



**STATE BOARD OF EDUCATION
September 28, 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 September 28, 2018 in the large conference room on the third floor of the Len B. Jordan Building, in Boise Idaho. Board President Dr. Linda Clark presided and called the meeting to order at 9:00am MST. A roll call of members was taken.

Present:

Dr. Linda Clark, President	Andrew Scoggin
Debbie Critchfield, Vice President	Don Soltman
Dr. David Hill, Secretary	Richard Westerberg
Emma Atchley	Sherri Ybarra, State Superintendent

BUSINESS AFFAIRS AND HUMAN RESOURCES

1. Boise State University – Fine Arts Building Construction Authorization Increase and Reallocation of Bond Proceeds

M/S (Atchley/Hill): To approve the request by Boise State University to increase the construction budget for the Fine Arts building to \$48,500,000 and to reallocate up to \$4 million of Series 2017A bond proceeds, plus related interest earnings, originally allocated to the Micron Materials Science Building, to the Fine Arts project. The motion carried 8-0..

Business Affairs and Human Resources (BAHR) Committee Chair Ms. Emma Atchley introduced the item sharing with Board members Boise State University (BSU) is seeking Board approval to transfer bond funds from the Micron Center for Materials Research to the new Fine Arts building. Ms. Atchley then invited representatives from Boise State University to present the request to the Board. Representing Boise State University were Chief Operating Officer and Vice President for Campus Operations, Ms. Randi McDermott and Vice President and Chief Financial Officer, Mr. Mark Heil.

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Mr. Heil begins by sharing with Board members the motion before the Board today is to formally ask for approval to transfer the bond proceeds from the Micron Center for Materials Research to the new Fine Arts building. Mr. Heil then walked the Board through a timeline of how the two projects have intersected.

Ms. McDermott then shares with Board members BSU had originally planned to add this item to the agenda for the regular Board meeting in October, however, BSU recently received information that required approval before the October Board meeting.

Ms. McDermott then reminds Board members of their approval in October 2016 of BSU's request to construct a new Fine Arts building on campus along the Capitol Boulevard corridor. Ms. McDermott then states due to the volatility in the construction market at the time, the project was bid with portions of the building (the fourth floor, office suites adjacent to and above the galleries, and the World Museum space) constructed as shelled, or unfinished, space and that additive alternates to finish out these spaces were included in the original construction bids, however, sufficient funding did not exist at the time of the award to allow for the build out of the alternates and construction of the Fine Arts building began in early 2017. Ms. McDermott continues that in December 2017 BSU issued general revenue bonds to construct the Micron Center for Materials Research and that at the time a contingency was included in the bond issuance for market volatility. Bids for this project came in below estimates, and BSU now has approximately \$4,000,000 in excess bond proceeds that they would like to reallocate to complete the Fine Arts building. Additionally, BSU is also seeking Board approval to spend up to an additional \$2,500,000 in institutional funds to build out the shelled spaces and purchase furniture, fixtures and equipment for the building.

Ms. McDermott then shares with Board members that in July 2018 BSU had requested information from the Department of Public Works (DPW) on what the cost of the add alternatives would be and that DPW responded they believed the alternates could be included using the existing contractor who estimated the alternates would cost \$1,300,000. In August, BSU received approval from the bond counsel to use the excess bonds from the Micron Materials Research Center for the Fine Arts Building. Ms. McDermott then states that at the end of September BSU, in conversations with DPW and the contractor, learned that waiting until October for Board approval would delay the project such that moving in before the start of the fall 2019 semester would be difficult, making the building unusable for academic space until the following semester, in spring of 2020.

Board member Scoggin then asks for confirmation from BSU that the funds they are seeking to transfer to the Fine Arts building are to cover the costs to finish out the alternate space and not to cover cost overruns on the project. Ms. McDermott and Mr. Heil both confirm this to be correct.

Board member Westerberg then asks if transferring the bond proceeds to the Fine Arts building will in any way effect construction of the Micron Materials Research Center, to which Ms. McDermott responds the project is on track to be constructed exactly as it was

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originally designed. Ms. McDermott then adds there is shell space on the third floor that BSU has intentionally left unfinished so the faculty who will occupy the space can customize it to fit their needs. Ms. McDermott then states this fits within the project budget and that BSU has not yet completed fundraising for the Micron Materials Research Center building. Board member Westerberg then requested confirmation that BSU has not changed the scope of the project for the Micron Materials Research Center in order to transfer the bond proceeds to the Fine Arts building, to which Ms. McDermott responds in the affirmative. Finally, Mr. Westerberg asks if there is any reason for concern if BSU were to use an additional \$2,000,000 - \$3,000,000 in institutional funds for the Micron Materials Research Center to which Mr. Heil responds there are none.

Board member Critchfield then asks the ramifications if the Board were to not approve today's motion. Ms. McDermott responds if the Board were to not approve the motion, the Fine Arts building would remain unfinished and the existing shell space would remain as is. Dr. Clark then asks if it would be significantly more expensive if BSU were to build out the unfinished areas at a later date to which Ms. McDermott responds in the affirmative.

The Board's Chief Fiscal Officer, Mr. Carson Howell, then shares that Board policy allows for bond proceeds to be transferred between projects as long as the projects have the same tax status to which Mr. Heil states this is the case.

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 (Scoggin/Atchley): To adjourn the meeting at 9:16 am MST. The motion carried 8-0.