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Jefferson County School Board

Knowledgeable Independent

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October 7,2020

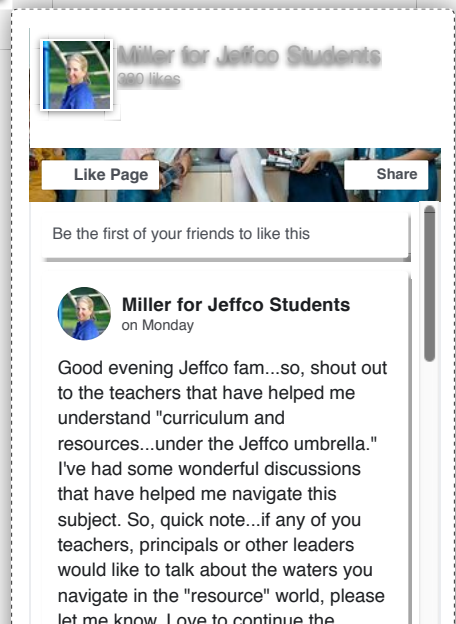
Community Members:

Below is the text of the statement I gave this morning at the Jefferson County Board Meeting calling for a performance audit of the District's \$705 million capital program.

"Mr. Calahan, thank you for joining us this morning.

Back in November 2018, we asked the community to support a \$567 million dollar bond ~ 5B, to upgrade aging buildings, provide new furniture, new labs, and new schools throughout the district. We promised our community and our bond investors that the Citizens Capital Asset Advisory Committee [CAAC] would faithfully oversee the capital program, including financial oversight as well as the on-budget delivery of all the projects that were promised to our voters.

Last January, you and the other members of the Capital Asset Advisory Committee joined us and you said "it is very important for us to make sure that each facility gets what it is promised. We cannot make changes to



what was promised. Those items that are on the bond have to be followed exactly the way they are, and come in under budget." Speaking for many Jeffco voters, I could not agree more.

When we sold the bonds in December of 2018, we benefited from a very strong market and secured an additional \$50 million in bond premium, which is basically an unexpected windfall, a bonus so to speak, that could be spent on additional projects. In Denver, Poudre and Thornton, which also benefited from a strong market, those districts had their bond oversight committees make recommendations to their school boards about how best to use the extra money they received from the sale of their bonds. And those boards voted to allocate the extra money to additional projects that were high priorities for their communities.

The Jeffco community, has been denied the chance to have that discussion. We didn't have the chance to ask the community where it wanted to address equity challenges. We never had the opportunity to fund new labs for Jefferson High School, nor new schools to replace the old ones in the areas of Jeffco facing the greatest challenges, nor address overcrowding issues at Ralston Valley, nor consider upgrades for Outdoor Lab. Those discussions never happened. I asked for them, and I was dismissed.

But the committee [CAAC] did raise the issue of the extra \$50 million dollars realized in the sale of the first round of bonds. On May 7th 2020, the committee asked Tim Reed, in front of our CFO, Kathy Askelson, our COO, Steve Bell, and other members of our Finance Team (Stephanie Corbo and Nicole Stewart) who was responsible for allocation of the bond premium? According to the meeting notes, Mr Reed stated, and I quote, "THE USE OF PREMIUM AND ANY DISTRIBUTION IS A BOE DECISION NOT THIS DEPARTMENT." Mr. Reed also promised to raise this issue with this Board.

Twelve hours later, that SAME day, as we discussed the 77% cost overrun at Alameda High School, I asked Mr. Reed if any of the \$50 million bond premium had been spent. Initially Mr. Reed denied the unauthorized use of the bond premium, but then admitted that it "had not been spent in its entirety." At no time did he bring forward what he told the committee [CAAC] just twelve hours earlier, that how to spend that extra \$50 million, that bonus money, was a board of education decision. But then Kathy Askelson, Stephanie Carbo, and Nicole Stewart, nor Steve Bell didn't say anything to the board either.

That's a very big problem for me and for this district. As board members we have a fiduciary duty of care. We promised our taxpayers and bond investors the greatest level of transparency and oversight of the \$705 million dollar capital plan, that included 5b approved by the voters. It is painfully clear we have not kept that promise.

Therefore I ask that we abide by the resolution language the previous board approved on September 6, 2018. The resolution stated "...the spending of the proceeds of such debt to be monitored by the Citizen's Capital Asset Committee and subject to an independent annual audit." I ask this board to call on the audit committee to secure an independent performance audit, as other large schools districts have done across the country, for their capital programs. We must be completely transparent with the citizens of Jefferson County and our bond investors about the implementation of this capital program, to do any less would be a betrayal of their trust."

conversation. Also, Anne Schimke - aschimke@chalkbeat.org - of Chalkbeat would love to talk with you about best practices for children in Jeffco. What's working, what can we do better (I'd love to hear as well!) Please reach out Anne to allow your ideas and thoughts be part of the conversation. All chats are confidential 😊 but all focused on what's best for children and resources for teachers. We are in this together.