school had already received technology improvements as part of the bond roll out. He also noted that while design or construction may not have begun, every project had already been scoped or planned. The only schools not included are those relatively new, except for technological upgrades, which are ubiquitous throughout the District. Mr. Martinez questioned if a school like Terra, which is a new school was on the list. Mr. Torrens stated that it is for technology and that the improvements had been completed. Mr. Torrens noted that the focus of the bond was addressing existing facilities' needs.

Ms. Lerner asked how many projects are behind schedule. Mr. Torrens shared that the bond program is in the fifth year and that the program, overall, is on schedule. He noted that there may be some delays on specific projects due to unforeseen circumstances. The goal is to have work completed by 2020.

Dr. Donath asked for the progress on the small micro business program, heavily pushed during Year 2 of the bond program. He expressed his hopes that they have grown not only within the program but also in the private sector with the push from this program, gaining experience to now be able to bid outside the more protected environment. Mr. Torrens shared that some of the small/micro firms had graduated, and that they have done the type of work that will allow them to compete outside of the sheltered market environment. He noted that there are also new firms coming in to the sheltered arena, with others graduating out to the open market arena. He emphasized the District is very pleased and informed the committee that some of this is discussed in quarterly chats hosted by the Office of Facilities for small and micro business firms. The District has put into place an acceleration of the prompt payment policy, which provides payments 14 days from approval of invoice. Other areas of assistance include bond waivers for smaller firms and the direct purchasing of materials by the District. O.E.O. has also provided assistance and training for small businesses. Mr. Torrens emphasized that this is a learning process.

Mr. Martinez asked about other new schools, beyond Miami Norland & M.A.S.T. at Virginia Key. Mr. Torrens mentioned other examples, including Frederick Douglas, a replacement school scheduled for a Committee tour, Bunche Park Elementary in Opa Locka, a new K-8 in Doral (Dr. Toni Bilbao K-8 Center), a new iPrep facility on the Dr. Michael Krop Senior High School campus and a new K-8 in west Kendall, at S.W. 167th Avenue and 95th Street, re-using the Bilbao plans, which saved time and dollars. Mr. Martinez asked about Miami Central SHS and Mr. Torrens noted that school was replaced prior to the bond. Mr. Torrens next presented data on GOB expenditures for facilities and technology indicating that the program was approaching \$400 million in expenditures for facilities, and \$80 million in technology. The trend is upward as expected, with the total exceeding \$500 million including contracted amounts.

Mr. Torrens noted that within the package provided for the meeting there was a compliance system update from O.E.O. This was part of a presentation to the Board and being provided to the Committee to address a question posed at the last committee meeting about compliance and how the system is working. A follow-up presentation by O.E.O. would be made to the Committee following a further update to the Board in August, covering topics such as GOB contracting and payment information. He called the Committee's attention to page 3 for example which showed amount awarded to primes by ethnicity and gender for projects in Years 1 and 2. The report reflects positive trends in the level of diversity at the prime and sub-contractor levels. This system will allow contractors, sub-contractors, consultants, architects, and engineers to input data directly into the system, regarding awards and payments. This will provide an important tool for data validation, since for example, sub-consultants and sub-contractors will be able to log in to verify that payment amounts reflected for them in the system are accurate. Mr. Torrens also informed the Committee, on behalf of O.E.O. that training was being provided to the prime and sub-consultants and sub-contractors to explain how the system works. Mr. Rubin inquired about the category "Undetermined" contractors. Mr. Torrens stated that "Undetermined" meant those entities were not certified because they did not fall under one of the recognized minority groups, such as for example white male owned firms.

Mr. Ragoo stated that he represents District one, but more importantly he represents groups in the North Dade area. He shared information about an article that was published regarding the lack of diversity in terms of employment opportunities. As a representative he heard many concerns from his community. He was asked to bring forth three questions: 1) when will Committee be provided a GOB expenditure report reflecting all the dollars spent by categories?; 2) in terms of compliance with mandatory construction employment goals on the GOB, are there documents indicating that the contractors are contractually in compliance with the mandatory requirements in School Board policy?; and 3) Can the Committee be provided a copy of the documents substantiating that the District is in compliance with the mandatory requirements? Mr. Ragoo noted that he would like to provide answers to his community.

On behalf of O.E.O., Mr. Torrens stated that the compliance system is equipped to break down expenditures into categories, such as professional services, namely architectural, building code consultant and other soft costs. O.E.O.'s goal is to have the system up and running by the end of the summer. Mr. Martinez asked if this information would be available on the website and Mr. Torrens indicated that it would. Mr. Torrens then noted that the District would be asking sub-consultants and sub-contractors to log in to the system and validate to remove concerns with payments. He then concluded by stating

that the system would also deal with workforce compliance and whether prime entities are meeting their local workforce goals. Mr. Torrens expressed hopes that O.E.O. would be able to present the system to the committee at the September meeting, with real data already populated.

Mr. Rago inquired what monitoring policy we have in place to prevent unanticipated articles from an unexpected onsite visitor who recognizes deficiencies. Mr. Torrens indicated that a more accurate view would be one that could account for results emanating from the entire course of a project. Mr. Torrens indicated reports have to be submitted to O.E.O. for local workforce utilization on a monthly basis with their payment request. They will be required to input that information into the automated system. Ms. Wyllie asked if visits to project sites are the District's form of spot checking verses the documentation provided by the firms. Mr. Torrens responded in the affirmative on behalf of O.E.O. sharing that this task is executed by that Office.

Ms. Lerner asked what process is in place so that the community can report anonymously or on the record if there is false information being reported. Ms. Mary Cagle, Inspector General, informed the Committee that there is a hotline that anyone can call to report anything they feel needs to be probed. She encouraged the Committee members to inform their communities via flyers or any form of communication to encourage them to contact the IG hotline if they think something is questionable. Ms. Lerner agreed that the hotline should be publicized more, so the community has all available tools at their disposal.

Mr. Torrens noted the District held a job fair event on May 9 at Miami Central Senior High which was attended by 23 primes and sub-contractors. Approximately 130 people from the community participated with some applying for jobs. Most of the hiring is done by sub-contractors, primarily electricians, carpenters, plumbers, masons, etc. Encouraging these connections could in turn promote permanent connections even outside of School Board projects. Ms. Cagle inquired if Mr. Torrens knew how many people O.E.O. has hired to do compliance. Mr. Torrens stated that here are three positions, and that to his knowledge two have been filled. Ms. Cagle asked if the people in these positions would visit the job sites and Mr. Torrens indicated that his understanding was that they would do a combination of desk audits and field inspections.

Mr. Leo Fernandez, Treasurer, began the financial update by sharing good news. The District was able to issue \$250 million worth of GO Bonds right before the banks increased the rates. A nice premium was obtained of \$18.9 million, bringing total project funding to \$267 million. Mr. Lowell asked what the terms of the bond issue were and what the rate and return was. Mr. Fernandez explained that the District received a "True Interest Cost" (TIC) of almost 3.57. In comparison to the last bond issue, it is 16 basis points more;

however in comparison to the bond previously issued it is 32 basis points less. Mr. Fernandez directed the Committee's attention to the slides in the presentation for further details. He noted that the District was upgraded by S&P to AA as compared to the previous A rating. This upgrade helped obtain a better rate, which, together with current market conditions, proved to be beneficial to the District. Mr. Martinez asked about the rating prior to the time when this Superintendent was selected by the Board. Mr. Fernandez stated the District's rating was A+ but on a negative watch because of its low fund balance. Mr. Fernandez stated under this Superintendent, the rating agencies removed the District from negative watch to stable and then to positive. This is extremely good news for the District's future financing.

Mr. Lowell inquired if, in terms of the bond, it is a sinking fund or a situation where we can pre pay these bonds at any time with a penalty. Mr. Fernandez indicated that there is a call period which means no pre-payment without penalty for about 10 years. After 10 years the District can refinance or refund the bonds. The District is basically making progress payments. Mr. Martinez asked Mr. Fernandez if this would be the last meeting he would be attending. Mr. Fernandez confirmed and stated that he had been working for the District for close to 22 years. Mr. Martinez thanked Mr. Fernandez for his services and thanked him for attending these meetings and keeping the Committee informed. He expressed what a stellar job he did. Mr. Fernandez thanked the Committee.

Mr. Martinez requested a motion to approve the minutes of the March 14, 2017 meeting. The motion was made by Ms. Cindy Lerner, seconded by Dr. Jaap Donath, and passed unanimously.

Mr. Torrens reminded the Committee of the remaining meeting dates for 2017; September 12 and December 5. He then introduced Mr. Richard Benvenuti, District Director, to provide an update on the technology portion of the Bond, as per Mr. Rubin's request at a prior Committee meeting.

Mr. Benvenuti noted that in total the District issued 140,000 devices, all which have been delivered to school sites. This year 36,000 devices were distributed, and another 35,000 are slated to be disbursed the following year. Mr. Martinez inquired about the type of devices being purchased and Mr. Benvenuti indicated they are equivalent to a laptop which converts to a tablet, called a convertible. By next year, once all students in grades 9-12 are equipped with a take-home device, the plan is to equip middle school students with take-home devices as well. Mr. Rubin asked if these devices will be able to be utilized for testing, and shared that he has heard that due to the need to test on desk tops, students are asked to leave computer labs on campus in order to allow for other students to test. Mr. Benvenuti stated that these "convertibles" will be able to be utilized for testing, and that the new equipment is being standardized so that they can replace desktops. He also shared that the District has access to computer carts which can convert a regular

classroom into a testing lab. This is crucial in order to satisfy the State's high demand for testing. When students bring their own devices it creates an issue because the State requires that devices be "locked down" when testing takes place. Mr. Rubin explained that he understands this is not part of the Bond roll-out.

Mr. Martinez inquired about the price of each tablet. Mr. Benvenuti responded that each device costs approximately \$550, including device, warranty and all the services needed to run the device. Mr. Martinez asked if students in the District are allowed to take home their devices and Mr. Benvenuti advised that at this time only high school students can take home devices. The District is currently in discussions to determine whether middle school students should have the same privilege. Mr. Martinez asked if these devices are sold with insurance and Mr. Benvenuti advised that they are obtained with a warranty and the life span of the device is covered. Mr. Martinez asked about the percentage of damaged devices and Mr. Benvenuti indicated he thought it was about 2 to 3 %.

Mr. Lowell asked about the potential for students to hack into the system to take tests for others. Mr. Benvenuti explained that this is why there is a need for computers to be locked down ahead of testing times. There is no other way of ensuring that there isn't fraudulent activity ongoing. Mr. Ragoo asked if the students are required to return the devices at the end of each term and Mr. Benvenuti stated that they are. Students are required to sign a contract upon receiving their device committing them to take care of the device, advising them of restrictions, and having them agree to return it at the end of the year. Mr. Silva queried if the devices are trackable for security purposes and Mr. Benvenuti stated that they are not.

Mr. Martinez inquired if the topic of removing time limits from standardized testing, or the topic of speed versus knowledge, has been discussed. Mr. Benvenuti stated he is not aware if this topic has been reviewed and offered to inquire. Mr. Martinez expressed the importance of this subject, and how the system needs to review if the students are testing for knowledge or speed. Mr. Rubin requested a breakdown of how many and which model of devices have been issued to each school in the District. Mr. Benvenuti agreed to provide a breakdown at a later date.

Dr. Feldman, School Board Chair, expressed that he felt that Mr. Rubin sparked a great question in regard to number of devices versus number of students. He stressed the importance of systematically surveying, by zip code, the number of students in the District who do not have the opportunity to acquire devices; most notably down South in places like migrant camps where often a number of students don't have access to devices, due to economic issues. Dr. Feldman emphasized the importance of constantly tracking this data because we would be doing a disservice to any student who is not being

afforded the same tools as other students in the District. Often some of the brightest and most promising students find it difficult to compete, and can be overlooked because they are not being tested or taught in the same fashion as their peers, which is the foremost disadvantage to the student. Dr. Feldman indorses that these are the students who truly need to have access to the District's take home devices. He asked if there was information on the most recent survey of devices per zip code or member District. Mr. Benvenuti indicated that every year the level of devices throughout the District is reviewed. Certain schools receive extra assistance at an almost 2:1 ratio. This check is actually performed about quarterly ensure everyone has the equipment required to perform. Anybody in the District, in Grades 9-12, can acquire a device from their school. To date, there has not been an occurrence where there has been a shortage of devices at a school site. Mr. Rubin asked Mr. Benvenuti if he can provide the Committee with the device check out process, students are required to follow. Mr. Benvenuti indicated he would forward that information to the Committee.

Mr. Benvenuti then updated the Committee on the installation of Promethean boards, which is still occurring with a focus on replacing 10-year old boards, noting that an estimated additional 1,000 boards can be procured with current funding. He noted that thus far, the District has completed installations at 330 schools. Mr. Torrens reminded the Committee that the commitment the District made to equip every classroom in the District with an interactive board was met as of August 2014. Initially, a Promethean board was installed in every classroom without one. Mr. Ragoo requested details about the process in place to service and upkeep the technology at each school. Mr. Martinez asked that a report be provided during the upcoming GO Bond Advisory Committee meeting. Ms. Wyllie added that if possible, an update on teacher utilization in regard to the technology provided to the schools should be provided.

Mr. Torrens next spoke of District concerns regarding passage of House Bill 7069 and its impacts on the District's ability to maintain and support the entire Capital program, beyond the GOB program. Mr. Lowell asked whether the Bill had been signed by the Governor and Mr. Torrens confirmed so. Mr. Martinez asked if the Bill in question is the one that requires the District to allocate some of its capital dollars to charter schools, and Mr. Torrens confirmed. Mr. Martinez questioned if this Bill is a way for the State essentially to impose a real estate tax and if so, whether it would be considered unconstitutional under the Florida constitution. Mr. Torrens responded that the District is reviewing these type of questions.

Mr. Martinez directed the Committee's attention to Ms. Cagle who would be providing the Committee with an update on the Office of the Inspector General. Ms. Cagle introduced Ms. Arlene Stanek, Auditor, who would be assisting Ms. Cagle with the update. Ms. Cagle

stated that at the November meeting of the Board or possibly during a Facilities presentation, SMBE percentages were reported. The Goal Setting Committee had established participation percentages for construction at 8 schools, at 20% for SMBE participation, and the Board approved items reflected a much higher commitment, with some percentages close to 80%. The Office of the Inspector General decided to validate those percentages and Ms. Stanek who works in the audit department, designed a process to validate the percentages. Ms. Cagle introduced and asked Ms. Stanek to provide further details on that validation process.

Ms. Stanek detailed that based on the information contained in the November presentation to the Committee, there were several projects listed with small business commitments above the 20%-25% goal set by the Goal Setting Committee. Some of the goals exceeded 80%. The Office selected 4 of the 8 projects identified in the packet, namely Henry Filer Middle School, Madie Ives Elementary School, Norland Elementary School, and Springview Middle School. These four projects were selected because they had the same attributes, i.e. open competition with CMR, or a Construction Manager at Risk with a Guaranteed Maximum Price (GMP). The Office of Capital Improvement Projects was contacted, and bid documentation from the subcontractors for those four projects were obtained and reviewed. Also reviewed was the bid tabulation provided by the contractor and how they went about developing the contract price for each project.

Three documents were compared: bids, the bid tabulation, and the GMP to determine if the numbers all matched. Ms. Stanek indicated that there were no material findings although there were 11 instances where it was noted that the numbers did not match. These findings occurred at two schools: Henry Filer Middle School, and Madie Ives Elementary School. From those 11, 8 came from the subcontractor bid amounts for the Madie Ives Elementary School project. Those amounts did not match the GMP amount. It was determined that a reduction in scope as a result of changes in the alternates and addition of ADA bathrooms affected the final numbers presented in the GMP presented to the School Board. The second step in this process was to contact some of the subcontractors in question. From the four projects selected, 15 subcontractors were contacted and asked a series of questions about their bids, namely whether they provided bids, whether they were advised that they were awarded the project, whether they received a contract agreement from the contractor and signed a letter of intent on the dollar amount of their contract, and whether the dollar amount represented their percentage of construction participation.

The subcontractors provided documentation on their contract agreements and their letters of intent. From the fifteen subcontracts, eleven of them were already working on their projects, and the other four had not started working yet. Ms. Stanek explained that from

there, their contract agreement and letters of intent were reviewed. The dollar amount was reviewed and to the GMP provided by the contractor to the School Board. There were five instances where the numbers did not match and ten where there were no issues with the numbers. The five that did not match occurred at Norland Elementary Schools and Henry Filer Middle School. For those five, two were the result of the reduction in scope after the GMP was finalized. For Henry Filer Middle School, the reduction after the GMP was due to the changing of windows and doors. That amount was approximately a \$15,000 reduction in the subcontractor agreement. That did not affect the overall construction value of the project which was approximately \$1.7 million dollars and the subcontractor amount was approximately \$500,001. The second one was due to the scope reduction at Norland Elementary School due to deletion of acoustic ceiling tiles post GMP. The tiles were inspected by the Project Manager and by the A/E, who deduced that they were in good condition, resulting in the scope being reduced and deducted from the subcontractor's contract agreement, which will occur at the conclusion of the project. The amount reduced was about \$15,000 out of \$20,000, for work not required. Although that may be a large amount, for the subcontractor, his percentage of the SMBE dollars was 1%, later reduced to .3%. There was no material impact on the overall project. The contract construction value of the overall project was \$1.8 million dollars.

The remaining three instances where the scope changed after the GMP was finalized related to transfer of some scope from one subcontractor to another subcontractor, within the project. The first one occurred at Henry Filer Middle School and the transfer was from a non-SMBE to a SMBE subcontractor. According to explanation provided by the contractor, the transfer was done in order to consolidate the work scopes to fewer subcontractors, due to limited work space at the project site. The non-SMBE, where scope was taken from and given to another, confirmed he did provide a bid, however, he was not advised that he was awarded that scope of work. The other two instances at Henry Filer Middle School included \$20,000 transferred from the HVAC subcontractor to the Plumbing subcontractor for removal and reconnection of A/C condensation lines. The final transfer of scope occurred at Norland Elementary School. That subcontractor did not wish to perform a portion of their scope of work, so the amount of \$14,500, was taken out of their contract amount and given to another sub-contractor to complete that work. Again, those amounts were not material to the overall project goals or to the individual sub-contractor's goals.

Ms. Stanek concluded that during this validation process construction activities reviewed included how the GMP was developed and then, from GMP award to the contracts issued to sub-contractors. The OIG did not look at payments or conduct any site visits but was satisfied with the feedback received from the fifteen subcontractors who were contacted. Mr. Martinez thanked Ms. Stanek and Ms. Cagle for their thorough presentation.

Dr. Feldman expressed his appreciation for this validation process and commended the District and the Office of the Inspector. Mr. Martinez reminded the Committee that Ms. Cagle's office does not report to the School Board and shared his appreciation for her continued efforts.

Mr. Martinez pointed out that the Superintendent had joined the meeting during Ms. Stanek's presentation, and announced that the Committee would be touring a school immediately following the adjournment of this meeting. He instructed them about the shuttle service being offered.

There being no further business to discuss, Mr. Martinez adjourned the meeting at 4:08 p.m.

Approved:


Roberto Martinez, Chair *Vice Chair*

Date: 12/12/17