

**SUMMARY MINUTES OF  
THE COMMISSION FOR ARKANSAS PUBLIC SCHOOL ACADEMIC  
FACILITIES AND TRANSPORTATION**

**ADE Auditorium  
Meeting  
April 27, 2017**

**Commission Member in Attendance:**

Johnny Key, Commissioner, Arkansas Department of Education  
Aaron Burkes, President, Arkansas Development Finance Authority  
Larry Walther, Director, Arkansas Department of Finance and Administration

**Others in Attendance:**

Dr. Mark Gotcher, Deputy Commissioner, Arkansas Department of Education  
Dr. Ivy Pfeffer, future Deputy Commissioner, Arkansas Department of Education  
Brad Montgomery, Director, DPSAFT  
Terry Granderson, Assistant Director, DPSAFT  
Carol Bowman, Administrative Analyst, DPSAFT

**Quorum was met.**

**Meeting called to order.**

**Agenda item:**

**1. Summary Meeting Minutes – September 28, 2016**

**The Commission approved the summary minutes for the September 28, 2016, Commission meeting.**

**2. Educational Facilities Partnership Fund through April 27, 2017**

Brad Montgomery reported the Partnership Program has provided about a \$1.082 billion commitment of state financial participation in six bienniums, which included the Immediate Repair, Transitional, and Catastrophic funds. He indicated the \$64 million Carry Forward funds shall be applied on the front end of the funding for the 1719 biennium. The Partnership Program has provided about \$1.2 billion in State Financial Participation with approximately \$120.8 million of the committed funds that have not been expended through April 27, 2017.

Larry Walther asked for clarification the report represents from the establishment of the Division until this date and that the Commission has committed \$1.2 billion dollars toward school district facilities throughout the State of Arkansas based on the needs of those school districts. Mr. Montgomery confirmed that was correct.

Mr. Walther stated that there was a similar number that was expended by the school districts themselves for a combined amount of expenditures for facilities in the State of Arkansas. Mr. Montgomery stated that the Division does not capture self-funded projects, but that \$2.8 billion in school district funds work in concert with the Partnership funds.

**Status Report – No Commission action required.**

### **3. 2017-2019 Partnership Program Projects**

#### **Tab 3a** 2017-2019 Academic Facilities Partnership Program Disapproved Projects

Brad Montgomery reported the Disapproved Projects are down sharply from 47% in the 1517 biennium to 18.8%. The hard work of the Division staff and the school districts who took advantage of Act 962 of 2015 and the review conferences offered under the Act, contributed to the decrease.

Brad Montgomery indicated that per statute, by May 1<sup>st</sup> of the odd numbered years, the Commission must make notification of its funding of all approved, eligible Partnership Program projects for the 1719 biennium. The Division reviewed available Partnership Program funding based on the 2017 Legislation Session and existing balances. He reported there is approximately \$211.2 million available on July 1, 2017, to fund the 1718 or Year-One projects of the 1719 biennium. The Commission will meet to fund the Year-Two projects on or before July 1, 2018. He stated there were 49 projects out of 260 total projects that were disapproved and the 2017-2019 Summary of Disapproved Projects report provides the reasons.

Larry Walther clarified that 18.8% of the projects were disapproved and asked about the next opportunity for the school districts to solicit funds from the Division. Mr. Montgomery stated the disapproved projects do not mean they were not good projects, but that often there was a technical problem with the application. He stated that these projects may be resubmitted by the school districts in the next biennium beginning March 1, 2018.

#### **Tab 3b** Appeals Process

Mr. Montgomery provided a brief review of the appeal process and stated it is a lengthy process and it can require the Commission to commit unanticipated funds if the appeal outcome is favorable to the school district.

#### **Tab 3c** 2017-2019 Academic Facilities Partnership Program Projects *(Sorted by Project Ranking)*

Brad Montgomery provided the two year planning process timeline for the school districts to submit their six year Master Plan and Partnership Projects based on the Master Plan. This biennium began February 1, 2015, followed by the required Master Plan consultation meetings, applications, and culminates with Commission funding today.

Commissioner Key stated he thought it was important and asked Mr. Montgomery speak regarding the overlap of the 19-21 funding cycle and how it relates. He indicated that when the Advisory Committee begins its review of the Partnership Program, it will affect the Commission's timeline in two years for next funding decisions.

Mr. Montgomery responded that Commissioner Key was referring to the Advisory Committee legislation that changed the purview and composition of the Committee, and who will bring recommendations to the Commission as to the long-term viability of the Partnership Program, where it has been and come from, review the wealth index and rules the Division and Commission have to operate with, and make recommendations to the Commission. He indicated the Division is already in the process for the next funding cycle, that the school districts submitted their Preliminary Master Plans on February 1, 2017, and the Division will respond by September 1, which starts the partnership cycle all over again.

Commissioner Key added that he wanted there to be conversation and awareness that at the Governor's request the Commission is embarking on a review of this program. He stated the school districts are in the next cycle as far as their planning process and expressed the need to have on-going conversations, keeping the school districts in the loop on how the conversations are going, and the Advisory Committee review. The Commission and Division do not want the school districts to be caught surprised if there are significant changes recommended and acted upon in the next General Assembly.

Aaron Burkes commented that the school districts are making application and there may or may not be funds available potentially. Mr. Montgomery responded that is a looming possibility.

Larry Walther stated that it has been over 10 years since the initial rules were established and it is appropriate and time to review and refresh the rules.

Mr. Burkes asked if the school districts were aware of the potential for changes as well and if it was communicated to the school districts.

Commissioner Key stated his reason for addressing the potential changes during the Commission meeting was because a lot of the school districts review the Commission meetings. He indicated that during the summer when the Department of Education and Division are meeting and engaging with school district and cooperative personnel from around the State of Arkansas, this will be part of the conversation to be sure they remain aware of the potential changes and given the opportunity for input.

Mr. Montgomery added that the various associations such as Arkansas Association of Educational Administrators, Arkansas Education Association, Arkansas School Boards Association, Arkansas Public School Resource Center, and Arkansas Rural Education, among others, have all been engaged with their members and this discussion is occurring in all these associations.

Brad Montgomery clarified that the Summary by Funding Category's Year-One and Year-Two totals for Warm, Safe, and Dry Systems have a \$10 million limit on each funding year.

Mr. Montgomery presented the 2017-2019 Academic Facilities Partnership Program Projects Sorted by Project Ranking report. He stated that if there is potential insufficient funding for all projects, the Division must rank all projects based on the prioritization schema provided in rule and draw a funding line. He indicated that on the bottom of page one of the report is a blue line marking the \$10 million funding limit per rule, and it is the only place a funding line has been drawn on the report as directed by rule, as has been done in previous years.

Commissioner Key stated the working limit is because the next project below the line would have exceeded the funding limit.

**Tab 3d** 2017-2019 Academic Facilities Partnership Program Projects *(Sorted by School District)*

Mr. Montgomery presented the same project list but sorted alphabetically by school district instead of ranking.

**Tab 3e** Available Funding for Year-One of 2017-2019 Academic Facilities Partnership Program Funding Cycle *(Millions)*

Brad Montgomery reported the 2017-2019 Carry Forward is \$66.7 million. The Division held back \$2.6 million which represents the remaining balance of the \$5.5 million Catastrophic funding used to cover amounts not covered by the school district's insurance. He reviewed the FY18 General Revenue Category A, Category B, Bonded Debt Assistance, and General Improvement Fund *(Rainy Day Fund)*. He explained the Public School Fund Transfer would be a transfer of funds from the Arkansas Department of Education. The total is \$211.2 million in available funds.

**The Commission approved and provided state financial participation for 2017-2019 Partnership Program Year-One projects listed in Tab 3e, prioritized per current Rules Governing the Academic Facilities Partnership Program, to a funding level of \$211.2 million.**

#### 4. Springdale School District

Brad Montgomery stated the Division received a letter from the Springdale School District pointing to a potential calculation error for the Walker and Tyson elementary schools. The Division confirmed the

calculation error resulted from application of incorrect cost factors and the Division wishes to correct the situation which would provide Tyson Elementary School and Walker Elementary School \$62,971.23 and \$57,031.35, respectively, for a total of \$120,002.58.

Commissioner Key asked if the funds were available, and Mr. Montgomery confirmed they were.

**The Commission provided additional state financial participation for the Springdale School District in the amount of \$120,002.58.**

## **5. Legislative Session Update**

Brad Montgomery reported the 91<sup>st</sup> General Assembly was a very busy session with several pieces of legislation regarding the Division.

Mr. Montgomery indicated Act 864 of 2017 extended the 60 day application deadline to 120 days, and extended the time to hold the review conferences from 20 days to 75 days from the date of the request. This Act made a good piece of legislation better by providing the Division more time to go to the school districts, visit the schools, take measurements, and give a sound decision on the project.

Mr. Montgomery stated Act 801 of 2017 addressed the Advisory Committee on Public School Academic Facilities. He read Section 6 Temporary Language regarding a comprehensive review and subsequent report to the Commission. The Commission will now appoint the Committee. The purview and composition of the Committee was changed and the key element was that a full statewide assessment has not been made since 2004. The Committee will make recommendations by July 2018 regarding the possible assessment and viability of the Partnership Program. The Division will solicit the submission of candidates to submit to the Commission for appointment. There will be 15 voting members, three Ex Officio members, and the Division Director who acts as Committee Secretary.

Mr. Walther asked if any existing members were part of the original Task Force. The Chairman, Jim Alessi, and Scott Copas, Ex Officio member, are on the Committee.

Mr. Montgomery reported that Act 935 of 2017 was the Division cleanup bill and, in-part, defined an academic facility; clarified that life cycle alone was not adequate justification for a Warm, Safe, and Dry System project; clarified that open enrollment Charter schools must comply with the semi-annual fire inspection requirements; and required that any new facility constructed since the prior Master Plan must be updated in the school district's current Master Plan.

Mr. Montgomery stated that Act 931 of 2017 addressed Bonded Debt and that, as a result, when a school district re-funds its bonds, the bonds may still be used for construction, major renovation, repairs, and academic equipment, but may also be used for safe rooms.

Commissioner Key commented that the Division would be scheduling another Commission meeting, possibly by teleconference, to address the Advisory Committee appointments.

**Status Report – No Commission action required.**

Commissioner Key expressed his appreciation to Mr. Montgomery and his team for the very thorough and excellent job the Division does preparing for the Commission meetings and presenting the materials which makes the Commissioners' jobs much easier. He thanked Brad Montgomery, Carol Bowman, and Terry Granderson, and any other staff members who work preparing the meetings and materials.

## **6. Adjourn**