

CAPITAL CONSTRUCTION ASSISTANCE BOARD MINUTES OF THE January 26, 2010 MEETING

Meeting Held at:
The State Service Building
1525 Sherman St., Denver, CO 80203
Suite B-70

Tuesday, January 26, 2010

I. Call to Order

- 9:05 a.m. Norwood Robb called the meeting to order.

Attendees

Mary Wickersham – CCAB Chair	Erica Weston– CCAB Legal Advisor
Norwood Robb – CCAB Vice-Chair	Ted Hughes – Staff (CDE)
Mike Maloney – CCAB Secretary	Scott Newell - Staff (CDE)
Dave Van Sant – CCAB	Kevin Huber – Staff (CDE)
Pete Jefferson – CCAB	Darryl Muir – Staff (CDE)
Tim White – CCAB	Cheryl Honigsberg – Staff (CDE)
Greg Randall – CCAB	Dustin Guerin – Staff (CDE)
Tom Stone – CCAB	Kristin Lortie – Staff (CDE)
Adele Willson – CCAB	

- Agenda reviewed
- CCAB Vice-Chair asked for a motion to approve the agenda as presented;
 - Ted Hughes asked the CCAB to remove the last sentence of action item A.
 - So moved by Tim White;
 - Dave Van Sant 2nds the motion;
 - No further discussion;
 - Motion to approve the agenda as amended carried.
- CCAB Vice-Chair asked for a motion to approve the minutes from the prior meeting as presented;
 - So moved by Dave Van Sant;
 - Tom Stone 2nds the motion;
 - No further discussion;
 - Motion carried.

II. Directors Report

- Ted Hughes introduced a new CCAB member, Pete Jefferson, to the CCAB. Pete Jefferson gave a brief introduction of his background and school related projects. .

- Ted Hughes notified the CCAB the Division had hired two new FTE, Kevin Huber and Dustin Guerin, which he introduced to the CCAB.
- Ted Hughes provided an update on the statewide facility assessment. All field work was completed in December of 2009. An assessment draft report was sent to the school districts and charter schools for review with comments due by mid-January. Ted Hughes said the Division hopes to distribute a final report sometime in March. The CCAB Vice-Chair asked when the assessment would be available. Ted Hughes said the assessment would be available sometime in March. The CCAB Vice-Chair requested the CDE staff to provide recommendations on how the assessment should be presented, the CCAB agreed.
- Ted Hughes provided the CCAB with a list of potential BEST grant applications for the upcoming grant cycle. A CCAB member inquired about the funding stream available for upcoming grants. Ted Hughes said it is complicated to know at this point. He said revenues from the State Land Trust are down this year and Powerball funds are not available at this time. Ted Hughes predicts the funds will look similar to what was appropriated last year.
- Ted Hughes extended an invitation to all CCAB members on behalf of the Rocky Mountain Deaf School, to visit their existing school.

III. Action Items

- Review of North Routt Community Charter School's (NRCCS) BEST Lease-Purchase Grant. Ted Hughes stated NRCCS and Mapleton 1 were not able to provide their required match for their BEST grant projects. Ted Hughes said Mapleton 1 had no matching funds due to a failed bond election in November 2009 and NRCCS was not able to raise the matching cash as committed in their grant application. Colleen Poole, Director of NRCCS, addressed the CCAB and said since NRCCS did not have all of the cash as required by the end of December; NRCCS got a line of credit from the bank to make up the difference. Ted Hughes stated that the State Treasurer and the CDE finance team have concerns with NRCCS borrowing money for their matching contribution. Ted Hughes passed out a memo and told the CCAB Board that NRCCS was going to have a short presentation.

Mary Wickersham entered the meeting and assumed position as CCAB Chair

The CCAB Chair said the Treasurer's Office looked at potential issues of NRCCS borrowing money for their portion of the grant, and did not feel the BEST grant could be funded. Helen Cregger, the financial advisor for COP financing, addressed CCAB and discussed the financial structure of NRCCS's match. Helen Cregger told CCAB that NRCCS's match does not meet the State's financial regulations. A CCAB member asked how The Taxpayer Bill of Rights (TABOR) affects this situation. The Assistant Attorney General advising the Treasurer's Office on the BEST lease-purchase financing responded by saying charter schools are subject to TABOR and said her opinion is this loan was unlawful in regards to TABOR. The CCAB Chair stated the matching funds were to be provided with actual cash on hand as per their grant application and the project was awarded

based on this information. Ted Hughes stated this is a high priority project and that NRCCS may have to re-apply. The CCAB Chair requested NRCCS to present their case. Ted Hughes introduced Colleen Poole, Director of NRCCS.

The CCAB Chair called for a brief recess

NRCCS addressed CCAB to present their case and discuss NRCCS's finances. The CCAB Chair asked if NRCCS was going to lease the land and asked if the land value was included in the match. The CCAB Chair and Colleen Poole discussed funding and how the matching cash would be raised. NRCCS staff said the projected amount for the project is now 3.8 million, not 4.8 million. The CCAB Chair asked at what stage of the project the Gates Grant would be accessed. Colleen Poole said the Gates Grant could only be accessed after the project was complete. A CCAB member asked NRCCS to describe the land deal and lease options. NRCCS staff said it was an outright sale as opposed to a lease. A CCAB member asked why NRCCS did not consider a district bond issue. NRCCS staff stated Steamboat Springs did not include NRCCS in the last bond election.

A CCAB staff member asked what NRCCS's 35% match would be since the scope of the project went from 4.8 to 3.8 million. NRCCS Contractor entered the conversation and said they were ready to build with a 3.8 million dollar budget and the district match would be \$1,330,000.00. A CCAB member asked NRCCS's contractor if the 3.8 million was a bid or a guaranteed maximum price (GMP). NRCCS's contractor confirmed the 3.8 million budget was a GMP. Ted Hughes asked NRCCS staff if Davis-Bacon prevailing wages and CDE's grant-reserve were included in the 3.8 million budget. NRCCS staff said Davis-Bacon wages were in the budget, but the CDE reserve was not. A CCAB member asked how the project could be constructed without NRCCS having the cash on hand. The CCAB Chair and Colleen Poole further discussed other financial options.

A CCAB member asked if the line of credit NRCC took on was done legally with TABOR being a factor. The Assistant Attorney General advising the Treasurer's Office on the BEST lease-purchase financing said she did not feel the financing NRCC acquired was done legally in relation to TABOR, because it does not include annual appropriated language. A CCAB member asked if the matching financing fell through, would it jeopardize the BEST Program. The CCAB Chair stated because of the timeline and the lack of matching funds raised to-date, there was no solution allowing this project to continue. Additionally, the CCAB Chair noted the TABOR legality issues and that NRCCS does not have the required cash on hand. Due to these issues, the CCAB Chair recommends removing NRCCS from the list of projects to be financed. Ted Hughes said the project is still needy, but the deadline was at the end of December and they should re-apply in the next grant cycle. NRCCS's attorney said the loan language could be restructured to comply with TABOR. The CCAB Chair said NRCCS is not compliant as of January 26th, 2010, which is too late to change.

- A CCAB member asked for a motion to direct the Division to provide notice that NRCCS has failed to satisfy the matching money condition of its grant:
 - So moved by Dave Van Sant;
 - Norwood Robb 2nds the motion;
 - No further discussion;
 - Motion carried.

- A CCAB member asked for a motion to direct the Division to provide notice that Mapleton-1 has failed to satisfy the matching money condition of its grant:
 - So moved by Dave Van Sant;
 - Norwood Robb 2nds the motion;
 - No further discussion;
 - Motion carried.

- NRCSS Director Colleen Poole asked the CCAB if they would consider putting them at the top of the list next time the BEST grant review process takes place. The CCAB and Ted Hughes agreed that if the NRCCS project qualifies it would be placed at or near the beginning of the list. However, this only means it will be considered before other applications but does not mean it will be the highest priority. It would be ranked relative to the other applications based on its own merits and needs.

The CCAB Chair called for a brief recess

- The CCAB Chair asked for a motion to adopt Resolution No. 10-1 instructing the State Treasurer pursuant to C.R.S. 22-43.7-110(2) to enter into one or more lease purchase agreements on behalf of the State to provide financial assistance to the BEST Lease Purchase projects approved by the State Board in August 2009.
 - So moved by Dave Van Sant;
 - Norwood Robb 2nds the motion;
 - A CCAB member asked for clarification on Silverton 1 & Fountain 8's funding out of QSCB and BAB's;
 - Motion carried as amended.

IV. BEST Grant Program

- Ted Hughes discussed the CC-3 Assurances and Certifications, Section 14, of the grant application that states: if a district sells, abandons, or demolishes a building within a five-year period after completion of the project, a recapture provision of state funds is in place. Ted Hughes described cases where projects that previously had grant funding in them now wanted new facilities that would replace a facility that was recently renovated with state funds. Ted Hughes said before the BEST program was established, the Division was only able to put band-aids on buildings. The Division had limited funding available and did not have financing available to replace entire buildings. Ted Hughes stated it was not fair for some schools who received funding before BEST to pay grants back and suggested a

waiver for certain situations. The CCAB agreed with the waiver. A CCAB member agreed and stated the waiver should be done on a case by case basis. The CCAB Chair wants applicants to identify upcoming projects that have existing grant funds in the building.

- Ted Hughes discussed the existing criteria for ranking grants and suggested that after the statewide assessment is completed new criteria for ranking schools should be determined. A CCAB member discussed concerns with the assessment and said that districts are going to need help understanding the assessment information. Another CCAB member agreed and said the Division needs to establish criteria for the new ranking of grants. A CCAB member asked Ted Hughes if schools knew their scores yet. Ted Hughes said schools will know the results of the assessment in the middle of March 2010. A CCAB member requested a list of vendors that are working on the BEST program.
- Ted Hughes discussed the vendor selection process with CCAB. Ted Hughes asked to move items not discussed to a meeting in mid-February.

The remaining items on the agenda were tabled to the following meeting due to time constraints

V. Future Meetings

- Ted Hughes said he will send out proposed meeting dates to hold a February meeting to discuss:
 - Discuss the method for ranking grant applications;
 - In 2009 the General Assembly eliminated the requirement for a minimum contribution to a Capital Reserve Fund. Some boards have eliminated the Capital Reserve Fund and in the process severely cut facility operations budgets or eliminated them all together. Discuss how this may impact BEST;
 - Discussion pertaining to charter school applicants providing the minimum required match;
 - Discussion pertaining to future BEST Lease-Purchase projects and possible options to allow the project to begin before the financing is complete;
 - District “carry forward” fund balances in relation to future emergency grants;
 - Review CCAB policy pertaining to BEST security camera grant applications;
 - Review CCAB policy pertaining to BEST roofing grant applications;
- There are currently two meetings scheduled for June 29th and 30th to review and recommend BEST Grant projects.

VI. Public Comment

- Paul Wember of Wember Incorporated wanted to thank CCAB for everything they do. Paul Wember said he discussed issues with Dustin Guerin pertaining to the RFP process.
- Brent Jones of Contrax Furnishings addressed the CCAB. Brent Jones said Contrax gives free assessments for FF&E. Ted Hughes encouraged Contrax

Furnishings to avoid doing free work for the schools, because the vendor selection process needs to be fair for all vendors. Ted Hughes suggested to Brent Jones that he come up with a base price for assessing schools.

- John Rouse, Superintendent of Salida School District, thanked the Division for all of their hard work. John Rouse said his project was turned down last year, and he was glad it was, because he was able to re-design the project to make it better. John Rouse extended an invitation to CCAB to have them come out and visit their new facility in Salida.

VII. Adjournment

- The CCAB Chair asks a motion to adjourn:
 - So moved by Norwood Robb;
 - Dave Van Sant 2nds the motion;
 - No discussion;
 - Motion carried;
 - Meeting Adjourned.