

CAPITAL CONSTRUCTION ASSISTANCE BOARD MINUTES

Monday - June 29, 2009

**Meeting Held at:
State Services Building
1525 Sherman St.
Denver CO 80203
Room B70**

Meeting Called To Order

- 1:30 p.m. Mary Wickersham called the meeting to order.

Attendees

Mary Wickersham – CCAB Chair	Mike Maloney – CCAB Secretary
Tim Guiterman – CCAB	Greg Randall – CCAB
Dave Van Sant – CCAB	Ted Hughes – BEST Director
Tim White – CCAB	Adele Willson – CCAB
Erica Weston– CCAB Legal Advisor	Darryl Muir - Staff (CDE)
Cheryl Honigsberg – Staff (CDE)	Kristin Lortie – Staff (CDE)

Excused

Norwood Robb – CCAB Vice-Chair
Tom Stone – CCAB

I. Agenda Reviewed.

- CCAB Chair asked for a motion to amend the agenda to change the order of the Action Items as provided in the revised agenda distributed prior to the meeting to CCAB members;
 - So moved by Dave Van Sant;
 - Adele Wilson 2nds the motion;
 - No discussion;
 - Motion carried.

II. Review of Prior Meeting Minutes.

- Dave Van Sant moved to approve the minutes;
 - Adele Wilson 2nds the motion;
 - No discussion;
 - Motion carried.

III. Directors Report.

- Ted Hughes gave an update on the status of the grant applications that were received prior to or on June 5th 2009. 91 grant applications were received (some districts submitted more than one application), there are \$231.3 million in grant requests with \$163.8 million in district matches for a total of \$395.2 million. There were roughly 20 possible lease purchase applications. The remaining grants, if funded, would be funded with cash grants. The staff is working on completing their reviews and will begin putting together the summary book which will be sent via overnight delivery to the board members to arrive on July 13th 2009.
- Mary Wickersham asked if the available data from the Statewide Facility Assessment would be included in the summary book.
- Ted Hughes noted that not all the district facilities have been assessed and the data available is not complete. Ted suggested that there may be data available for the smaller projects, but data would not be available, and potentially be misleading, for new facilities, additions or extensive remodels projects.
- Mary Wickersham requested that the staff look into including information that is available from the Statewide Facility Assessment and providing it in a separate document for the board.
- Ted Hughes indicated the staff will review the information available with Parson's and provide it to the board as requested.

IV. BEST Grant Program – Action Items.

- Mary Wickersham gave the board an update on Qualified School Construction Bonds (QSCB) available for school construction. HB 09-1346 gave CCAB the authority to set the volume cap for QSCB's. The State Treasurer has determined to use the FY 2009 QSCB's for the Alamosa, Sargent and Sangre de Cristo projects awarded in the FY 08-09 cycle.
- Mary Wickersham stated that the QSCB financing may require DAVIS-BACON prevailing wages and BUY-AMERICAN directives. Ted Hughes noted there is a need for interpretation of the BUY-AMERICAN requirement and that interpretation had not been finalized. As a result the three awarded school projects were asked to provide the additional costs associated with these requirements.
- Ted Hughes reported that Sargent Re-33J is requesting a grant reserve be awarded as a supplemental grant to their grant awarded in the 08-09 cycle. Due to last minute changes this amount was missed in the original grant. Ted Hughes noted that the grant reserve was not required by statute but was provided to be available if unforeseen conditions arose that were not covered in the grant amount. Typically 5% of the total project costs is added for new construction and 10% is added for renovation and building system upgrades. Ted Hughes further noted that

Sargent may have a need for these funds due to a number of potential unknowns such as: the requirements associated with the Colorado Historical Society, and a buried fuel tank that was identified in the Phase 1 Environmental report subsequent to the grant application. A discussion was pursued regarding the immediate need to approve this request, because the preferred funding might be included in the QSCB financing. The CCAB members decided to wait until the next cycle (10-11) to consider this request. The funds are not currently required and as the project progresses costs will come into sharper focus. If these funds are needed the request can be reviewed at a later date.

DAVIS-BACON and BUY-AMERICAN Action Items.

- Dave Van Sant moved *“that, subject to available funds and/or financing, **Alamosa RE-11J** be determined eligible for additional financial assistance for DAVIS-BACON not to exceed \$1,447,031 with the source of funding to be BEST lease-purchase funding with a matching contribution of 0% of the amount funded pursuant to C.R.S. 22-43.7-109(10)(b). I further move to recommend that, subject to available funds and/or financing, **Alamosa RE-11J** be determined eligible for additional financial assistance for BUY-AMERICAN not to exceed \$860,516 with the source of funding to be BEST lease-purchase funding with a matching contribution of 0% of the amount funded pursuant to C.R.S. 22-43.7-109(10)(b).”*
 - Motions seconded by Tim Guiterman.
 - Ted Hughes noted that the costs provided were a not to exceed number. Criteria for these costs are not readily available at this time or need further clarification. Once additional information is available from the federal government, and the projects are designed and bid, the actual impacts will be identified in detail not to exceed the amounts provided.
 - Mary Wickersham noted the money is to be paid on a draw down basis and would be submitted to Public School Capital Construction staff for payment.
 - Mary also noted that the QSCB’s provide substantial savings to *the state*. The bonds will require a small supplemental interest rate, but the overall savings far out weights these costs.
 - Adele Wilson asked if there would be the ability to track the actual costs associated with DAVIS-BACON and BUY-AMERICAN for these projects. Ted Hughes noted that the district and CDE staff will monitor associated costs and track data.
 - Motions carried.
- Adele Wilson moved *“that, subject to available funds and/or financing, **Sangre de Cristo RE-22J** be determined eligible for additional*

*financial assistance for DAVIS-BACON not to exceed \$1,334,250 with the source of funding to be BEST lease-purchase funding with a matching contribution of 0% of the amount funded pursuant to C.R.S. 22-43.7-109(10)(a). I further move to recommend that, subject to available funds and/or financing, **Sangre de Cristo RE-22J** be determined eligible for additional financial assistance for BUY-AMERICAN not to exceed \$444,339 with the source of funding to be BEST lease-purchase funding with a matching contribution of 0% of the amount funded pursuant to C.R.S. 22-43.7-109(10)(a)."*

- Motions seconded by Tim Guiterman.
 - No Discussion.
 - Motion carried.
- Tim Guiterman moved *"that, subject to available funds and/or financing, **Sargent RE-33J** be determined eligible for additional financial assistance for DAVIS-BACON not to exceed \$921,031 with the source of funding to be BEST lease-purchase funding with a matching contribution of 0% of the amount funded pursuant to C.R.S. 22-43.7-109(10)(a). I further move to recommend that, subject to available funds and/or financing, **Sargent RE-33J** be determined eligible for additional financial assistance for BUY-AMERICAN not to exceed \$592,515 with the source of funding to be BEST lease-purchase funding with a matching contribution of 0% of the amount funded pursuant to C.R.S. 22-43.7-109(10)(a)."*
 - Motions seconded by Dave Van Sant.
 - No discussion.
 - Motions carried.

Additional Action Items.

Sargent Re-33J's supplemental grant application was discussed.
No motion offered.

- Dave Van Sant made a motion to *"Adopt resolution #09-01 to supplement the lease-purchase motion that was previously enacted at the February meeting for the selection of the BEST COP projects"* A copy of the resolution is attached;
 - Motion seconded by Adele Wilson.
 - Mary Wickersham noted this will instruct the Treasurer to include the grant COP financing into lease purchase and the Treasurer to sign sub-lease agreements with the districts.
 - Motion carried. Note: Tim Guiterman was not present to vote.
- Dave Van Sant moved *"to approve the to use the Qualified School Construction Bonds (QSCB) to finance the three BEST COP grants"*

previously approved by the CCAB; Pursuant to 11-59.7-106 C.R.S. the volume cap for Qualified School Construction Bonds (QSCBs) is allocated to the CCAB and the CCAB shall enter into lease-purchase agreements to assist the financing of BEST projects. I further move to use the State's calendar year 2009 Qualified School Construction Bond volume cap to assist the financing or refinancing of projects through lease-purchase agreements pursuant to the BEST Act."

- Motion seconded by Adele Wilson.
- No Discussion
- Motion carried.

V. Statewide Financial Priority Assessment update.

- Parsons' Technology, the firm hired to conduct the Statewide Financial Assistance Priority Assessment, offered a power point presentation to update the CCAB members on the assessment progress.
- The CCAB Chair called for a brief recess so the presentation could be emailed to the CCAB members for review simultaneously over the phone.
- Below is a summary of the key points discussed:
 - Start Date: February 16, 2009;
 - Planned Completion Date: January 16, 2010;
 - Scope Description: Parsons will provide a comprehensive assessment of regular, charter, alternative, vocational, special, and BOCES schools comprised of about ~1850 schools, ~4,900 buildings (~129 million GSF) in 178 Districts throughout the state, as well as to develop a software application (COMET) to capture and report the data collected;
 - Parsons sub-consultants include HDR Engineering from Colorado Springs, Lantz-Boggio architects in Denver, MGT of America Inc., Trident Energy, and ISES Corporation.
 - The Assessment is comprised of three primary areas:
 1. Facility Condition (Parsons'/HDR/ISES);
 2. Educational Suitability (MGT);
 3. Energy analysis/Code analysis (Trident Energy/Lantz-Boggio).
- **CONDITION ASSESSMENT ACTIONS:**
 - Document facility inventory;
 - Field verify existing inventory and status;
 - Develop facility cost model;
 - Establish facility system life cycle status;
 - Identify capital renewal and deferred maintenance deficiencies;
 - Price corrections;

- Export data to COMET.
- EDUCATION SUITABILITY ACTIONS:
 - Review State guidelines and their metrics;
 - Field verify existing inventory quantity or status;
 - Test for suitability and adequacy to the standard, Yes/No;
 - If deficient, identify deficiency correction;
 - Develop suitability correction budgets;
 - Export data to COMET.
- ENERGY ANALYSIS/ CODE ANALYSIS ACTIONS:
 - Collect utility information for each school;
 - Run utility data through Energy Model software application;
 - Export resulting KBTU data to COMET.
 - Collect plans at each school if available;
 - Review site conditions;
 - Identify code deficiencies and export data to COMET
- PRIORITIZATION OF DEFICIENCIES IDENTIFIED AND SCORING:
 - Priority 1 – Currently Critical (Immediate);
 1. Correct a cited safety hazard;
 2. Stop accelerated deterioration;
 3. Return a system to operation.
 - Priority 2 – Potentially Critical (Year 1):
 1. Intermittent operations;
 2. Rapid deterioration;
 3. Potential life safety hazards.
 - Priority 3 – Necessary/ Not Yet Critical (Years 2-5):
 1. Predictable deterioration;
 2. Potential downtime;
 3. Associated damage or higher costs if deferred.
 - Priority 4 – Recommended (Years 6-10):
 1. Sensible improvement but not required for basis function of the facility;
 2. Overall usability improvement;
 3. Long term maintenance cost reduction.
 - Priority 5 – Does Not Meet Current Code - “Grandfathered”:
 1. No action required at this time however, substantial future work maybe required.
 - Analyze existing conditions deficiencies and score each issue on 1 to 5 (best) scale.
 - Weight values for each condition, suitability and energy issue.
 - Develop combined score for each school.
- Parsons’ stated the field work would be completed in November 2009 and that the assessment is on schedule to be completed by January 16th, 2009.

- Parsons' noted the assessment will identify buildings on the State Historical Registry and also identify all WPA buildings. If a facility is under construction and the completion is prior to January 1, 2010 the facility would be assessed and data included in the assessment data.

VI. Future Meetings.

- There are currently two meetings scheduled for July 22nd and 23rd to review and recommend grant applications for financial assistance from BEST.
- Ted Hughes noted there may be an emergency grant request from the Hayden School District due to the State Fire Marshall's inspection report which states the school cannot occupy the building until a fire alarm panel is replaced. Capital Construction Assistance staff will contact and schedule an emergency meeting with the CCAB members if required.

VII. Other.

- Mary Wickersham and Ted Hughes apologized for the hast in getting documents to the CCAB members for the meeting as the process for closing the QSCB financing is in process.
- Mary Wickersham noted that Colorado is ahead of the most other states regarding QSCBs as Colorado is ready to pursue this financing opportunity.

VIII. Public Comment.

- Having none the CCAB Chair asked for a motion to adjourn.

IX. Adjournment.

- The CCAB Chair requested a motion to adjourn
 - So moved by Dave Van Sant;
 - Adele Wilson seconded the motion;
 - No discussion;
 - Motion carried;
 - Meeting Adjourned at 3:28 PM.

**Public School Capital Construction Assistance Board
Resolution No. 09-01**

WHEREAS, the Capital Construction Assistance Board (the "Board") is authorized by C.R.S. § 22-43.7-101 et seq. (the "BEST Act") to evaluate applications for financial assistance for school district capital construction projects, make recommendations regarding the applications to the State Board of Education, and upon approval of the State Board, provide financial assistance to school districts under the BEST Act and instruct the Treasurer to enter into one or more lease purchase agreements on behalf of the State to provide such financial assistance.

WHEREAS, at the February 24, 2009 meeting of the Board, the Board recommended that the State Board of Education approve lease purchase financing for three school district capital construction projects and the State Board of Education approved the Board's recommendation at its March 19, 2009 meeting, therefore the Board desires to further instruct and implement the financing of those projects pursuant to this resolution.

NOW THEREFORE, be it Resolved by the Board as follows:

1. The State Treasurer is hereby instructed, 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 following school districts (hereinafter "School Districts") in the following amounts:

School District	Project Description	BEST Financial Assistance	School District Matching Moneys	School District Match Percentage for BEST Financial Assistance	Davis Bacon	Buy America	Total Project Amount
Sargent RE-33J	New Jr/Sr School and ES renovation	\$16,751,939	\$5,023,825	23.07%	\$921,031	\$592,515	\$23,289,310
Alamosa RE-11J	Two new ES to replace 3 ES	\$27,501,592	\$10,484,032	27.60%	\$1,447,031	\$860,516	\$40,293,171
Sangre De Cristo RE 22-J	New PK-12 School	\$18,398,625	\$4,176,375	18.5%	\$1,334,250	\$444,339	\$24,353,589

The financial assistance shall be financed through one or more lease purchase agreements entered into by the State Treasurer on behalf of the State, which lease purchase agreements shall result in proceeds sufficient to provide such financial assistance in an amount not to exceed the Total Project Amount, including the School District Matching Moneys and to pay the costs associated with providing

- such financial assistance and shall have terms and annual lease payments consistent with the requirements of the BEST Act. The School Districts shall each pay their Matching Moneys to the Treasurer, who shall credit such Matching Moneys to the Assistance Fund.
2. The Board hereby instructs the State Treasurer to enter into one or more lease purchase agreements on behalf of the State to provide financial assistance in an amount not to exceed the Total Project Cost of the above three projects to the above School Districts pursuant to the BEST Act, provided however, that the above amounts for Davis Bacon and Buy America, shall be included in the Total Project Cost only if the Treasurer closes on financing under Build America Bonds or Qualified School Construction Bonds and Bond Counsel has provided an opinion that such amounts are required to qualify for such financing instruments under the American Recovery and Reinvestment Act. Further, pursuant to the BEST Act, the State Board will review the Total Project Cost, and the Board's instruction is contingent on the State Board's approval of the Total Project Cost.
 3. The Board hereby authorizes the Board chair, Mary Wickersham to enter into a sublease purchase agreement on behalf of the Board, acting on behalf of the State, for the each of the above School District's leased property, as authorized by C.R.S. § 22-43.7-110, subject to and based upon the Treasurer's (a) review and execution of each such sublease and (b) written authorization for the Board to enter into each such sublease, which written authorization may be set forth in each such sublease.

Dated this 29 day of June, 2009

Public School Capital Construction Assistance

Board

By: Mary Wickersham