

I. PRELIMINARY

Wildman called the June 16, 2015, meeting to order at 6:00 p.m.

Roll Call

The following members were present:

Cathy Wildman, vice president
Mary W. Lewis, secretary
Dan Jorgensen, treasurer
Amber Drevon, director
Eric Nelson, director (arrived at 6:46 p.m.)
Barbara J. Yamrick, director

The following member was absent:

JulieMarie A. Shepherd, president

Also meeting with the Board of Education were:

D. Rico Munn, superintendent of schools
Brandon Eyre, district legal counsel
Lisa Escárcega, chief accountability and research officer
Damon Smith, chief personnel officer
David Trautenberg, chief financial officer
Anthony Sturges, chief operating officer
Adrienne Bradshaw, controller
Tonia Norman, assistant to Board of Education

Pledge of Allegiance

Wildman led the Board and audience in the pledge to the flag. She then welcomed visitors to the meeting.

Approval of Agenda

The June 16, 2015, agenda was approved as written.

Approval of Minutes

The minutes of the regular meeting of the Board of Education held on June 2, 2015, were approved as written.

Opportunity for Audience

II. BOARD WORKSHOP

Comprehensive Overview on General Obligation Bonds
and District's Debt Capacity

David Trautenberg, chief financial officer, and district investment bankers Rudy Andras and Nate Eckloff, provided the Board with a Bonds 101 presentation.

Trautenberg shared that bonds are a contractual agreement between the issuer,

APS, and the investor or purchaser, which could be an individual or an institution. Investors purchase municipal bonds for tax incentives, which are often comprised and structured to include a principal and interest payment that is due to the buyer every six months. Bonds are usually issued in denominations of \$5,000 to different buyers and typically mature in 20 years. The majority of school districts fund capital facility needs through the issuance of General Obligation Bonds, which are considered the safest bond issuance and can often be structured with lower principal payments. Bond proceeds are directed to the APS bond project fund to utilize for capital improvement projects. Proceeds from property taxes based on the district's 20 mills are directed to the APS bond redemption fund, which exists to pay principal and interest payments on General Obligation Bonds that investors are holding. The issuance of General Obligation Bonds in state school districts requires voter approval through a general or coordinated election in November. Voters also authorize a separate source of repayment for bonds from APS property taxes.

Yamrick asked if the Board was responsible for approving ballot language. Trautenberg replied yes.

Trautenberg reviewed a slide that highlighted the process to issue bonds once approved by voters. He noted that consultations would be held with the district's legal counsel and bond council prior to entering into a contract with municipal advisors to assist with document preparation to sell and market bonds to investors. He shared that investors look at the credit rating, financial history and performance, economy, management team, and outstanding and anticipated debt.

Trautenberg provided an overview of current facility projects and supports. He shared that expenditures for current capital improvement projects have been spent and noted that COPs are eligible for redemption. Lewis asked about the time line related to the redemption of COPs. Andras noted that there is a call date for refinancing, but indicated that this could be included in a future ballot question. He added that COPs could be paid from bond proceeds and called immediately upon successful passage of a bond election.

Trautenberg highlighted potential uses of bond proceeds identified in the 2016 facilities support plan as recommended by the Long-Range Facilities Advisory Committee. He emphasized that this would be contingent on successful passage of a 2016 bond offering of \$250 million.

Andras reviewed a slide that showed variables that could affect general bond offerings, including the school finance levy, bond fund levy and override levy. He reviewed comparisons between the APS mill levy and mill levies at other state school districts with 20,000 or more students and indicated that APS ranked second based on its tax base. He highlighted favorable scenarios to issue General Obligation Bonds and indicated that the district issued bonds in 2010 based on fast growth status, student growth of three or more percent, but most school districts typically issue bonds based on 20 percent assessed valuation. He also reviewed a slide that illustrated how six percent market value could be utilized to significantly increase future bonding capacity and highlighted a sample ballot question with sample language.

Trautenberg and Andras reviewed slides that outlined potential debt structures and impacts based on 20 mills utilizing an example of a \$250 million bond offering. The tax impact to a typical homeowner based on 20 mills would be

minimal.

Yamrick emphasized the need for transparency and requested clarification regarding risk factors between assessed and market values. Andras noted that assessed property valuations determine the mill levy. He indicated that the tax impact to homeowners based on market values would be contingent on the Gallagher Amendment and market value assessment rates. Munn shared that this information would be included in the bond communication plan if the Board authorized the district to pursue a bond in 2016. Trautenberg added that based on the current assessed valuation benchmark, the district's debt capacity to issue bonds in the marketplace is 20 percent. He noted that current facility structural projections are expected to be around \$250 million and emphasized the need to change the debt capacity level based on six percent market value. Andras emphasized that a number of decisions are embedded in scenarios and discussed the importance of providing the Board with various scenarios to share with the community.

Lewis asked who determines market values. Andras shared that county assessors determine market values and indicated that the current statute allows for six percent or less.

Trautenberg and Andras requested that the Board email additional questions or concerns regarding the bond process and potential scenarios. Munn recognized Rebecca Herbst, bond specialist, who would lead the communication and stakeholder engagement process, and John Britz, who would lead engagement efforts in the marketplace and analyze best practices from other districts.

The Bond 101 presentation is appended to the June 16 Board minutes.

TIF Presentation

Andrea Amonick, development manager for the City of Aurora, reviewed a presentation that highlighted tax increment financing. She explained that Urban Renewal is a Colorado statute that started as a federal statute in the 1940s. During the suburban migration, a number of cities were left with deteriorating infrastructure and fewer taxpayers to fund repairs. When Congress passed the Housing Act of 1949, an Urban Renewal Provision was included and individual states had to pass legislation in order to participate in the program. The Colorado state statute authorizes an Urban Renewal Authority, redevelopment agency, to assist in the acquisition, disposition, and financing of redevelopment projects. When federal program funding ceased, Colorado implemented two tools, tax increment financing and eminent domain, to help fund urban renewal projects. Urban Renewal is utilized to eliminate slum and blighting conditions as defined by factors, including unsafe conditions, environmental contamination, vacant buildings, inadequate site improvements or underutilization of property, reverse trends of neighborhood disinvestment and long-term vision for an area. Each urban renewal area has a specific plan and tool to ensure projects can be enacted or financed. Tax increment financing allows property owners to utilize incremental tax revenues created by a project to pay outstanding obligations. Tax increments can also be used for developer incentives, capital improvements to benefit the area or to provide services within the area.

Nelson asked about expiration limits related to tax increment financing. Amonick replied that the current statute includes a 25 year cap on the number of years to collect tax increments for a specific geographic area. Lewis asked if a shorter

time line could be implemented. Amonick noted that a shorter time line could be implemented and shared that some projects have a 15 year tax increment period.

Amonick shared that the Urban Renewal Authority, specific to the City of Aurora, is utilized to create urban renewal areas to stimulate redevelopment of targeted areas or to achieve specific projects outlined within the city's comprehensive plan by assisting with financing. She highlighted 14 urban renewal areas in the City of Aurora, noting that nine urban renewal areas are within APS boundaries, including City Center, Fitzsimons, Fletcher Plaza, Colorado Science and Technology Park, Horizon, Havana North, Westerly Creek Village, Fitzsimons Area II, and Iliff Station. She noted that not all current urban renewal areas have projects underway or active tax increment finance areas. She expressed that projects that the Urban Renewal Authority assists with have to meet the "but for" criteria, which indicates that projects could not be completed without the authority's assistance. She explained that most developers will only do projects that provide a return on their investment, and noted that factors associated with slum and blighted conditions create extra re-development work that affect both costs and returns. She added that market conditions in Aurora are below the region average and emphasized that tax increment financing is utilized to fill gaps and provide incentives for developers.

Amonick explained that the process to implement an urban renewal area consists of a public visioning process with the community; a condition survey and a public hearing to determine if a community is blighted; an urban renewal plan that matches the vision and includes how blight will be eliminated and achieved; notices to stakeholders and the county; meetings with counties and school boards; and a public hearing to approve the plan.

Lewis asked about tax increment financing related to housing developments in the district. Amonick emphasized that land base is never given up and is worth more if redevelopment efforts are successful. She added that projects that impact the district would require meetings with staff to identify needs or service provisions.

Lewis asked about the makeup of the Urban Renewal Authority. Amonick shared that the Urban Renewal Authority is currently comprised of the Mayor of Aurora and the 11 City Council members. She noted that the recent passage of House Bill 1348 allows for the addition of three representatives to serve on the authority, including a representative for the county, school district and special districts.

Amonick encouraged the Board to contact her with additional questions or concerns.

The Urban Renewal in the APS District presentation is appended to the June 16 minutes.

Leadership Team Report

Learning Center MOU

Eyre provided an overview of the proposed MOU between the district and Elevate Academy, a multi-district online program that is expected to operate one or more learning centers within APS.

Eyre indicated that the June 16 Board meeting would serve as the public hearing

for the online program. Wildman provided an opportunity for the community to address the Board regarding the online program. No one came forward to address the Board.

Elevate Academy will provide an annual enrollment report to the district that includes the percentage of APS students.

The Board was in favor of allowing the Superintendent to execute the final agreement with Elevate Academy.

III. CONSENT AGENDA

Sara Taylor, lead founder and proposed director of Laurus Collegiate Academy, thanked the Board for considering their proposal for the new K-8 charter that will serve students in northwest Aurora. She also thanked the Superintendent and Leadership Team for recommending approval of the charter, as well as Lisa Escárcega and Wendy Sullivan for their continuous leadership and support. She is excited to be partnering with APS and working with students in the diverse northwest community. She shared that the goal of Laurus Collegiate Academy is to put every student on a path to college and a life of opportunity.

Roya Brown, proposed business manager for the Cooperative Community School, hopes to be approved for the first teacher-led, teacher cooperative school in Aurora. She noted that this would not be the first teacher-led school, but would be the first teacher cooperative school if approved.

Gabriela Bossy, board member for the Cooperative Community School, has more than 10 years of experience in the financial services industry and works for one of the largest corporations in the United States. She is well versed in reviewing, understanding, and analyzing financial data and has business experience and skills as a former restaurant owner in downtown Denver, including strategy development, staff management, marketing, compliance, and public relations. She is responsible for translating documents to Spanish for the Cooperative Community School and serves as a volunteer at schools in Denver and Douglas County. She expressed that her two college-aged students attended alternative schools, and voiced support for both alternative and traditional education.

Amber Ford, board member and design team member for the Cooperative Community School, studies Spanish at the University of Denver. She edits applications for the Cooperative Community School, and serves as a liaison and translator between the school and parents to ensure goals are adequately communicated. She described herself as an ideal student, but noted that her brothers were not due to a lack of engagement and teacher involvement. She noted that the Cooperative Community School is designed for every type of student and their goal is to be with them every step of the way to ensure no student is left behind.

Brown thanked Sullivan for all her support and for encouraging her to attend Board meetings with staff and supporters so they could become more familiar with the district.

Yamrick requested that the Cooperative Community School be removed from the consent agenda for separate discussion and action. She noted that an affirmative vote of yes would allow the Cooperative Community School to

become a charter school.

Lewis moved and Jorgensen seconded to approve the following items on the amended consent agenda, minus the Cooperative Community School charter application, as presented:

- 2015 Board of Education Election
- Laurus Collegiate Charter School Application
- NCLB Consolidated Grant Application
- 2015-16 Insurance Renewal
- 2014-15 Supplemental Budget Appropriations
- Adoption of the 2015-16 Budget and Appropriation Resolution
- Use of a Portion of the Beginning Fund Balance as Authorized by Colorado Statutes
- Personnel
- Negotiated Agreement with AEA
- Classified Nonsupervisory Salary Adjustments
- Administrator and Professional/Technical Salary Adjustments

Roll Call: Drevon, Jorgensen, Lewis, Nelson, Wildman, Yamrick #8353

Approved on a vote of 6-0

IV. ACTION ITEM

Cooperative Community School

Yamrick moved and Nelson seconded that the Cooperative Community School be granted a charter in the Aurora Public Schools.

Roll Call: Drevon, Jorgensen, Lewis, Nelson, Wildman, Yamrick #8354

The motion failed on a vote of 4-2.

Nelson and Yamrick voted in favor of granting the Cooperative Community School a charter in the Aurora Public Schools.

Lewis moved and Drevon seconded to accept the proposed resolution to deny approval of the charter school application for the Cooperative Community School as presented.

Roll Call: Drevon, Jorgensen, Lewis, Nelson, Wildman, Yamrick #8355

Approved on a vote of 5-1

Yamrick was not in support of accepting the proposed resolution to deny approval of the charter school application for the Cooperative Community School as presented.

Eyre met with Brown to answer questions and concerns related to the above procedure and action.

V. BOARD WORK

Open Dialogue

The Board acknowledged and presented Deputy Superintendent William Stuart with a gift for all his years of service to the district.

Lewis shared that Stuart has always been the go to person and has always had the best interest of children at heart. She appreciates that Stuart grew up in Aurora and is a product of APS.

Jorgensen expressed that Stuart has had a far reaching impact in the district, and has always been very humble, gracious and helpful to him as a former employee of the district and as a Board member.

Yamrick commented that Stuart has always been available to help and has always had the right answers. His impact with both the Board and the district is commendable. Thank you for your time.

Nelson appreciates Stuart's wisdom, concern, caring, compassion and thoughtfulness to the district.

Wildman expressed that Stuart is amazing and will be missed throughout the district.

Stuart thanked the Board for all their support throughout the years. He has worked with a number of APS Boards and shared that all have done what was best for kids and have made public education better in Aurora.

Ends Conversation

Munn provided the Board with draft goals related to the APS 2020 Strategic Plan. He noted that baselines continue to be developed and expects to present additional information to the Board in August.

Munn noted that the State Board of Education passed a resolution that supports district efforts around innovation and innovation zones. He shared that the district is looking to partner with Mass Insights to assist with capacity building and turnaround efforts. He acknowledged that the cost is significant, but expects to offset costs through federal and state grants and philanthropy efforts. He indicated that work with Mass Insights would begin once the contract is signed.

Lewis asked for more specifics related to the partnership with Mass Insight. Munn shared that Mass Insights is based in Massachusetts, and indicated that a team would be assigned to the district and additional staff would be hired locally to work with district staff. He noted that Mass Insights currently contracts with the Colorado Department of Education (CDE) around turnaround efforts and is working with CDE at two district schools.

Jorgensen expressed concerns related to the cost and asked that the Board be provided with information around project planning and community engagement efforts.

Standing Committee Report

Yamrick indicated that the Early Childhood Education Committee pamphlet has been completed and is ready for distribution. She thanked staff at the Meadowood Child Development Center for the volunteer award that she and Lewis received in recognition of work and efforts.

Yamrick noted that the contract for the director of the Rocky Mountain School of Expeditionary Learning (RMSEL) was approved. The RMSEL board has requested that the director proceed with expansion plans for the school.

Planning for the 2015-16 School Year

The first Board meeting for the 2015-16 school year will be held August 4.

Munn requested that Board work session topics and time lines be discussed on August 4. He also stated that the Board may need to take action on a grievance filed by AEA related to Paris Elementary School.

Munn noted that the Board would be provided feedback from enrollment versus capacity conversations on August 18. He asked that an additional Board meeting be convened on August 25 to receive public comment and the Board take official action on September 2.

Munn suggested that regular Board meetings be held at ESC 4 and work sessions be held at the PLCC during the 2015-16 school year. The August 4 and August 25 meetings are considered Board work sessions and will be held at the PLCC. The August 18 Board meeting will be held in the boardroom at ESC 4.

Open Dialogue

Policy Perception Checklist

Did the Board receive information at tonight's meeting that requires a policy change?

The Board did not receive information that required a policy change.

Did the Board receive information at tonight's meeting that requires additional information or monitoring?

Additional information will be provided to the Board.

Board Self-Monitoring

Nelson expressed that the Board did fairly well tonight, and Wildman did a good job leading the meeting. He believes that the Board could do a better job in defining the process to remove a consent agenda item for separate discussion and action. He shared that the Board did very well in celebrating staff, especially in recognizing Deputy Superintendent William Stuart.

VI. CONCLUDING ITEMS

Next meeting date

June 16, 2015

The next meeting of the Board of Education will be held on August 4, 2015, at 6:00 p.m. in the Dr. Edward and Mrs. Patricia Lord Boardroom of Educational Services Center 4.

Adjournment

The regular meeting of the Board of Education adjourned at 9:12 p.m.

President

ATTEST _____
Secretary