



**STATE BOARD OF EDUCATION MEETING
November 2, 2020**

**Office of the State Board of Education
Len B. Jordan Building
650 W State Street, 3rd Floor
Boise, Idaho**

A special meeting of the Idaho State Board of Education was held via Zoom teleconference on Monday, November 2, 2020. Board President Debbie Critchfield presided and called the meeting to order at 3:00pm (MST). A roll call of members was taken.

Present

Debbie Critchfield, President
Andy Scoggin, Vice President
Kurt Liebich, Secretary
Dr. Linda Clark

Emma Atchley
Shawn Keough
Dr. Dave Hill
Sherri Ybarra, State Superintendent

Monday, November 2, 2020, 3:00 p.m. (Mountain Daylight Time)

BUSINESS AFFAIRS AND HUMAN RESOURCES

1. University of Idaho – Public Private Partnership Utility Transaction

BOARD ACTION

M/S (Hill/Clark): I move to approve the Resolution proposed by the University of Idaho, the title of which is as follows:

A RESOLUTION of the Regents of the University of Idaho Authorizing That Certain Long-Term Lease and Concession Agreement for the University of Idaho Utility System, Including Authorization of the Lessee and Concessionaire Thereunder, Performance of all Obligations Thereunder and Executive and Delivery of Documents in Connection Therewith.

A roll call vote was taken and the motion carried 8-0.

Board Member Hill introduced the item and asked Scott Green, University of Idaho President, to provide background information. President Green discussed that the UI has collaborated over the last year with legal, financial, and operational experts to consider a public-private partnership for its utility systems. The UI will lease its utility

systems for a term of 50 years, a term that is standard for this type of agreement, in order to generate cash flow, implement a disciplined capital improvement and deferred maintenance plan for UI's aging utility system, and turn a cost center into a revenue center. President Green discussed that the transaction as a whole will be \$225M in total with money flowing into and out of the UI each year, and added that UI can expect more than \$6M in annual cash flow to help fund revenue-generating activities over the term of the partnership.

Brian Foisy, Vice President for Finance and Administration at the UI, outlined the composition of the advisory team that has collaborated to draft the agreement over the past year. The advisory team has representatives from Reith Jones Advisors (UI Advisor), PFM Financial Management (UI Financial Advisor), Hawley Troxell Ennis & Hawley (UI Outside Legal Counsel), Wells Fargo Securities (Transaction Strategic Advisor), Jones Day (Transaction Legal Counsel), and Ernst & Young (Transaction Tax Advisor). Mr. Foisy stated that the parties involved with the advisory team have extensive experience with private-public partnership transactions within the higher education space.

Mr. Foisy outlined that the UI's interest in a public-private partnership is driven by four main objectives: 1. Drive improvements and efficiencies within the existing utility system, 2. Utilize the expertise of the private market to advance utility-system goals and objectives through future capital projects, 3. Establish a disciplined deferred maintenance funding plan for utility-system assets, and 4. Receive upfront capital to fund strategic initiatives. Mr. Foisy stated that in order to achieve these objectives, the UI will grant the potential partner or Concessionaire the rights to operate the university's utility systems that are currently operated by the UI, invest in a strong credit over a 50-year term, finance and construct improvements to the system approved by the university, and receive an annual utility fee comprised of a fixed fee, operations and maintenance costs, and project cost recovery.

Kent Nelson, Special Associate General Counsel at the UI, provided a legal overview of the transaction structure and primary agreements. He discussed the basic model of a public-private partnership, which is graphically represented within the meeting agenda materials, as well as the Lease and Concession Agreement (L&CA) and the Operator Agreement (OA). The L&CA serves the primary governing document between the University and the Concessionaire, and outlines all of the UI and Concessionaire requirements for the duration of the term as well as details on existing system/assets, performance requirements, and methodology for transactions between the parties. The OA governs the day-to-day operations and financial arrangement between the Concessionaire and the private operator, which is not the UI, and is subject to the requirements listed within the L&CA.

President Green discussed the strategic initiatives that the revenue from the public-private partnership will be utilized for, including undergraduate success and scholarships, graduate student success, general scholarships and research, and telling

the UI's story through marketing and recruiting efforts. Mr. Nelson provided a supplementary overview of the strategic initiatives fund, noting that approximately \$153M of the upfront proceeds is anticipated to be invested in the newly created Idaho Non-Profit Idaho Strategic Initiatives Fund (SIF). The SIF Board will consist of 3 members that have yet to be determined, and will contract with the UI Foundation for investment management. The SIF will amortize principal over the 50-year term by making annual distributions of both principal and interest to the UI. Return assumptions, approximately 5% per year have been confirmed with the UI foundation and contemplate annual increases in funding to the university.

Mr. Foisy discussed that the annual utility fee paid to the Concessionaire is comprised of three components: a fixed, pre-determined annual fee (\$7.6M per year escalating by 1.5% beginning on July 1, 2026), a reimbursement for normal operations and maintenance costs, and a variable fee that encompasses principal and interest costs of projects approved by the UI and funded and executed by the Concessionaire. Mr. Foisy also provided an overview of the projected capital expenditures, detailing that the UI has identified \$167.7M of capital expenditure projects to sustain the existing system (\$100.3M) and enhance/grow the utility system (\$67.4M). He noted that these projects would be approved by the UI and funded/executed by the Concessionaire.

Richard Reith, a Partner of Reith Jones Advisors, provided a comparison of the UI's annual revenue and expenses. Mr. Reith discussed that the advisory team evaluated the feasibility of the transaction considering the projected annual revenue and total net benefit to the university, and noted that baseline and elevated scenarios reflect research growth assumptions and related impacts. A graphical representation of the baseline and elevated projections are included within the meeting agenda materials. Mr. Reith shared that expected revenues include strategic initiatives returns, debt defeasance savings, operations and maintenance cost savings, existing spending on operations and maintenance, and utility subsidy fund allocations. He stated that expected expenses are utility fees paid to the Concessionaire. Mr. Reith also stated that the anticipated net benefit to the UI over the term of the agreement is conservatively projected to be \$351M.

Mr. Foisy shared that, following a competitive bidding process, the UI has selected Sacyr Plenary Utility Partners of Idaho as the preferred Concessionaire. Sacyr Infrastructure USA and Plenary Americas USA comprise equal parts of Sacyr Plenary Utility Partners of Idaho, and Mr. Foisy shared that the group has successfully completed 70 public-private partnership projects over the past 22 years and has never exited a project. He noted that Sacyr Plenary's long-term focus gives the UI confidence that the partnership will run smoothly throughout the entire 50-year term. Sacyr Plenary has selected McKinstry Essention, based out of Seattle, Washington, to serve as the Operator for the agreement. McKinstry Essention has over 60 years of experience designing and delivering utility solutions for over 130 higher education institutions, and collaborated with the UI from 2008-2011 on a \$40M energy conservation project.

President Green expressed his gratitude for the work that has gone into the project, the efforts of the advisory team, and the ongoing support of the Board.

Board Member Clark inquired about the long length of the term, and President Green stated that a 50-year term is standard for this type of agreement. He added that a 50-year term is often required in order to see a return on investment.

Board Secretary Liebich stated that the initial presentation of this project reflected an upfront utility subsidy reserve of \$18M, and noted that that projection has risen to \$34.4M. Mr. Foisy responded that the initial agreement was for \$165M, and has risen to \$225M which, in turn, increased the amount of the subsidy reserve. Board Secretary Liebich also inquired about the anticipated annual \$6M revenue that would fund strategic initiatives, and President Green stated that this is a conservative figure that could increase over time.

Board Vice President Scoggin inquired about the risk factors of the partnership. Mr. Nelson responded that there are two main risk factors that the UI has taken into consideration, including the presumed benefits and revenue not being actualized, and issues with the operator. Mr. Nelson discussed that the advisory team considered risks and that much of the contract mitigates risk factors.

Board President Critchfield asked if the UI could provide an update on the project to the Board in the future. President Green agreed and stated that two years would be adequate to gather sufficient data to report back to the Board. President Green reiterated his gratitude for the Board's continued support.

There were no additional questions or comments from the Board.

2. Idaho Public Television – Corporation for Public Broadcasting Funding

BOARD ACTION

M/S (Hill/Atchley): I move to approve the request by Idaho Public Television to enter into the alternate payee agreement attached as Exhibit 1 and authorize the Executive Director of the State Board of Education to execute future similar agreements between Idaho Public Television and the Corporation for Public Broadcasting, if required by the Corporation for Public Broadcasting, in conformance with all applicable statutes and policies. A roll call vote was taken and the motion carried 8-0.

Board Member Hill introduced the item and asked Ron Pisaneschi, General Manager of Idaho Public Television (IPTV), to provide background information. Mr. Pisaneschi discussed that IPTV continues to maintain a strong partnership with the Corporation for Public Broadcasting and is eligible to receive grant funding.

The Corporation for Public Broadcasting requires that the Alternate Payee Agreement, which is included within the meeting agenda materials, include a representation from IPTV that “a resolution, motion, or similar action has been adopted, passed, or taken by the Grantee’s governing body authorizing it to enter into this agreement.” Mr. Pisaneschi explained that the Board has not provided such authorization in recent years, and added that this item requests for the Board to authorize the Executive Director of the State Board of Education to enter into such agreement with the Corporation for Public Broadcasting on behalf of IPTV in the future.

There were no questions or comments from the Board.

3. Coronavirus Relief Fund – Grant Program

BOARD ACTION

M/S (Hill/Keough): I move to approve the expenditure of up to \$5,080,000 from the \$30 million CFAC allocation for the purchase of devices for use by students at school districts and charter schools, and to authorize Board staff to execute all necessary contracts for the purchase in accordance with all applicable State of Idaho statutes and Department of Treasury guidance. A roll call vote was taken and the motion carried 8-0.

Board Member Hill introduced the item and asked Board Secretary Liebich, Co-Chair of the Digital Divide Taskforce, to provide background information. Board Secretary Liebich discussed that the Board previously approved the Digital Divide Taskforce recommendations for the expenditure of \$30M in Coronavirus Financial Advisory Committee (CFAC) funds to assist with bridging the “digital divide” that has been exemplified by the COVID-19 pandemic.

Board Secretary Liebich reiterated the importance of the “four legs of the stool” that comprise remote learning (devices, connectivity, the use of a learning management system, and professional development), and noted that the State Department of Education has been working to distribute the allocated grants to local education agencies for these expenses. The initial survey of local education agencies (LEAs) over the summer indicated that there were 180,000 students without devices. According to a recent survey of LEAs, there are still 22,000 students across the state who are without devices.

Following the distribution of the initial LEA grants, there is still approximately \$5M from the original \$30M in CFAC funds that has yet to be allocated. Board Secretary Liebich discussed two possible uses for the remaining \$5M, the first of which being utilizing the original allocation method to send additional funds to the LEAs. He also discussed the delayed supply chain as a result of the COVID-19 pandemic and stated that it would be helpful and more effective for the Board to utilize the remaining \$5M to submit a large order for “Chromebooks” or similar devices that could be expeditiously produced and delivered to the LEAs by the manufacturer.

Board Member Keough inquired if “Chromebooks” are the best tool for students. Board Secretary Liebich and Board Member Hill discussed that there is no “one size fits all” option, but “Chromebooks” are what the majority of LEAs across the state are requesting. Superintendent Ybarra inquired how many “Chromebooks” could be purchased utilizing the \$5M, and Board Secretary Liebich estimated that the \$5M would be able to purchase approximately 15,000 devices.

Supt. Ybarra pointed out that LEAs were able to apply for funding for devices through the initial grant allocation, and inquired how the expenditure of the \$5M would be communicated since the LEAs were told there was \$30M available when the grant funding was initially announced. Board Secretary Liebich discussed that the \$5M was set aside when the funds were first made available and that LEAs were notified that they were eligible to apply for their share of the remaining \$25M. He reiterated that, because of the supply chain delay, it would be easier for the Board to place a large order for devices than it would be for LEAs to acquire them on their own. He added that the only device that would be attainable in a large quantity by the December 30, 2020 deadline are touchscreen Dell laptops. Supt. Ybarra inquired where the devices will come from and if all the devices would be new, and Board Secretary Liebich responded that all devices would be new and would be acquired through the State purchasing contract with Dell.

Board President Critchfield noted that this action would allow Board Staff to explore next steps, but would not guarantee the acquisition of devices. Board Member Clark added that, because many LEAs in Idaho are quite small, they are unable to move themselves forward within the supply chain without assistance.

There were no additional questions or comments from the Board.

PLANNING, POLICY AND GOVERNMENTAL AFFAIRS

4. Pending Fee Rule – Docket Number 08-0000-2000F

BOARD ACTION

M/S (Clark/Hill): I move to approve the pending omnibus fee docket 08-0000-2000F, as provided in Attachment 1. A roll call vote was taken and the motion carried 8-0.

Board Member Clark introduced the item and explained that the proposed omnibus fee rule was published by the Department of Administration in a special bulletin on September 16, 2020, and no public comments were received during the 21-day public comments period. Board Member Clark stated that there have not been any revisions made to the pending rule since it was proposed to the Board during the regular August 2020 Board Meeting. If approved by the Board, the pending rule will be forwarded to the legislature for consideration during the 2021 Legislative Session. The pending rule document is included within the meeting agenda materials.

There were no questions or comments from the Board.

INSTRUCTION, RESEARCH AND STUDENT AFFAIRS

5. Online Idaho – Update

BOARD ACTION

M/S (Hill/Keough): I move to approve “Online Idaho” as the name of Idaho’s digital campus initiative. A roll call vote was taken and the motion carried 8-0.

AND

M/S (Hill/Keough): I move to approve the request by the Office of the State Board of Education to enter into a contract with Instructure for Year Two and Year Three of a three-year statewide implementation of the Canvas Learning Management System, in conformance with the Terms and Conditions contained in Attachment #3 and in substantial conformance with Attachments #4 and #5, for an amount not to exceed \$1, 417,275, bringing the total of all three phases with Instructure to \$2,335,970. A roll call vote was taken and the motion carried 8-0.

Board Secretary Liebich introduced the item and asked Board Member Hill, who has been actively involved with the steering committee for digital campus initiative and Dr. TJ Bliss, Chief Academic Officer, to provide background information. Board Member Hill stated that significant progress has been made since the Board received an update in August, and added that he continues to work closely with the steering committee.

Dr. Bliss highlighted the work being done by the steering committee, which is comprised of two Presidents, two provosts, a General Education Matriculation (GEM) committee member, the executive director of the Workforce Development Council (WDC), and Board staff. The steering committee has collaborated with communication and marketing staff at the institutions to develop the name for the digital campus – Online Idaho. Dr. Bliss discussed that the steering committee is working closely with the WDC because it is likely that Online Idaho will be closely connected with the WDC’s “Idaho LAUNCH” initiative. Because of the COVID-19 pandemic and subsequent jobs crisis, it is critical that Idahoans be able to access the postsecondary education and training necessary to move forward in their chosen career field.

Dr. Bliss displayed a graphical representation of Online Idaho, which can be found within the meeting agenda materials, that outlines the components of Online Idaho as well as the key third-party vendors that will be supporting those components. He discussed that Online Idaho is to be built on a foundation of services, tools, and resources that will be supported by a statewide learning management system (LMS), Canvas. Dr. Bliss discussed the other components of the model, including an online course catalog and course sharing platform, which will be developed and supported by a vendor called Quottly. He also noted that programs and certificates as well as

pathway programs are possible additions to Online Idaho in the future, but they are not part of the contract that is currently being negotiated with Quottly.

Dr. Bliss introduced Alicia Policinski (Co-Founder and CEO of Quottly), James Gibson (Co-Founder and Chief Technology Officer for Quottly), and Lynn Colgin (Senior Vice President of Strategic Partnerships for Quottly), who provided a more in-depth overview of Quottly's platform services and their role in the development of Online Idaho. Ms. Policinski discussed that Quottly's mission is to help institutions of high education navigate a changing landscape by providing a configurable course exchange and searchable course transfer platform for accredited college courses and programs. Quottly currently serves 145 institutions with a combined enrollment of over 2.5 million students.

Ms. Policinski outlined that the Quottly online platform provides cross registration in order to unify the course discovery and registration experience across all campuses, as well as a transfer equivalency tool that guides students with program and course transferability information. She provided an overview of Quottly's proposal for the Board, noting that Quottly would deliver configured course sharing and transfer equivalency modules, Student Information System (SIS) integration, and automated transfer equivalency creation. More information about the implementation phases, deliverables, and milestones can be found within the meeting agenda materials.

Mr. Gibson shared his screen to provide an overview of mock platform configurations that students might see on their computers, tablets, and smartphones in order to provide better understanding of the platform. He discussed key features that would be available within the platform, including a system-wide course search function with several filtering and sorting options. He also showed a demonstration of the transfer equivalency module.

Board President Critchfield inquired if it would be possible to see the platform once it is completed before it is accessible by students, and Mr. Gibson stated that he would be happy to provide a virtual tour of the platform once it is fully developed for anyone who is interested.

Board Secretary Liebich asked if the institutions have had an opportunity to see the Canvas and Quottly platforms. Dr. Jonathan Lashley, Associate Chief Academic Officer, discussed that institutional stakeholders have been presented with a similar demonstration of the Quottly platform and were given the opportunity to discuss technical needs. He noted that several of Idaho's institutions are already used Canvas as a learning management system on their campuses. Dr. Cynthia Pemberton, Lewis-Clark State College President, echoed these comments and stated that these proposals have the full support of the institutions in terms of functionality and potential future growth.

Board President Critchfield expressed her gratitude for the work that has been done so far by the steering committee, as well as the collaboration from the institution Presidents and Board Staff.

There were no additional questions or comments from the Board.

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

BOARD ACTION

M/S (Hill/Liebich): I move to adjourn the meeting at pm 4:42pm (MST). The motion carried 8-0.

The State Board of Education tentatively plans to convene weekly for a virtual Special Board Meeting during the COVID-19 pandemic to receive updates on the status of public education in Idaho and to take action as necessary.