

Madison Board of Education, Madison District #1

Special Meeting: Board Work Session
Monday, January 24, 2022 7:00 PM
Conference Room, Madison Middle/High School
700 South Kent St.
Madison, NE 68748-0450

The sequence of items on the agenda is provided as a courtesy. The board reserves the right to consider items in any sequence deemed appropriate. Therefore, visitors are encouraged to attend the meeting from the beginning.

1. Call Meeting to Order
 - 1.1. Roll Call/Excuse absent Board members
 - 1.2. Pledge of Allegiance
 - 1.3. Declare the meeting to be open, legal, and properly advertised
2. Accept the agenda as the official agenda
3. Elementary building re-roof project- Discussions with Contractors
 - 3.1. Guarantee Roofing & Sheet Metal
 - 3.2. Nohava Construction
 - 3.3. Western Roofing Company
4. Discuss the Elementary Classroom addition ideas and next steps
5. Discussion on adding a bus barn to be located on the purchased property west of the Alice Jones building.
6. Discuss options to pay for future projects
7. Discuss Steps to hire or request cost proposals from Architects
8. Adjournment

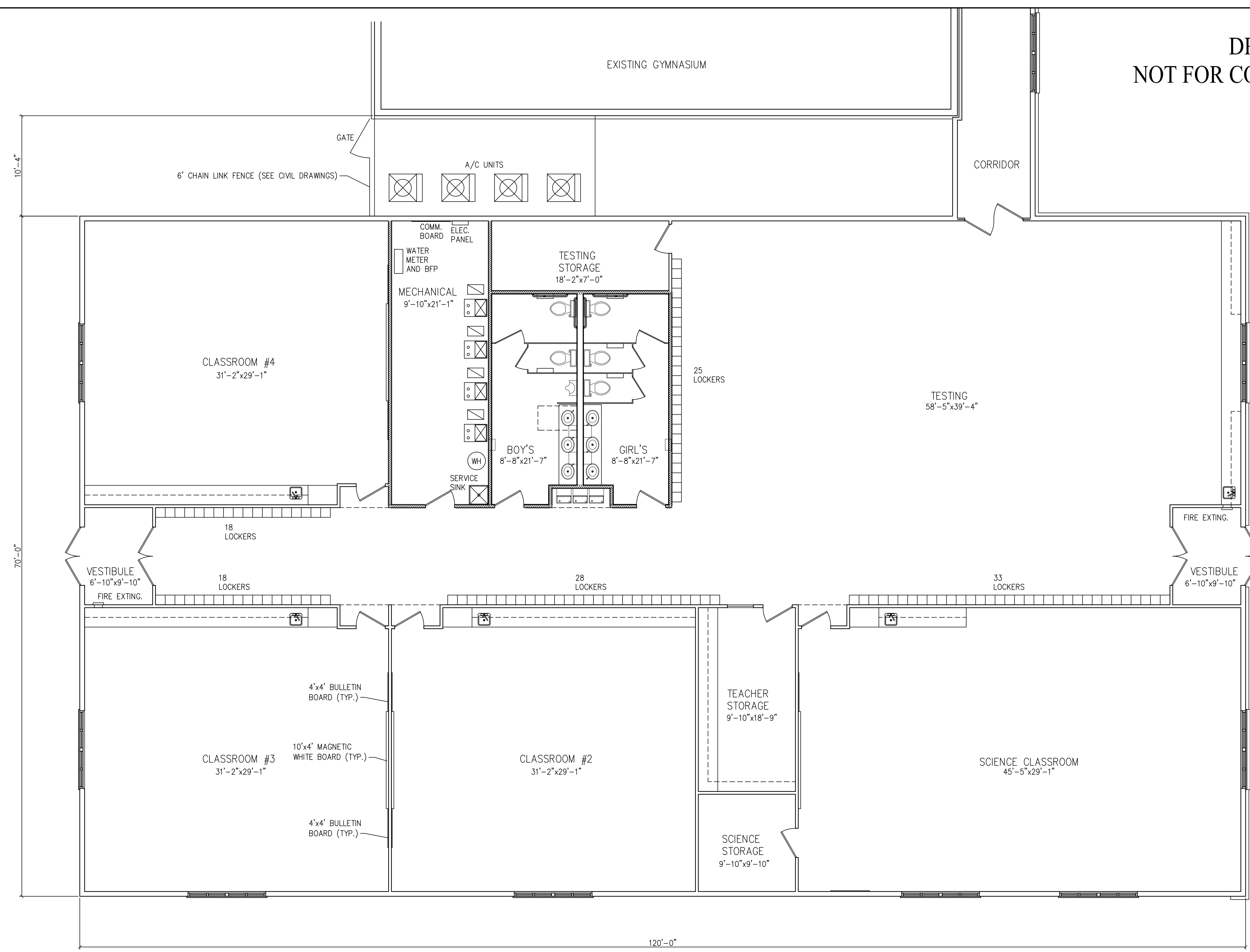
The board reserves the right to enter executive session if it deems it necessary to prevent needless injury to a staff member's reputation or for the protection of the public interest.

DRAFT
NOT FOR CONSTRUCTION

I. MICHAEL D. FAKLER, AIA THE
COORDINATING PROFESSIONAL ON
THE MADISON PUBLIC SCHOOLS ELEMENTARY
CLASSROOM ADDITION PROJECT

FAKLER ARCHITECTS, L.L.C.
1001 N. 6th ST., BEATRICE, NE 68310
PH 402-228-3020 FAX 402-228-3018
E-MAIL michael@faklerarchitects.com

Madison P.S. Elementary Classroom Addition
405 East 8th St., Madison, Nebraska 68748



PROPOSED USE:
MIXED USE
CLASSROOMS - TYPE E OCCUPANCY
STORAGE - TYPE S1 OCCUPANCY

TYPE OF CONSTRUCTION:
TYPE VB

AUTOMATIC SPRINKLER SYSTEM:
PROVIDED

TOTAL AREA 9,258 SQ. FT.

OCCUPANT LOADS:
CLASSROOMS - 5932 NET SQ. FT. / 20 SQ. FT. PER PERSON = 296.6 PEOPLE PER IBC & NFPA
STORAGE, TEACHER WORK ROOM, MECHANICAL, & JANITOR - 764 GROSS SQ. FT. / 300 SQ. FT. PER PERSON = 2.55 PEOPLE PER IBC
IBC TOTAL OCCUPANT LOAD = 300
NFPA TOTAL OCCUPANT LOAD = 297

REQUIRED PLUMBING FIXTURES
150 MEN & 150 WOMEN
150/50 = 3 WC MEN
150/50 = 3 LAVATORIES MEN
150/50 = 3 WC WOMEN
150/50 = 3 LAVATORIES WOMEN
300/100 = 3 DRINKING FOUNTAINS
1 SERVICE SINK

FLOOR PLAN
SCALE: 3/16" = 1'-0"
122 SINGLE TIER LOCKERS

LEGEND
— ONE HOUR WALL
- - - WALL WITH SOUND BATTS

REVISIONS	
PRELIMINARY ISSUE	9/16/2021
BID ISSUE	
PERMIT ISSUE	
CONST. ISSUE	

FLOOR PLAN
A-1.0
PROJECT #1415

SOURCES AND USES OF FUNDS

**MADISON EDUCATIONAL FACILITIES LEASING CORPORATION
LEASE PURCHASE AGREEMENT, SERIES 2022
Assumes BQ, Non-Rated, 12/15/29 Maturity
Wrap Level Debt Service
[Preliminary -- for discussion only]**

Dated Date 12/15/2022
Delivery Date 12/15/2022

Sources:

Lease Proceeds:	
Par Amount	3,500,000.00
	<u>3,500,000.00</u>

Uses:

Project Fund Deposits:	
Project Fund	3,420,000.00
Cost of Issuance:	
Cost of Issuance (est'd)	80,000.00
	<u>3,500,000.00</u>

LEASE SUMMARY STATISTICS

MADISON EDUCATIONAL FACILITIES LEASING CORPORATION
LEASE PURCHASE AGREEMENT, SERIES 2022
Assumes BQ, Non-Rated, 12/15/29 Maturity
Wrap Level Debt Service
[Preliminary -- for discussion only]

Dated Date	12/15/2022
Delivery Date	12/15/2022
First Coupon	06/15/2023
Last Maturity	12/15/2029
Arbitrage Yield	2.750000%
True Interest Cost (TIC)	2.750000%
Net Interest Cost (NIC)	2.750000%
All-In TIC	3.282950%
Average Coupon	2.750000%
Average Life (years)	4.700
Weighted Average Maturity (years)	4.700
Duration of Issue (years)	4.411
Par Amount	3,500,000.00
Lease Proceeds	3,500,000.00
Total Interest	452,338.48
Net Interest	452,338.48
Lease Years from Dated Date	16,448,670.99
Lease Years from Delivery Date	16,448,670.99
Total Debt Service	3,952,338.48
Maximum Annual Debt Service	750,000.00
Average Annual Debt Service	564,619.78
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	
Total Underwriter's Discount	_____
Bid Price	100.000000

Lease Component	Par Value	Price	Average Coupon	Average Life	Average Maturity Date	PV of 1 bp change
Term Lease due 2029	3,500,000.00	100.000	2.750%	4.700	08/27/2027	2,240.00
	3,500,000.00			4.700		2,240.00

	TIC	All-In TIC	Arbitrage Yield
Par Value	3,500,000.00	3,500,000.00	3,500,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense		-80,000.00	
- Other Amounts			
Target Value	3,500,000.00	3,420,000.00	3,500,000.00
Target Date	12/15/2022	12/15/2022	12/15/2022
Yield	2.750000%	3.282950%	2.750000%

LEASE DEBT SERVICE

MADISON EDUCATIONAL FACILITIES LEASING CORPORATION
LEASE PURCHASE AGREEMENT, SERIES 2022
 Assumes BQ, Non-Rated, 12/15/29 Maturity
 Wrap Level Debt Service
 [Preliminary -- for discussion only]

Dated Date 12/15/2022
 Delivery Date 12/15/2022

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/15/2023			48,125.00	48,125.00	
08/31/2023					48,125.00
12/15/2023	105,247.58	2.750%	48,125.00	153,372.58	
06/15/2024			46,677.85	46,677.85	
08/31/2024					200,050.43
12/15/2024	108,498.90	2.750%	46,677.85	155,176.75	
06/15/2025			45,185.99	45,185.99	
08/31/2025					200,362.74
12/15/2025	668,824.36	2.750%	45,185.99	714,010.35	
06/15/2026			35,989.65	35,989.65	
08/31/2026					750,000.00
12/15/2026	687,473.45	2.750%	35,989.65	723,463.10	
06/15/2027			26,536.89	26,536.89	
08/31/2027					749,999.99
12/15/2027	706,642.55	2.750%	26,536.89	733,179.44	
06/15/2028			16,820.56	16,820.56	
08/31/2028					750,000.00
12/15/2028	726,346.14	2.750%	16,820.56	743,166.70	
06/15/2029			6,833.30	6,833.30	
08/31/2029					750,000.00
12/15/2029	496,967.02	2.750%	6,833.30	503,800.32	
08/31/2030					503,800.32
	3,500,000.00		452,338.48	3,952,338.48	3,952,338.48

TAX LEVY REPORT -- NET DEBT SERVICE

**MADISON EDUCATIONAL FACILITIES LEASING CORPORATION
LEASE PURCHASE AGREEMENT, SERIES 2022
Assumes BQ, Non-Rated, 12/15/29 Maturity
Wrap Level Debt Service
[Preliminary -- for discussion only]**

Date	Debt Service	Net Levy	Assessed Valuation	Levy (cts per \$100)
08/31/2023	48,125.00	48,125.00	801,834,558	0.006002
08/31/2024	200,050.43	200,050.43	801,834,558	0.024949
08/31/2025	200,362.74	200,362.74	801,834,558	0.024988
08/31/2026	750,000.00	750,000.00	801,834,558	0.093536
08/31/2027	749,999.99	749,999.99	801,834,558	0.093536
08/31/2028	750,000.00	750,000.00	801,834,558	0.093536
08/31/2029	750,000.00	750,000.00	801,834,558	0.093536
08/31/2030	503,800.32	503,800.32	801,834,558	0.062831
	3,952,338.48	3,952,338.48		

AGGREGATE NET DEBT SERVICE

MADISON EDUCATIONAL FACILITIES LEASING CORPORATION
LEASE PURCHASE AGREEMENT, SERIES 2022
Assumes BQ, Non-Rated, 12/15/29 Maturity
Wrap Level Debt Service
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Date	Debt Service	Other Net Debt Service*	Total	Annual Total
06/15/2023	48,125.00	21,193.31	69,318.31	
08/31/2023				69,318.31
12/15/2023	153,372.58	717,196.31	870,568.89	
06/15/2024	46,677.85	10,753.26	57,431.11	
08/31/2024				928,000.00
12/15/2024	155,176.75	727,637.26	882,814.01	
06/15/2025	45,185.99		45,185.99	
08/31/2025				928,000.00
12/15/2025	714,010.35		714,010.35	
06/15/2026	35,989.65		35,989.65	
08/31/2026				750,000.00
12/15/2026	723,463.10		723,463.10	
06/15/2027	26,536.89		26,536.89	
08/31/2027				749,999.99
12/15/2027	733,179.44		733,179.44	
06/15/2028	16,820.56		16,820.56	
08/31/2028				750,000.00
12/15/2028	743,166.70		743,166.70	
06/15/2029	6,833.30		6,833.30	
08/31/2029				750,000.00
12/15/2029	503,800.32		503,800.32	
08/31/2030				503,800.32
	3,952,338.48	1,476,780.14	5,429,118.62	5,429,118.62

*Includes Series 2018 LPA.

TAX LEVY REPORT -- AGGREGATE NET DEBT SERVICE

MADISON EDUCATIONAL FACILITIES LEASING CORPORATION

LEASE PURCHASE AGREEMENT, SERIES 2022

Assumes BQ, Non-Rated, 12/15/29 Maturity

Wrap Level Debt Service

[Preliminary -- for discussion only]

Date	Debt Service	Other Net Debt Service*	Net Levy	Assessed Valuation	Levy (cts per \$100)
08/31/2023	48,125.00	21,193.31	69,318.31	801,834,558	0.008645
08/31/2024	200,050.43	727,949.57	928,000.00	801,834,558	0.115735
08/31/2025	200,362.74	727,637.26	928,000.00	801,834,558	0.115735
08/31/2026	750,000.00		750,000.00	801,834,558	0.093536
08/31/2027	749,999.99		749,999.99	801,834,558	0.093536
08/31/2028	750,000.00		750,000.00	801,834,558	0.093536
08/31/2029	750,000.00		750,000.00	801,834,558	0.093536
08/31/2030	503,800.32		503,800.32	801,834,558	0.062831
	3,952,338.48	1,476,780.14	5,429,118.62		

*Includes Series 2018 LPA.

DISCLAIMER

**MADISON EDUCATIONAL FACILITIES LEASING CORPORATION
LEASE PURCHASE AGREEMENT, SERIES 2022
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Wrap Level Debt Service
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Furthermore, should D.A. Davidson present multiple scenarios or even a comparison of the general characteristics of potential debt financing structures along with the risks, advantages, and disadvantages of each, D.A. Davidson is not providing any recommendation(s) or advice in regards to the scenarios presented or features of any particular option. The factual information presented herein and described above does not, and should not be construed to, contain subjective assumptions, opinions, or views. The conduct of D.A. Davidson's personnel or the content and manner of their presentation(s) should not in any way be construed as a suggestion, advice, or an opinion.

Information about interest rates and terms for SLGs is based on current publicly available data, and treasury or agency rates for open-market escrows are tied to prevailing market interest rates for these types of credits; these do not necessarily reflect costs or rates that D.A. Davidson will be able to secure should you select the firm to act as underwriter or placement agent. All such information is gathered from publicly available sources or from prevailing market rates. Should you retain D.A. Davidson as underwriter or placement agent, the firm will be able to provide more particular information as well as advice in connection with the relevant transaction.

Lease Purchase - Pay off by m &



SOURCES AND USES OF FUNDS

add 5 years of payments

**MADISON EDUCATIONAL FACILITIES LEASING CORPORATION
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Assumes BQ, Non-Rated, 12/15/29 Maturity
Wrap Level Debt Service
[Preliminary -- for discussion only]**

Dated Date 12/15/2022
Delivery Date 12/15/2022

Sources:

Lease Proceeds:	
Par Amount	3,705,917.63
	<u>3,705,917.63</u>

Uses:

Project Fund Deposits:	
Project Funds & Costs of Issuance	3,705,917.63
	<u>3,705,917.63</u>



TAX LEVY REPORT -- NET DEBT SERVICE

**MADISON EDUCATIONAL FACILITIES LEASING CORPORATION
LEASE PURCHASE AGREEMENT, SERIES 2022
Assumes BQ, Non-Rated, 12/15/29 Maturity
Wrap Level Debt Service
[Preliminary -- for discussion only]**

Date	Debt Service	Net Levy	Assessed Valuation	Levy (cts per \$100)
08/31/2023	50,956.37	50,956.37	801,834,558	0.006355
08/31/2024	200,050.43	200,050.43	801,834,558	0.024949
08/31/2025	200,362.73	200,362.73	801,834,558	0.024988
08/31/2026	750,000.00	750,000.00	801,834,558	0.093536
08/31/2027	750,000.00	750,000.00	801,834,558	0.093536
08/31/2028	750,000.00	750,000.00	801,834,558	0.093536
08/31/2029	750,000.00	750,000.00	801,834,558	0.093536
08/31/2030	750,000.00	750,000.00	801,834,558	0.093536
	4,201,369.53	4,201,369.53		

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SHARI RUSSELL, Paralegal

M E M O R A N D U M

To: Superintendent Alan Ehlers and the Madison Public Schools Board of Education

FROM: Steve Williams

DATE: January 19, 2022

RE: Design-Bid-Build vs. Design-Build

I am writing to follow up on our telephone conversation from today. Following is a comparison of the design-bid-build and design-build construction processes.

DESIGN-BID-BUILD OR "TRADITIONAL" OR "COMPETITIVE BID" METHOD

Under this approach, the school hires an architect or other design professional to **design** plans and specifications that are detailed enough to allow contractors to submit a bid for the project. The design phase typically has three stages: (1) schematic design, (2) design development, and (3) construction documents.

Once the design is complete, the school advertises and requests **bids** from contractors. Contractors bid the project exactly as designed. The bid is awarded to the lowest responsible and responsive bidder, with price typically being the most important factor. The bid period is generally the shortest phase of the process.

Once the general contractor ("GC") is selected and has received notice from the owner, the **build** phase begins. This phase is the longest of the three phases. During this phase, the architect or other design professional's role can range from almost no role in the process up to complete contract administration services. Common contract administration services include visiting the construction site to determine conformance with the plans, evaluating contractor requests for payment, responding to requests for information from contractors, issuing substantial completion certificates, and evaluating change order requests.

KSB SCHOOL LAW, PC, LLO

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SIOUX FALLS, SOUTH DAKOTA 57104

ATTORNEYS LICENSED IN STATES INDICATED

The design-bid-build process is typically considered best for less complicated projects that are budget sensitive but not schedule sensitive. The school district also has complete control over the design.

Advantages.

- The delivery method is common and familiar.
- The process is relatively easy to manage.
- The contractual relationship between all parties is uncomplicated. You have one contract with the architect or other design professional and one with the contractor. The duties of everyone are pretty clear.
- The project scope for the design and construction is fully defined.
- Creates the most bidding opportunities for general contractors and subcontractors which generally results in competitive bidding which generally results in the best price.
- Uniform and detailed plans and requirements allow the school to more easily compare bids and bid prices.
- Checks and balances. The architect can evaluate the GC and its progress, and the GC can point out design problems.

Disadvantages.

- The design, bid, and build sequence is linear which means the process generally takes longer than the other approaches.
- Budgets and estimates are created during the design phase without input from contractors, but the price is not established until the bids are received. If all of the bids exceed the estimates, the school may have to redesign and rebid the project.
- If the design is not sufficiently complete, contractors will not be able to properly bid the work. Contractors will be forced to add (sometimes significant) contingency amounts to the bids.
- This process can create adversarial relationships between the parties. When problems occur, the architect will blame the contractor and vice versa. Either the project comes to a halt, or construction continues at the risk of not knowing which party is correct. This can result in costly remedial measures and uncertainty about who will be responsible for the cost. Litigation is a common result of this type of dispute, and the school district has no single entity to hold responsible.
- Change orders and claims may increase the final cost.
- This method is not particularly flexible for scheduling purposes.

DESIGN-BUILD

In Nebraska, school districts utilizing the design-build construction method

must follow the procedural requirements of the Nebraska Political Subdivisions Construction Alternatives Act (the "Act") (NEB. REV. STAT. § 13-2901 through § 13-2914). Under this method, the school district uses a qualification-based selection process to contract with a design-builder (an architect and contractors as one entity) to furnish (a) architectural, engineering, and related design services and (b) labor, materials, supplies, equipment, and construction services to deliver a complete project. The school first hires a performance criteria developer ("PCD"), usually an architect or engineer, who assists the school in hiring a design-build entity. During the negotiation process, the design-builder agrees to complete the project and provide additional services for a fixed price or guaranteed maximum price ("GMP"). The design-builder then develops the drawings that satisfy the criteria and complete the design while staying below the agreed upon price. The design-builder then awards subcontracts. The team works together throughout the project, and construction begins before final design is complete, thus allowing completion in a shorter time frame.

The Act requires the school board to follow specific procedures including the following:

1. Adopt a Resolution Selecting the Design-Build Delivery System.
2. Adopt a Design-Build Policy.
3. Solicit and Hire a Performance Criteria Developer.
4. Prepare and Publish a Request for Letters of Interest for Design-Bid Proposals.
5. Prequalify Design-Builders.
6. Prepare and Publish Requests for Proposals from Design-Builders.
7. Create a Selection Committee.
8. The Selection Committee Evaluates the Design-Builder Proposals.
9. Select a Design-Builder and Negotiate a Contract.
10. Begin Construction.

Many of the steps identified above are also subject to specific statutory timelines.

The design-build method is typically considered best for time sensitive new construction projects, projects with smaller user groups or less need for user reviews, and portions of ongoing construction projects resulting from design changes.

Advantages.

- One entity is responsible for design and construction.
- Selection of the design-builder is based upon specific criteria, including qualifications and experience.
- The contractor provides input in the design phase for budget and planning.

- The project can be completed faster than the traditional method and slightly faster than the construction manager at risk method.
- Guaranteed price is available earlier in the process.
- The final price generally matches the quality of the project (but can also be a disadvantage).
- Change orders written for design builder errors and omissions are covered through an allowance in the GMP (owner is still responsible for other changes).

Disadvantages.

- The potential exists for reduced quality and conflict between school district and design builder because the design builder is one entity. In other words, there are no checks and balances between the contractor and architect.
- The school district may have difficulty determining whether an optimum price was paid for the work done.
- Initial costs are likely higher than the traditional bid method.
- The process results in an inflexible budget making changes more difficult and expensive to make once the phased construction has begun.
- The process is more complex than the traditional bid method.
- The school district has no input on the selection of the proposed design team.
- Cheaper projects may result in poorer quality.
- The speedier construction process may result in more mistakes.
- Staff and users have reduced time for reviews which may result in quick decision making.

CONCLUSION

This memo provides a broad overview of the process for entering into each of the two described construction delivery methods. Each method has its own advantages and disadvantages which the school should weigh when making a decision to build. The design-build method is subject to more statutory requirements than the traditional method, and such requirements should be weighed in the decision making process. In the past, school districts often decided to use the traditional method upon learning of the extra statutory requirements. However, the design-build method has become increasingly popular since its adoption in 2002 as people have become more familiar with it. Of course, I will be happy to assist you in any way you decide to proceed. Please do not hesitate to contact me with questions or concerns.