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Chief Financial Officer
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JSCB

Joint Schools Construction Board

www.jscb.us

Minutes

April 8, 2010

8:30 a.m.

Board members present: Mayor Stephanie Miner, Superintendent Dan Lowengard, Chuck Merrihew, Hon. Lance Denno, Hon. Ned Deuel, Hon. Pat Hogan, Hon. Laurie Menkin, Council President Van Robinson, Hon. Calvin Corriders

Board member absent: Dr. Ruben Cowart

A motion was made by Commissioner Deuel to approve the minutes of the April 1, 2010 meeting. The motion was seconded by Councilor Robinson and approved 8-0.

Counselor Joe Barry delivered the report of the JSCB secretary. Public meetings for the architects to present designs will be held on April 12, 2010 at H.W. Smith at 7 p.m. and April 15, 2010 at ITC at 6 p.m. The Clary and Shea roof bids will go out next week and are due back in May. On March 30, 2010 JSCB staff received a response to the technology integrator RFP and the City is in the process of forming an RFP committee. This is a contract for the City and the School District to hire a technology consultant who would specialize in maximizing technology MCA.

Suzanne Slack delivered a cash flow presentation prepared by school district staff. Please refer to the PowerPoint presentation in addition to these notes:

Tranche I was borrowed in March 2008 for \$49M of which \$13.5M has already been spent. Tranche II would for \$68M and would be borrowed by February 2011. The School District has been in contact with the Office of the State Comptroller (OSC) regarding these borrowings.

The third slide labeled "Big Picture" shows the budgets per school, and sources exceed expenses by \$1.3M. These numbers do not take into account increased contingency or LEED Silver costs which were voted on at the April 1, 2010 meeting. The \$46.7M of local share represents 32% of the total project cost (which is normally 20-25% for a project of this type).

The fourth slide labeled "Big Picture—Building Aid Timeline" maps the deadlines which would begin the flow of state aid. If SED were to review and approve the project by June 30, 2010 and the JSCB were to submit the SA-139 form (the form that triggers state aid for the next 18 months) to SED by October 15, 2010, then the JSCB would receive a full year of state aid for the 2011-2012 year. If the JSCB misses the deadline and submits the designs to SED for its review and approval by August 30, 2010, and still files the SA-139 form to SED



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by October 15, 2010, then the JSCB would only receive a half year of State aid for 2011-2012. By November 15, 2010 SED has to finalize the approved contracts and the projects from the JSCB's October 15, 2010 submission. Eighteen months later, the aid would actually begin to flow. If the initial filing is submitted late, then the State will only release six months of aid. The contracts are not scheduled to be ready until late fall or early winter of this year. That means that the JSCB will not receive any State aid in the 2011-2012 year with the exception of aid for the roves at Clary and Shea.

The JSCB's bond proceeds relative to soft costs from Tranche I will be exhausted by March 2011. There are financing options for Tranche II, including borrowing in smaller amounts to reduce debt payment in earlier years.

The tenth slide shows the \$8.6M gap in 2011-2012.

Commissioner Deuel commented that when the JSCB borrowed Tranche I, there were plans to renovate the exterior of ITC, and then the board decided not to.

Commissioner Menkin commented on the lack of communication between the financial advisors and the program manager, as this issue could have been avoided if a more timely schedule were maintained. Counselor Barry remarked that the original financial plan state aid was predicated on Greystone at ITC in 2008.

Mayor Miner said that she heard about a meeting last fall which addressed this cash flow issue. She became aware of this issue two weeks ago, and she asked the Superintendent if he went to the meeting where this was discussed. The Superintendent responded that he was not at that meeting and became aware of the issue two minutes ago.

Ms. Slack said that this issue has been monitored by the School District staff, but they were unsure if the February borrowing was necessary until they got the final numbers.

The Superintendent asks if we will make the June or August deadline, to which Mr. Tuzza responded no. The Superintendent said that we cannot solve this problem now, but two weeks from now we will have a solution.

Ms. Slack remarked that in the future, the JSCB must make sure to have contracts approved and signed before borrowing. The Superintendent asked when this project will have cash exceeding debt payments. Ms. Slack pointed out that in 2030-2031, State aid will exceed debt payments. The Superintendent suggested that the cash flowing in at that time can be used to pay for swing space.

A motion was made by Commissioner Deuel to adopt Resolution No. 24-2010 to authorize the standardization of roofing materials for the Shea School project in accordance with NYS General Municipal Law. The motion was seconded by Councilor Hogan and it was approved 8-0.

Counselor Barry informed the board that Resolutions 25-28 to authorize the architects to design according to LEED Silver specifications need to be held until the next board meeting. The fee information was more complex than anticipated, and due to the untimely receipt of the AE information from Gilbane and the

architects, the JSCB staff needed further time to review these amendments before presenting them to the board.

The Mayor asked Mr. Tuzza when Gilbane received the information from the architects, and he responded that they received them yesterday afternoon. The Mayor asked if holding these resolutions until the next meeting delays design by two weeks. Mr. Tuzza said that it does not. The Mayor asked if the architects are designing according to LEED Silver standards without authorization, and Mr. Tuzza responded that the architects do what is necessary.

The Superintendent requested that the financial team put the due dates required by the State on the graphs.

Councilor Hogan and the Mayor said that the lease for swing space is currently in front of the Council. The Superintendent and Commissioner Menkin would like a construction timeline with swing space taken into account. The Mayor commented that there is no question about the need for swing space, but the lease agreement needs to be reviewed. Councilor Hogan asked if the School District's lawyers or the City's Corporation Counsel have come to an agreement on swing space. Corporation Counsel Juanita Perez-Williams said that they are still discussing it.

A motion was made by Council President Robinson to adjourn the meeting. The motion was seconded by Commissioner Corriders and all were in favor.