



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:

April 6, 2017
1:30 p.m. – 4:00 p.m.

Location:

201 E. Colfax Ave. Rm. 101
Denver, CO 80203

Capital Construction Assistance Board Members

Tim Reed –Chair
Kathy Gebhardt – Vice Chair

Margi Ammon
Denise Pearson
Ken Haptonstall

Cyndi Wright
Scott Stevens
Roger Good

I. Call to Order - 1:32 P.M.

II. Pledge of Allegiance

III. Roll Call – Margi Ammon, Kathy Gebhardt (call-in), Roger Good, Ken Haptonstall, Denise Pearson, Scott Stevens, Cyndi Wright, and Tim Reed

CDE Staff Attendees: Anna Fitzer (call-in), Julia Fitzpatrick, Dustin Guerin (call-in), Jay Hoskinson, Cheryl Honigsberg (call-in), Ashley Moretti, Jim Owens

Attorney General’s Office Attendee: Heidi Dineen

IV. Approve Agenda

Motion by: Denise Pearson

2nd by: Roger Good

All for: Margi Ammon, Kathy Gebhardt, Roger Good, Ken Haptonstall, Denise Pearson, Scott Stevens, Cyndi Wright, and Tim Reed

All opposed: None

V. Approve Previous Meeting Minutes from March 2, 2017

Scott Stevens recommended the following amendment be made to the minutes from the March 2, 2017 meeting: page 3, item VIII.A, should read “Ken Haptonstall expressed concern over the new scoring rubric”, instead of “Scott Stevens...” as stated.

Approve the meeting minutes from March 2, 2017 as amended

Motion by: Scott Stevens

2nd by: Ken Haptonstall

All for: Margi Ammon, Kathy Gebhardt, Roger Good, Ken Haptonstall, Denise Pearson, Scott Stevens, Cyndi Wright, and Tim Reed

All opposed: None

VI. Board Report

Kathy Gebhardt mentioned Senate Bill 267 which is a proposal for the Rural Alliance to draft new language to allow additional marijuana excise tax to be used for BEST grants.

Margi Ammon informed the CCAB that she presented at the Green Schools Conference in Atlanta. She enjoyed

the conversations about how schools around the country are focused on transforming their facilities into healthy environments.

Tim Reed mentioned he contacted the Senate and House Minority leaders regarding the vacant technology position on the CCAB. The Senate Minority leader returned his call and Tim expressed his concern regarding the recent legislative change making technology grants a priority 1 and there has been extreme difficulty to get a technology person appointed to the Board over the past year. The inability to fill this opening leaves the CCAB without a subject matter expert when reviewing technology grants. The Senate Minority leader informed Tim they would hopefully have a candidate appointed before the April 26, 2017 meeting to allow the new board member to participate in the grant selection review process. Tim also mentioned he took a road trip to Indiana and drove through areas in Colorado with BEST schools.

VII. Director's Report

Jim Owens informed the CCAB that staff is currently reviewing all grant applications that were submitted this cycle. The Division is also now fully staffed; Josh Jones was hired to fill the Central Regional Facility Assessor position and started March 15, 2017. He replaced Roger Doris who resigned in January. Currently, the Facility Assessment team is evaluating their production rates to complete assessments and are thinking about adding a sixth assessor to the team. Jefferson County School District is also working on formatting their own assessment data so the Facility Insight team can import it into the assessment database.

Jim reviewed the grant cycle applications and emphasized several differences from last year's grant cycle. The number of applications was not as high as expected, but the dollar amount requested for financial assistance exceeds that of any cycle's request since the program's inception in 2008. The amount requested this cycle was \$630 million (State share & match combined). There were fifty applications submitted this year as compared to the fifty-three submitted last year. Overall the applications from this cycle represent forty-two districts, seven districts charters, and one Charter School Institute school. Applications were not received from Colorado BOCES or Colorado School for the Deaf and Blind. Jim added that one applicant has already withdrawn from this year's cycle. Twenty of the applications are in excess of \$20 million total project budget, and thirty applications are under \$10 million total project budget. For the state match portion, thirteen projects are under \$20 million and thirty-nine projects are under \$10 million. The list of projects is posted the website as of today. If CCAB members have any questions, comments, or concerns please reach out to Division staff.

Included in the CCAB's packet is a Conflict of Interest form which Heidi Dineen, Attorney General's Office, will be going over later in the meeting. If any CCAB member feels they have a potential conflict of interest with any of the applications they will need to fill out the conflict of interest form and return it to Ashley Moretti at the April 26, 2017 meeting.

The scoring for the grant application evaluation tool has been finalized and included in the meeting packet. All CCAB members will receive an evaluation sheet for every project that include staff comments at the April 26, 2017 meeting in addition to the FY2017-18 grant application summary book.

Also included in the meeting packet is an excel spreadsheet that provides an overview of the assessor's trajectory to complete all facility assessments in the three year cycle. The spreadsheet demonstrates the completion of assessments currently, and the projected completion of assessment at the end of year one, year two, and year three. The trajectory is not reflective of the data the Division could be receiving by some of the larger districts. Additionally, all districts will have an assessment adequacy survey completed by year 3, regardless if their assessment was done by the Division or the district themselves. Denise Pearson asked about the possibility of the 6th assessor and the where the funding would come from. The budget allows for a 6th assessor Jim answered. Tim Reed added Jefferson County School District is about ready to submit their own district assessment data to the Division which covers over twelve million square feet.

Legislative updates included briefing the CCAB on Senate Bill 267, which Kathy mentioned in the board report.

There is also House Bill 17-1082, a BEST technology grant initiative, which Senator Pabon initiated earlier in the legislative session and is still under consideration. When the legislative session wraps up on May 10 there will be more information around house bills and senate bills that will affect the program.

CDE has completed their figure setting for the next fiscal year. The Division has an anticipated appropriation for COP's and cash grants for this cycle. The Division is also waiting for the School Finance Act to be finalized, which will indicate if \$15 million will be pulled from the assistance fund ending balance. Jim stated it is unlikely that the proposal to remove money from the assistance fund will go through, but the Division will find out in May what the result is.

At the April 26, 2017 meeting the Division staff will be distributing the FY2017-18 summary book and the evaluation tool sheets for each application. The May grant selection meeting will be held May 17-18 at Jefferson County School District facility. The Division will submit an agenda item for the June 10-11, 2017 State Board of Education meeting to obtain the approval to go forward with the funded project recommendations. Assuming there are COP grants, the Division will also have an agenda item at the Capital Development Committee meeting June 21, 2017 to get the additional approval needed to fund the recommended COP's.

VIII. Discussion Items

a. Lease Purchase financial scenario planning

Heidi introduced Jason Simmons, financial advisor from the State Treasury's Office. Jason has worked on all prior BEST COP projects and is very familiar with the program. With the legislative cap having been raised to \$50 million from \$40 million, the additional \$10 million would allow the CCAB the opportunity to issue COP's for the first time since 2013. All of the COP's funds can be issued this grant cycle, or the funds can be distributed over the next couple of cycles. This is at the sole discretion of the Board. Jason explained the pros and cons of issuing maximum amount this cycle; the pros being interest rates are low and cost of construction is expected to increase over the next few years, the cons being there would be no COP funds left for the future cycles. Jason also provided the CCAB with an overview on the COP process including different scenarios around how the COP money can be spent and its impact on debt service payments, different scenarios around financing and its impact on the ending fund balance, and refunding opportunities on different types of COP bonds.

Denise Pearson asked if there was a standard ratio of how much the \$10 million would produce in granting funds. \$10 million in borrowed funds leverage approximately \$270 million dollars in granting funds, thus resulting in six or seven being financed with the full 10 million this grant cycle Jason stated. Ken Haptonstall asked if the proposed scenarios are based on rising interest rates. Jason explained that the scenarios have been calculated on current interest rates.

Heidi Dineen explained the CCAB will need to make a recommendation to the State Treasury's Office on how much of the \$10 million in financing the CCAB would like to use this grant cycle. Once the State Treasury's office receives the recommendation, the State Treasurer will need to approve the recommendation. Historically the State Treasury follows the recommendation of the CCAB.

Heidi also stated it is a policy decision of the CCAB to determine how the COP financing dollars should be spent, whether it is spent all this year or spread out over the next couple of years. The CCAB should also consider the number of COP projects to fund this cycle. In past years the maximum number of COP projects per cycle was ten projects, as the due diligence per project is time intensive.

b. Cash grant planning

The CCAB engaged in a general conversation around cash grant award amounts for this grant cycle. There is \$70 million appropriated for cash grants. Last year the appropriation was \$70 million; \$60 million was used for cash grants and \$10 million was applied to the program's debt service.

Jim explained in the meeting packet is a chart that demonstrates the program's revenue and costs projections over the next 5 years and its effect on the Assistance Fund's ending fund balance. The chart also shows the impact of cash grants and COP financing on the ending fund balance over the next 5 years.

In FY2015-16, 5% of the total cash grant plan was set aside for grant reserve. In FY2016-17 there were no funds set aside for grant reserve. This cycle, the CCAB will need to determine if any funds will be set aside. Ken Haptonstall asked if the program has funding set aside for emergency grants. Jim stated that a minimum of \$1 million must be reserved to fund potential emergency grants.

Tim asked if the Division has determined how much time applicants will get to present at the May grant selection meeting based on their project type. The CCAB had previously discussed small projects should receive the standard two minutes to present and larger projects should potentially get up to ten minutes to present. Jim stated since there is no time limit on Q&A portion of the presentation, all projects will receive two minutes to present.

If a tie were to occur between two or more projects, the CCAB would have to determine which project(s) have a higher priority over the rest in that specific tie group. The CCAB expressed concern on the current tie-breaking scenario, and would like to further this discuss at the April 26, 2017 meeting. An action item is to be included on the April 26, 2017 agenda on how to handle tied scores.

The CCAB heavily discussed the 1-5 scoring scale on the current grant application evaluation sheet, and deliberated if it made sense to move the scoring back to 1-10 scale to help eliminate ties. The CCAB decided to try out the 1-5 scale this cycle.

c. Role of Capital Construction Assistance Board

Heidi Dineen explained the role the role of the CCAB when reviewing COP projects. The CCAB will need to make a recommendation of what projects they would like to fund as lease-purchase projects this cycle at the May 17-18, 2017 meeting. Once the recommendation has been made, Heidi will prepare a resolution which will authorize the state to enter into a sub-lease contract for each COP project. The CCAB chair will be responsible for signing the resolution.

Heidi also provided an overview of what a conflict of interest means. If a CCAB member has a conflict of interest, they are required to disclose their conflict of interest by filling out a conflict of interest form. The CCAB member will also need to recuse themselves from the discussion/voting of that project. Violating the conflict of interest procedure could result in a breach of fiduciary duty and a class 2 misdemeanor. If a CCAB member is unsure if they have a conflict of interest they are advised to talk to Heidi or Jim.

IX. Future Meetings

- **April 26 @ 1:30 p.m. Location: 201 E. Colfax Avenue, Room 101, Denver, CO 80203**
- **May 17-18 @ 9:00 a.m. Location: 1829 Denver West Dr. Building #27, 5th floor, Golden, CO 80401**
- **June 1 @ 1:30 p.m. Location: 201 E. Colfax Avenue, Room 101, Denver, CO 80203**

X. Public Comment

Kevin Schott, Superintendent Deer Trail 26 J, briefed the CCAB about the current capital construction needs in the district. The Deer Trail community is committed making improvements to the district and passed a bond this past November. Being awarded a BEST grant would help the district make strides towards addressing all capital construction needs.

Scott Newell from Cooperative Strategies, former director of CCA, gave his input on how the CCAB should evaluate COP potential projects compared to cash only projects. In past cycles the CCAB created two prioritized

lists when evaluating projects; entire school projects vs single scope items. He added the impact of students also should be considered when trying to maximize the dollars.

XI. Adjournment – 3:26 P.M.

Motion by: Denise Pearson

2nd by: Scott Stevens

All for: Margi Ammon, Kathy Gebhardt, Roger Good, Ken Haptonstall, Denise Pearson, Scott Stevens, Cyndi Wright, and Tim Reed

All opposed: None

The mission of the Capital Construction Assistance Board is 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 that is conducive to student's learning.