



**STATE BOARD OF EDUCATION
March 8, 2018
Office of the State Board of Education
Len B. Jordan Building
650 W State Street, 3rd Floor
Boise, Idaho**

A special meeting of the State Board of Education was held March 8, 2018 in the large conference room of the Office of the State Board of Education, Len B. Jordan Building, in Boise Idaho. Board President Dr. Linda Clark presided and called the meeting to order at 10:00 am MST. A roll call of members was taken.

Present:

Dr. Linda Clark, President
Debbie Critchfield, Vice President
Dr. David Hill, Secretary
Emma Atchley

Don Soltman
Richard Westerberg
Sherri Ybarra, State Superintendent

Absent:

Andrew Scoggin

BUSINESS AFFAIRS AND HUMAN RESOURCES (BAHR)

1. Finance and Construction of the Cybercore Integration Center and Collaborative Computing Center Facilities

M/S (Westerberg/Atchley): To approve the purchase by the Board of the parcel referred to in the real estate purchase agreement attached hereto, and to authorize execution of a purchase agreement and ancillary documents by the Board President in substantial conformance to Attachment 1. The motion carried 6-0 with Dr. Hill abstaining. Mr. Scoggin was absent from voting.

AND

M/S (Westerberg/Atchley): To authorize the Board President to execute documents in substantial conformance to the Idaho State Building Authority documents at Attachments 2, 3, and 4; and the Battelle Energy Alliance, LLC subleases at Attachments 5 and 6; and the Certificate of Idaho State Board of Education document at Attachment 7; and to delegate authority to the Executive Director to execute documents incidental to the Idaho State Building Authority bond issuance and the development and construction of the Cybercore Integration Center facility and the Collaborative Computing Center facility. The motion carried 6-0 with Dr. Hill abstaining. Mr. Scoggin was absent from voting.

Business Affairs and Human Resources (BAHR) Committee Chair, Mr. Richard Westerberg, introduced the item reminding Board members in March 2017, the Legislature approved Senate Concurrent Resolution 105 pursuant to Idaho Code, 67-6410, which authorized the Board to enter into agreements with the Idaho State Building Authority (ISBA) for the *“financing and development of research and educational facilities, and related facilities, at Idaho Falls, Idaho, for their uses and the uses of other public and/or private entities that may have affiliated, related or collaborative purposes.”*

Mr. Westerberg continues by stating the facilities are intended to be subleased by the Board to Battelle Energy Alliance, LLC (BEA) for use by BEA as the principal operating contractor for the Idaho National Laboratory (INL). The Collaborative Computing Center (C3) building will house a supercomputer which will support research activities carried out at INL and throughout the state. The Cybercore Integration Center (CIC) building will support cyber security research. He then invited the Board’s Chief Fiscal Officer, Mr. Chet Herbst, to provide an update on the project to members of the Board.

Mr. Herbst begins by sharing with Board members the selected Construction Manager at Risk (CMAR) team of JE Dunn and ESI, working with BEA and the Idaho State Building Authority (ISBA), have established the Guaranteed Maximum Price (GMP) for the project and that work by ISBA’s financing and bond counsel team on the financing plan for the project is in its final stages. Finally Mr. Herbst states the project documents are expected to be complete and in place by April 19, 2018.

Board member Atchley then asked if BEA intends to recover the approximate gap of \$19 million between the calculated bond revenues and the total cost of the project through lease payments or if this gap is viewed by BEA as operating costs that will not be recovered. Mr. Herbst responded the annual rental payments will cover the construction costs identified as those to be paid with bond proceeds, however, there are other features of the facility, at the request of BEA that BEA has agreed to fund outside of the lease payments. The Board’s Deputy Attorney General, Ms. Jenifer Marcus, adds BEA has paid upfront for the cost of the design work and to the extent there are funds left in the construction fund set-up under the bonds, after construction BEA has the right to be reimbursed from any amount left in the account. Board member Atchley then asked for additional clarification as to whether or not any construction funds could be used to offset the anticipated \$19 million gap between the calculated bond revenues and the total cost of the project. Representing INL was Dr. Van Briggs who responded BEA has invested

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close to \$24 million in the facilities, almost double the anticipated investment, and that because of this increase BEA has requested any additional funds leftover at the end of the project be available to BEA for reimbursement of the design fees. Ms. Atchley thanked Dr. Briggs for the clarification and then expressed her great satisfaction with the project adding the project will be of great benefit to the state of Idaho.

Board member Critchfield then asked how the project directly impacts the Board's Go On Rate and Strategic Plan to which Board member Westerberg responded the project comes with significant educational opportunities and will impact the Go On Rate as it provides opportunities for Idaho students to participate in cyber security work. Dr. Hill voices his support to Mr. Westerberg's comments adding connecting the educational infrastructure to the work of INL in a positive reinforced manner will provide attractive opportunities for every level of education within Idaho and hopefully impact the Go On Rate by providing opportunities that matter today.

The Board's Executive Director, Mr. Matt Freeman, then shared with Board members the project is one of the largest single transactions the Board has engaged in, requiring a significant amount of work on the part of Board staff. Mr. Freeman continues by expressing his gratitude for the work of the Board's Chief Financial Officer, Mr. Chet Herbst, Deputy Attorney General, Ms. Jenifer Marcus, and General Counsel for Boise State University Counsel, Nicole Pantera.

There were no additional questions or comments from the Board.

OTHER BUSINESS

There being no further business, a motion to adjourn was entertained.

M/S (Westerberg/Critchfield): To adjourn the meeting at 10:27 am MST. The motion carried 7-0. Mr. Scoggin was absent from voting.