

# Public School Capital Construction Assistance Board Meeting Agenda



**COLORADO**  
Department of Education

## Vision

*All students in Colorado will become educated and productive citizens capable of succeeding in society, the workforce, and life.*

## Goals

*Every student, every step of the way*



**Date & Time:**  
Jan. 27<sup>th</sup>, 2016  
1:00 p.m.

**Location:**  
201 E. Colfax Ave., Room 101  
Denver, CO 80203

## Capital Construction Assistance Board Members

Lyndon Burnett – Chair  
David Tadlock – Vice Chair  
Cyndi Wright

Tim Reed  
Denise Pearson  
Ken Haptonstall

Scott Stevens  
Karl Berg  
Kathy Gebhardt

- I. Call to Order
- II. Pledge of Allegiance
- III. Roll Call
- IV. Approve Agenda
- V. Board Report
- VI. Director's Report
- VII. Discussion Items
  - a. CCAB Legislative Platform
  - b. Senate Bill 16-072: A Bill For An Act Concerning An Increase In The Maximum Total Amount Of Annual Lease Payments Authorized For Lease-Purchase Agreements Entered Into Under The "Building Excellent Schools Today Act".
  - c. Senate Bill 16-035: A Bill For An Act Concerning The Public School Fund, And, In Connection Therewith, Creating A Public School Fund Investment Board To Direct The State Treasurer On The Investment Of The Fund And Changing The Distribution Of The Interest Or Income Earned On The Investment Of The Moneys In The Fund.
- VIII. Future Meetings
  - February 24<sup>th</sup>, 2016 – 1:00 p.m. Location: 201 E. Colfax Avenue, Room 101, Denver, CO 80203
  - March 23<sup>rd</sup>, 2016 – 1:00 p.m. Location: 201 E. Colfax Avenue, Room 101, Denver, CO 80203
  - April 27<sup>th</sup>, 2016 – 1:00 p.m. Location: 201 E. Colfax Avenue, Room 101, Denver, CO 80203
- IX. Public Comment
- X. Adjournment

# Public School Capital Construction Assistance Board Agenda Sheet

**MEETING DATE:** January 27, 2016

**SUBJECT:** Discuss the CCAB's legislative priorities

**TYPE:** Action  Information

**BACKGROUND:**

N/A

**STAFF RECOMMENDATION:**

Review and discuss the CCAB legislative platform and make any necessary changes or additions.

**STAFF RECOMMENDED MOTION:**

N/A

**ATTACHMENTS:**

CCAB Legislative Platform



# Public School Capital Construction Assistance Board – Legislative Platform 2015-16

## CCAB Powers & Duties

The CCAB was established to protect the health and safety of students, teachers, and other persons using public school facilities, and maximize student achievement by ensuring that the condition and capacity of public school facilities are sufficient to provide a safe and un-crowded environment conducive to students' learning. The CCAB is to ensure the most equitable, efficient, and effective use of State revenues dedicated to provide financial assistance for capital construction projects pursuant to C.R.S 22-43.7 by assessing public school capital construction needs throughout the State and providing expert recommendations based on objective criteria to the State Board regarding the appropriate prioritization and allocation of such financial assistance. Below is a summary of the CCAB's legislative objectives.

### 1<sup>st</sup> Objective

**Topic: Raise the COP cap to allow the CCAB to fund a larger scope of facility needs.**

**Purpose:** The CCAB supports raising the statutory cap for issuing Certificates of Participation (COPs). The CCAB requests legislative support for raising the cap \$5 - \$10 million per year. Raising the cap by the requested amount would allow for new construction or renovations of approximately \$120-\$200 million per year. The CCAB will work with the Treasurer's office and the CDC towards building a sustainable and predictable funding stream, thus allowing districts to know, from year to year, that there is revenue for such projects. This is also consistent with past amounts and practices, and the program has successfully completed projects in many districts where, without the collaboration of the State, the projects would not have been completed. The sources of funding for this would be the marijuana revenues, the State Land Trust revenue, and the State Education Fund.

Accrual of deficiencies will be identified in the proposed reassessment. The expectation is that in spite of the funding that has been invested in school capital construction recently, the assessment will show an increase in the financial exposure associated with school condition.

The lack of a defined annual funding amount inhibits the CCAB mission to provide for quality facilities throughout the state. Raising the COP cap, even with defined annual limits, will go a long way to adding stability and a degree of certainty to the program; raising the cap will also allow for an increase in smaller projects to be funded by cash receipts while larger ones would be covered through lease purchase. Without increasing the COP cap, the program will continue to rely on royalties, rents, sales from the state school lands, and the taxes associated with the sale of marijuana - an unpredictable income stream.

### 2<sup>nd</sup> Objective

**Topic: Investigate statutory options for the Capital Construction Assistance Board's powers and duties.**

**Purpose:** Revise C.R.S. 22-43.7-106 to give the Board more authority and discretion; Revise C.R.S. 22-43.7-106(2) to add additional authority to the Board to:

- a) Accept gifts, promote and advocate for funding for the BEST program
- b) Perform any and all acts necessary for the performance of its duties hereunder

### 2015-16 Future Legislative Objectives

- Initiate a statewide ballot question specific to school facilities.

# Public School Capital Construction Assistance Board Agenda Sheet

**MEETING DATE:** January 27, 2016

**SUBJECT:** SB16-072: A Bill For An Act Concerning An Increase In The Maximum Total Amount Of Annual Lease Payments Authorized For Lease-Purchase Agreements Entered Into Under The "Building Excellent Schools Today Act".

**TYPE:** Action  Information

**BACKGROUND:**

**BILL SUMMARY:** Under the "Building Excellent Schools Today Act" (BEST), the state may enter into lease-purchase agreements for public school facility capital construction projects subject to the limitation that the maximum total annual amount of lease payments payable under the terms of the agreements does not exceed \$80 million. The bill increases the maximum total annual amount of lease payments authorized to be paid with both state money and local matching money to \$90 million for the 2016-17 fiscal year, \$100 million for the 2017-18 fiscal year, \$110 million for the 2018-19 fiscal year, and \$120 million for the 2019-20 fiscal year and for each fiscal year thereafter. In addition, to match the increase in the maximum annual amount of lease payments authorized and thereby ensure that the annual transfer of public school lands income to the BEST program continues to be sufficient, by itself, to cover the 50% state share of the total amount of annual lease payments, the bill increases the minimum amount of the annual transfer from \$40 million to \$60 million.

**STAFF RECOMMENDATION:**

N/A

**STAFF RECOMMENDED MOTION:**

N/A

**ATTACHMENTS:**

Senate Bill 16-072

Second Regular Session  
Seventieth General Assembly  
STATE OF COLORADO

INTRODUCED

LLS NO. 16-0746.01 Jason Gelender x4330

SENATE BILL 16-072

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SENATE SPONSORSHIP

**Kerr**, Kefalas, Newell, Crowder, Garcia, Aguilar, Heath, Hodge, Jahn, Johnston, Merrifield,  
Todd

HOUSE SPONSORSHIP

(None),

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Senate Committees

Education  
Finance

House Committees

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A BILL FOR AN ACT

101      **CONCERNING AN INCREASE IN THE MAXIMUM TOTAL AMOUNT OF**  
102            **ANNUAL LEASE PAYMENTS AUTHORIZED FOR LEASE-PURCHASE**  
103            **AGREEMENTS ENTERED INTO UNDER THE "BUILDING**  
104            **EXCELLENT SCHOOLS TODAY ACT".**

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**Bill Summary**

*(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)*

Under the "Building Excellent Schools Today Act" (BEST), the state may enter into lease-purchase agreements for public school facility capital construction projects subject to the limitation that the maximum

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
*Capital letters indicate new material to be added to existing statute.*  
*Dashes through the words indicate deletions from existing statute.*

total annual amount of lease payments payable under the terms of the agreements does not exceed \$80 million. The bill increases the maximum total annual amount of lease payments authorized to be paid with both state money and local matching money to \$90 million for the 2016-17 fiscal year, \$100 million for the 2017-18 fiscal year, \$110 million for the 2018-19 fiscal year, and \$120 million for the 2019-20 fiscal year and for each fiscal year thereafter. In addition, to match the increase in the maximum annual amount of lease payments authorized and thereby ensure that the annual transfer of public school lands income to the BEST program continues to be sufficient, by itself, to cover the 50% state share of the total amount of annual lease payments, the bill increases the minimum amount of the annual transfer from \$40 million to \$60 million.

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1 *Be it enacted by the General Assembly of the State of Colorado:*

2           **SECTION 1.** In Colorado Revised Statutes, 22-43.7-104, **amend**  
3 (2) (b) (I) as follows:

4           **22-43.7-104. Public school capital construction assistance fund**  
5 **- creation - crediting of moneys to fund - use of fund - emergency**  
6 **reserve - creation - reserve account - creation and use.** (2) (b) For  
7 each fiscal year commencing on or after July 1, 2008, the following  
8 moneys shall be credited to the assistance fund:

9           (I) (A) Unless and until the state treasurer, pursuant to  
10 sub-subparagraph (B) of this subparagraph (I), provides written notice to  
11 the joint budget committee of the general assembly that the state treasurer  
12 has determined that the use of interest or income earned on the deposit  
13 and investment of moneys in the public school fund to make lease  
14 payments under a lease-purchase agreement entered into pursuant to  
15 section 22-43.7-110 (2) will prevent the interest component of the lease  
16 payments from qualifying for exemption from federal income taxation,  
17 the greater of thirty-five percent of the gross amount of public school  
18 lands income received during the fiscal year or ~~forty~~ SIXTY million  
19 dollars. The moneys required to be credited to the assistance fund

1 pursuant to this sub-subparagraph (A) may be taken from any single  
2 source or combination of sources of public school lands income.

3 (B) Except as otherwise provided in sub-subparagraph (C) of this  
4 subparagraph (I), if the state treasurer determines during any fiscal year  
5 that the use of interest or income earned on the deposit and investment of  
6 moneys in the public school fund to make lease payments under a  
7 lease-purchase agreement will prevent the interest component of the lease  
8 payments from qualifying for exemption from federal income taxation  
9 and provides written notice to the joint budget committee of the general  
10 assembly of the determination, for the portion of the fiscal year beginning  
11 on the date the written notice is provided to the joint budget committee  
12 and for each subsequent fiscal year, the greater of fifty percent of the  
13 gross amount of public school lands income other than interest or income  
14 earned on the deposit and investment of moneys in the public school fund  
15 received during the fiscal year or ~~forty~~ SIXTY million dollars. The moneys  
16 required to be credited to the assistance fund pursuant to this  
17 sub-subparagraph (B) may be taken from any single source or  
18 combination of sources of public school lands income other than interest  
19 or income earned on the deposit and investment of moneys in the public  
20 school fund.

21 (C) If, after making a determination and providing notice pursuant  
22 to sub-subparagraph (B) of this subparagraph (I), the state treasurer  
23 makes a new determination during any fiscal year that the use of interest  
24 or income earned on the deposit and investment of moneys in the public  
25 school fund to make lease payments under a lease-purchase agreement  
26 entered into pursuant to section 22-43.7-110 (2) will not prevent the  
27 interest component of the lease payments from qualifying for exemption

1 from federal income taxation and the state treasurer provides written  
2 notice to the joint budget committee of the general assembly that the state  
3 treasurer has made a new determination and is rescinding the  
4 determination made pursuant to said sub-subparagraph (B) as of the date  
5 the written notice is provided, for the portion of the fiscal year beginning  
6 on the date the written notice is provided to the joint budget committee  
7 and for each subsequent fiscal year, the greater of thirty-five percent of  
8 the gross amount of public school lands income received during the fiscal  
9 year or ~~forty~~ SIXTY million dollars. The moneys required to be credited to  
10 the assistance fund pursuant to this sub-subparagraph (C) may be taken  
11 from any single source or combination of sources of public school lands  
12 income.

13 **SECTION 2.** In Colorado Revised Statutes, 22-43.7-110, **amend**  
14 (2) (a) (III) and (2) (a) (IV); and **add** (2) (a) (V), (2) (a) (VI), (2) (a) (VII),  
15 and (2) (a) (VIII) as follows:

16 **22-43.7-110. Financial assistance - grants - lease-purchase**  
17 **agreements.** (2) Subject to the following requirements and limitations,  
18 the board may also instruct the state treasurer to enter into lease-purchase  
19 agreements on behalf of the state to provide financial assistance to  
20 applicants by financing public school facility capital construction projects  
21 for which the state board has recommended and the capital development  
22 committee has authorized the provision of financial assistance that  
23 involves a lease-purchase agreement pursuant to section 22-43.7-109 (7):

24 (a) Subject to the limitation specified in paragraph (b) of this  
25 subsection (2), the maximum total amount of annual lease payments  
26 payable by the state during any fiscal year under the terms of all  
27 outstanding lease-purchase agreements entered into by the state treasurer



1 as instructed by the board pursuant to this subsection (2) is:  
2 (III) Sixty million dollars for the 2010-11 fiscal year; ~~and~~  
3 (IV) Eighty million dollars for the 2011-12 fiscal year and for  
4 each fiscal year thereafter THROUGH THE 2015-16 FISCAL YEAR;  
5 (V) NINETY MILLION DOLLARS FOR THE 2016-17 FISCAL YEAR;  
6 (VI) ONE HUNDRED MILLION DOLLARS FOR THE 2017-18 FISCAL  
7 YEAR;  
8 (VII) ONE HUNDRED TEN MILLION DOLLARS FOR THE 2018-19  
9 FISCAL YEAR; AND  
10 (VIII) ONE HUNDRED TWENTY MILLION DOLLARS FOR THE 2019-20  
11 FISCAL YEAR AND FOR EACH FISCAL YEAR THEREAFTER.

12 **SECTION 3. Effective date - applicability.** This act takes effect  
13 upon passage; except that section 1 of this act takes effect July 1, 2016,  
14 and applies to fiscal years commencing on or after said date.

15 **SECTION 4. Safety clause.** The general assembly hereby finds,  
16 determines, and declares that this act is necessary for the immediate  
17 preservation of the public peace, health, and safety.

# Public School Capital Construction Assistance Board Agenda Sheet

**MEETING DATE:** January 27, 2016

**SUBJECT:** SB16-035: A Bill For An Act Concerning The Public School Fund, And, In Connection Therewith, Creating A Public School Fund Investment Board To Direct The State Treasurer On The Investment Of The Fund And Changing The Distribution Of The Interest Or Income Earned On The Investment Of The Moneys In The Fund.

**TYPE:** Action  Information

**BACKGROUND:**

**BILL SUMMARY:** The bill creates the public school fund investment board (board) to direct the state treasurer on the investment of the constitutionally created public school fund (fund). The fund consists of the proceeds of land that was granted to the state by the federal government for educational purposes. The bill specifies that the board is made up of 5 members including the treasurer, a member of the state board of land commissioners, and 3 members appointed by the governor and confirmed by the senate. The board may enter into contracts with private professional fund managers to provide expertise, technical support, and advice on investment market conditions but such contracts must be bid by employing standard public bidding practices. The bill changes the distribution of the interest or income earned on the investment of the moneys in the fund so that the interest or income earned on the investment of the moneys in the public school fund may first be used to pay for the services of private professional fund managers hired by the board and to pay for any reimbursement for travel and other necessary expenses incurred by the members of the board. The bill then specifies that for the 2017-18 and 2018-19 state fiscal years the first \$21 million is credited to the statutorily created state public school fund, the next \$10 million is credited to the public school capital construction assistance fund for the "Building Excellent Schools Today" grant program, and any money in excess of \$31 million is credited as the board sets forth in established policy. The bill also specifies that for the 2019-20 state fiscal year, and each state fiscal year thereafter, the first \$21 million is credited to the statutorily created state public school fund, the next \$20 million is credited to the public school capital construction assistance fund for the "Building Excellent Schools Today" grant program, and any money in excess of \$41 million is credited as the board sets forth in established policy.

**STAFF RECOMMENDATION:**

N/A

**STAFF RECOMMENDED MOTION:**

N/A

**ATTACHMENTS:**

Senate Bill 16-035

Second Regular Session  
Seventieth General Assembly  
STATE OF COLORADO

INTRODUCED

LLS NO. 16-0744.01 Esther van Mourik x4215

SENATE BILL 16-035

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SENATE SPONSORSHIP

Johnston,

HOUSE SPONSORSHIP

(None),

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Senate Committees

State, Veterans, & Military Affairs

House Committees

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A BILL FOR AN ACT

101 CONCERNING THE PUBLIC SCHOOL FUND, AND, IN CONNECTION  
102 THEREWITH, CREATING A PUBLIC SCHOOL FUND INVESTMENT  
103 BOARD TO DIRECT THE STATE TREASURER ON THE INVESTMENT  
104 OF THE FUND AND CHANGING THE DISTRIBUTION OF THE  
105 INTEREST OR INCOME EARNED ON THE INVESTMENT OF THE  
106 MONEYS IN THE FUND.

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Bill Summary

*(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)*

The bill creates the public school fund investment board (board)

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
Capital letters indicate new material to be added to existing statute.  
Dashes through the words indicate deletions from existing statute.

to direct the state treasurer on the investment of the constitutionally created public school fund (fund). The fund consists of the proceeds of land that was granted to the state by the federal government for educational purposes. The bill specifies that the board is made up of 5 members including the treasurer, a member of the state board of land commissioners, and 3 members appointed by the governor and confirmed by the senate. The board may enter into contracts with private professional fund managers to provide expertise, technical support, and advice on investment market conditions but such contracts must be bid by employing standard public bidding practices.

The bill changes the distribution of the interest or income earned on the investment of the moneys in the fund so that the interest or income earned on the investment of the moneys in the public school fund may first be used to pay for the services of private professional fund managers hired by the board and to pay for any reimbursement for travel and other necessary expenses incurred by the members of the board.

The bill then specifies that for the 2017-18 and 2018-19 state fiscal years the first \$21 million is credited to the statutorily created state public school fund, the next \$10 million is credited to the public school capital construction assistance fund for the "Building Excellent Schools Today" grant program, and any money in excess of \$31 million is credited as the board sets forth in established policy.

The bill also specifies that for the 2019-20 state fiscal year, and each state fiscal year thereafter, the first \$21 million is credited to the statutorily created state public school fund, the next \$20 million is credited to the public school capital construction assistance fund for the "Building Excellent Schools Today" grant program, and any money in excess of \$41 million is credited as the board sets forth in established policy.

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1 *Be it enacted by the General Assembly of the State of Colorado:*

2           **SECTION 1.** In Colorado Revised Statutes, **add** 22-41-102.5 as  
3 follows:

4           **22-41-102.5. Public school fund investment board - creation.**

5 (1)(a) THERE IS HEREBY CREATED THE PUBLIC SCHOOL FUND INVESTMENT  
6 BOARD, REFERRED TO IN THIS SECTION AS THE "BOARD". THREE VOTING  
7 MEMBERS OF THE BOARD CONSTITUTES A QUORUM. THE BOARD CONSISTS  
8 OF FIVE MEMBERS, AS FOLLOWS:

- 1           (I) THE STATE TREASURER, WHO SERVES AS CHAIR;
- 2           (II) A MEMBER OF THE STATE BOARD OF LAND COMMISSIONERS,  
3 APPOINTED BY MAJORITY VOTE OF THE COMMISSIONERS; AND
- 4           (III) THREE MEMBERS APPOINTED BY THE GOVERNOR AND  
5 CONFIRMED BY THE SENATE. THE MEMBERS APPOINTED BY THE GOVERNOR  
6 MUST HAVE OUTSTANDING PROFESSIONAL QUALIFICATIONS REGARDING  
7 THE PRUDENT INVESTMENT OF TRUST FUND MONEY OR EXPERTISE IN  
8 INSTITUTIONAL INVESTMENT MANAGEMENT.

9           (b) INITIAL APPOINTMENTS OF MEMBERS MUST BE MADE NO LATER  
10 THAN JUNE 30, 2016. THE BOARD MUST MEET FOR THE FIRST TIME NO  
11 LATER THAN AUGUST 15, 2016, AND THE BOARD MUST MEET NO LESS  
12 THAN QUARTERLY THEREAFTER.

13           (2) EXCEPT FOR THE STATE TREASURER, MEMBERS OF THE BOARD  
14 SERVE TWO-YEAR TERMS AND MAY NOT SERVE MORE THAN THREE  
15 CONSECUTIVE TERMS, AND NONE OF THE BOARD MEMBERS, EXCEPT FOR  
16 THE TREASURER, MAY HOLD ANY STATE ELECTIVE OFFICE. THE STATE  
17 BOARD OF LAND COMMISSIONERS OR THE GOVERNOR MAY REMOVE THEIR  
18 APPOINTED MEMBERS FOR ANY CAUSE THAT RENDERS THE MEMBER  
19 INCAPABLE OF DISCHARGING OR UNFIT TO DISCHARGE HIS OR HER DUTY TO  
20 THE BOARD. THE STATE BOARD OF LAND COMMISSIONERS OR THE  
21 GOVERNOR MAY FILL ANY VACANCY BY APPOINTMENT AND SUCH  
22 APPOINTMENT MUST BE MADE NO LATER THAN NINETY DAYS AFTER THE  
23 DATE OF THE VACANCY. A MEMBER APPOINTED TO FILL A VACANCY  
24 SERVES UNTIL THE EXPIRATION OF THE TERM FOR WHICH THE VACANCY  
25 WAS FILLED. MEMBERS OF THE BOARD SERVE WITHOUT COMPENSATION  
26 BUT MAY RECEIVE REIMBURSEMENT FOR TRAVEL AND OTHER NECESSARY  
27 EXPENSES ACTUALLY INCURRED IN THE PERFORMANCE OF THEIR DUTIES.

1 THE REIMBURSEMENTS ARE PAID FROM THE INTEREST AND INCOME  
2 EARNED ON THE DEPOSIT AND INVESTMENT OF THE PUBLIC SCHOOL FUND  
3 SUBJECT TO THE REQUIREMENTS SET FORTH IN SECTION 22-41-102.

4 (3) THE BOARD SHALL DIRECT THE STATE TREASURER ON HOW TO  
5 SECURELY INVEST MONEYS DEPOSITED IN THE PUBLIC SCHOOL FUND FOR  
6 THE INTERGENERATIONAL BENEFIT OF PUBLIC SCHOOLS AND IN A MANNER  
7 THAT COMPLIES WITH THE "UNIFORM PRUDENT INVESTOR ACT", ARTICLE  
8 1.1 OF TITLE 15, C.R.S.

9 (4) (a) NO LATER THAN MARCH 31, 2017, THE BOARD SHALL  
10 ESTABLISH POLICIES THAT ARE NECESSARY AND PROPER FOR THE  
11 ADMINISTRATION OF THIS SECTION, INCLUDING BUT NOT LIMITED TO:

12 (I) A CONFLICT OF INTEREST POLICY FOR BOARD MEMBERS;

13 (II) A POLICY ESTABLISHING ALLOWABLE INVESTMENTS THAT  
14 COMPLY WITH SECTION 22-41-104 AND SECTION 3 OF ARTICLE IX OF THE  
15 STATE CONSTITUTION; AND

16 (III) A POLICY REGARDING THE DISTRIBUTION OF INCOME AND  
17 INTEREST SUBJECT TO THE REQUIREMENTS SET FORTH IN SECTION  
18 22-41-102 (3) (f).

19 (b) THE POLICIES MUST BE POSTED ON THE DEPARTMENT OF THE  
20 TREASURY'S WEBSITE NO LATER THAN APRIL 5, 2017.

21 (5) THE BOARD MAY ENTER INTO CONTRACTS WITH PRIVATE  
22 PROFESSIONAL FUND MANAGERS TO PROVIDE EXPERTISE, TECHNICAL  
23 SUPPORT, AND ADVICE ON INVESTMENT MARKET CONDITIONS. SUCH  
24 CONTRACT OR CONTRACTS MUST BE BID BY EMPLOYING STANDARD PUBLIC  
25 BIDDING PRACTICES INCLUDING, BUT NOT LIMITED TO, THE USE OF  
26 REQUESTS FOR INFORMATION, REQUESTS FOR PROPOSALS, OR ANY OTHER  
27 STANDARD VENDOR SELECTION PRACTICES DETERMINED BY THE BOARD TO

1 BE BEST SUITED TO SELECTING AN APPROPRIATE PRIVATE PROFESSIONAL  
2 FUND MANAGER. PAYMENTS FOR THESE SERVICES WILL BE PAID FROM THE  
3 INTEREST AND INCOME OF THE PUBLIC SCHOOL FUND SUBJECT TO THE  
4 REQUIREMENTS SET FORTH IN SECTION 22-41-102.

5 **SECTION 2.** In Colorado Revised Statutes, 22-41-102, **amend**  
6 (1) and (3) (e); and **add** (3) (f) and (3) (g) as follows:

7 **22-41-102. Fund inviolate.** (1) The public school fund shall  
8 forever remain inviolate and intact; the interest and income earned on the  
9 deposit and investment of the fund only shall be expended in the  
10 maintenance of the schools of the state and shall be distributed to the  
11 several school districts of the state in such manner as may be prescribed  
12 by law. No part of said fund, principal or interest and income, shall ever  
13 be transferred to any other fund or used or appropriated, except as  
14 provided in this article and article 43.7 of this title. The state treasurer  
15 shall be custodian of the fund, and the same shall be securely and  
16 profitably invested as may be directed by law THE PUBLIC SCHOOL FUND  
17 INVESTMENT BOARD CREATED IN SECTION 22-41-102.5. The state, by  
18 appropriation, shall supply all losses of principal that may occur as  
19 determined pursuant to section 2-3-103 (5), C.R.S., or section 22-41-104  
20 (2).

21 (3) (e) For the 2015-16 AND THE 2016-17 state fiscal year, ~~and~~  
22 ~~each state fiscal year thereafter~~, the first twenty-one million dollars of any  
23 interest or income earned on the investment of the moneys in the public  
24 school fund shall be IS credited to the state public school fund created in  
25 section 22-54-114 for distribution as provided by law. Any amount of  
26 such interest and income earned on the investment of the moneys in the  
27 state public school fund in excess of twenty-one million dollars, other

1 than interest and income credited to the public school capital construction  
2 assistance fund, created in section 22-43.7-104 (1), pursuant to section  
3 22-43.7-104 (2) (b) (I), shall remain in the fund and shall become part of  
4 the principal of the fund.

5 (f) FOR THE 2017-18 AND 2018-19 STATE FISCAL YEARS, INTEREST  
6 OR INCOME EARNED ON THE INVESTMENT OF THE MONEYS IN THE PUBLIC  
7 SCHOOL FUND MAY FIRST BE USED TO PAY FOR THE SERVICES OF PRIVATE  
8 PROFESSIONAL FUND MANAGERS HIRED BY THE PUBLIC SCHOOL FUND  
9 INVESTMENT BOARD PURSUANT TO SECTION 22-41-102.5 (5), AND TO PAY  
10 FOR ANY REIMBURSEMENT FOR TRAVEL AND OTHER NECESSARY EXPENSES  
11 INCURRED BY THE MEMBERS OF THE PUBLIC SCHOOL FUND INVESTMENT  
12 BOARD PURSUANT TO SECTION 22-41-102.5 (3). THE REMAINDER IS  
13 CREDITED AS FOLLOWS:

14 (I) THE FIRST TWENTY-ONE MILLION DOLLARS IS CREDITED TO THE  
15 STATE PUBLIC SCHOOL FUND CREATED IN SECTION 22-54-114 FOR  
16 DISTRIBUTION AS PROVIDED IN THAT SECTION;

17 (II) ANY AMOUNT IN EXCESS OF TWENTY-ONE MILLION DOLLARS,  
18 UP TO THIRTY-ONE MILLION DOLLARS, IS CREDITED TO THE PUBLIC SCHOOL  
19 CAPITAL CONSTRUCTION ASSISTANCE FUND CREATED IN SECTION  
20 22-43.7-104 FOR USE AS PROVIDED IN THAT SECTION; AND

21 (III) ANY AMOUNT IN EXCESS OF THIRTY-ONE MILLION DOLLARS IS  
22 CREDITED AS SPECIFIED IN THE POLICY ESTABLISHED BY THE PUBLIC  
23 SCHOOL FUND INVESTMENT BOARD AS REQUIRED IN SECTION 22-41-102.5  
24 (4) (c).

25 (g) FOR THE 2019-20 STATE FISCAL YEAR, AND EACH STATE FISCAL  
26 YEAR THEREAFTER, INTEREST OR INCOME EARNED ON THE INVESTMENT OF  
27 THE MONEYS IN THE PUBLIC SCHOOL FUND MAY FIRST BE USED TO PAY FOR



1 THE SERVICES OF PRIVATE PROFESSIONAL FUND MANAGERS HIRED BY THE  
2 PUBLIC SCHOOL FUND INVESTMENT BOARD PURSUANT TO SECTION  
3 22-41-102.5 (5), AND TO PAY FOR ANY REIMBURSEMENT FOR TRAVEL AND  
4 OTHER NECESSARY EXPENSES INCURRED BY THE MEMBERS OF THE PUBLIC  
5 SCHOOL FUND INVESTMENT BOARD PURSUANT TO SECTION 22-41-102.5  
6 (3). THE REMAINDER IS CREDITED AS FOLLOWS:

7 (I) THE FIRST TWENTY-ONE MILLION DOLLARS IS CREDITED TO THE  
8 STATE PUBLIC SCHOOL FUND CREATED IN SECTION 22-54-114 FOR  
9 DISTRIBUTION AS PROVIDED IN THAT SECTION;

10 (II) ANY AMOUNT IN EXCESS OF TWENTY-ONE MILLION DOLLARS,  
11 UP TO FORTY-ONE MILLION DOLLARS, IS CREDITED TO THE PUBLIC SCHOOL  
12 CAPITAL CONSTRUCTION ASSISTANCE FUND CREATED IN SECTION  
13 22-43.7-104 FOR USE AS PROVIDED IN THAT SECTION; AND

14 (III) ANY AMOUNT IN EXCESS OF FORTY-ONE MILLION DOLLARS IS  
15 CREDITED AS SPECIFIED IN THE POLICY ESTABLISHED BY THE PUBLIC  
16 SCHOOL FUND INVESTMENT BOARD AS REQUIRED IN SECTION 22-41-102.5  
17 (4) (c).

18 **SECTION 3.** In Colorado Revised Statutes, 22-41-104, **amend**  
19 (1) as follows:

20 **22-41-104. Lawful investments.** (1) The state treasurer, ~~in the~~  
21 ~~state treasurer's discretion~~ AS DIRECTED BY THE PUBLIC SCHOOL FUND  
22 INVESTMENT BOARD, may invest and reinvest moneys accrued or accruing  
23 to the public school fund in the types of deposits and investments  
24 authorized in sections 24-36-109, 24-36-112, and 24-36-113, C.R.S., and  
25 bonds issued by school districts. THE MONEYS MAY ALSO BE INVESTED IN  
26 STOCKS AND OTHER FINANCIAL ASSETS AS SPECIFIED IN THE PUBLIC  
27 SCHOOL FUND INVESTMENT BOARD INVESTMENT POLICY ESTABLISHED AS

1 REQUIRED IN SECTION 22-41-102.5 (4) (b); EXCEPT THAT:

2 (a) NO INVESTMENT OF THE FUND IN STOCK OF ANY SINGLE  
3 CORPORATION MAY BE OF AN AMOUNT THAT EXCEEDS TEN PERCENT OF  
4 THE THEN BOOK VALUE OF THE FUND; AND

5 (b) THE FUND MAY NOT ACQUIRE MORE THAN TEN PERCENT OF THE  
6 OUTSTANDING STOCK OR BONDS OF ANY SINGLE CORPORATION.

7 **SECTION 4.** In Colorado Revised Statutes, **amend** 22-41-105 as  
8 follows:

9 **22-41-105. Income distinguished from principal.** (1) Any  
10 amount paid as a premium for an interest-bearing obligation in excess of  
11 the amount realized upon disposition of said obligation ~~shall~~ MUST be  
12 recovered as a return of principal out of interest thereafter derived from  
13 the public school fund. Such recovery ~~shall~~ MUST be made and recorded  
14 on a systematic basis applied consistently from year to year.

15 (2) INTEREST AND INCOME THAT IS NOT DISTRIBUTED AS SPECIFIED  
16 IN SECTION 22-41-102 (3) ON JUNE 30 OF ANY FISCAL YEAR BECOMES PART  
17 OF THE PRINCIPAL OF THE PUBLIC SCHOOL FUND.

18 **SECTION 5.** In Colorado Revised Statutes, **amend** 22-41-107 as  
19 follows:

20 **22-41-107. Reports.** ~~(1) The state treasurer shall furnish a~~  
21 ~~quarterly report to the state board of land commissioners showing the~~  
22 ~~investment transactions effected and the amount of investment income~~  
23 ~~collected during the preceding three-month period.~~

24 ~~(2) Repealed~~ THE PUBLIC SCHOOL FUND INVESTMENT BOARD  
25 SHALL SUBMIT FINANCIAL STATEMENTS ON NOVEMBER 1 OF EACH FISCAL  
26 YEAR TO THE STATE TREASURER, THE STATE BOARD OF LAND  
27 COMMISSIONERS, THE OFFICE OF STATE PLANNING AND BUDGETING, THE

1 JOINT BUDGET COMMITTEE, AND THE EDUCATION AND FINANCE  
2 COMMITTEES OF THE SENATE AND HOUSE OF REPRESENTATIVES, OR SUCH  
3 SUCCESSOR COMMITTEES.

4 **SECTION 6. Safety clause.** The general assembly hereby finds,  
5 determines, and declares that this act is necessary for the immediate  
6 preservation of the public peace, health, and safety.