

North Routt Community Charter School
54200 RCR 62
Clark, CO 80428
February 18, 2010
Work Session Meeting

In Attendance: Christy Belton (via phone), Rick Boese, Roy Powell (via phone), Chris Gander, Jeremiah Beach, Stephanie Anderson, Todd Raper (Owner's Representative)

Call to Order: Jeremiah Beach called the meeting to order at 8:05 AM.

Approval of Agenda: Chris Gander made a motion and Rick Boese seconded to approve the agenda. Motion unanimously passed.

Board Discussion:

Capital Construction Funding:

Todd began discussion stating that issue at hand is how to address the \$25,143.58 past due account (work completed after the BEST grant) for Architect Michael Olsen so he can re-engage the construction project and complete necessary drawing sets for the permit process and an April start date.. Todd reviewed funding process via State with Colleen and understands billing process. Architect needs immediate payment to begin work and prevent any delays.

The existing NRCCS line of credit was identified as a temporary source of funding with the hope that reimbursement would come from the State. A proposed solution was to pay Architect with funds from line of credit, then list the NRCCS as a vendor for reimbursement by the State.

Policies of State regarding reimbursable expenses were discussed, and Chris Gander noted that in all available documentation regarding BEST funding request policies, funds are for costs of the construction projects and confirmation should be requested from Scott Newell with the State. Jeremiah noted that there were previous issues regarding reimbursable funds from the line of credit.

Stephanie asked if there is an issue with not having a current contract with the Architect, and if the dates of these invoiced services were prior to the BEST grant being signed. Jeremiah and Rick confirmed that dated invoices show the services were performed without a contract, but after the BEST grant was signed.

Rick and Todd explained that the reason immediate payment is required is for the Architect to pay off vendors that have stopped services for the project. Structural, mechanical, and LEED consultants need to be paid before work can continue.

Todd suggested that a worse case scenario for reimbursement might be that the NRCCS carries \$25,143.58 for the year and uses unused construction funds to pay back the amount later in the project.

Jeremiah asked if the \$25,143.58 covers all necessary architectural work to finish the project, and Todd stated that there would still be architectural services to be billed later in the project that would be addressed in a new contract.

Christie was concerned that using the line of credit was risky--especially not having confirmation that these funds are reimbursable by the BEST grant, otherwise there would be no problem with using the line of credit. Jeremiah also asked if there was an opportunity to wrap these past due funds into a

new contract with the Architect to mitigate the risk, especially since the time frame for reimbursement is not clear. Rick was very concerned about delays caused by not paying off the architect immediately and pushed for using the line of credit. Chris asked Todd if there was a way to quantify the risks of delaying the project past an April start date vs. a known risk of \$25,143.58. Todd estimated that \$15,000 for an extension of his Owner's Rep contract and from \$50,000-\$75,000 due to weather related delays next winter. Christie and Todd discussed the risks of delaying payment for a few more days, and whether the Architect would release the drawings on good faith pending clarification on reimbursement. Todd stated that he would meet with Architect after the meeting and clarify status of stamped drawings.

Roy suggested that a new contract with the Architect should be drafted first to ensure there are no issues with the State and to limit liability for NRCCS, and then NRCCS could "loan" Architect the \$25,143.58 to get things moving. Jeremiah was concerned that if the invoices are post-dated, or if they were for services not approved by the NRCCS, and/or had been previously submitted to the State by the NRCCS Director, then there could be issues with the State. Board agreed with this plan.

Roy and Todd suggested drafting a new contract with the Architect that contains language addressing a "loan" and/or payment schedule. Todd suggested that the permit process could take up to 8 weeks, or as little as 3 weeks for a foundation permit. Based on the permit cycle, and whether stamped drawings are available, if NRCCS can delay payment (loan or CDE reimbursement) to Architect until March 4, then the schedule would not be interrupted.

Action plan was agreed on to have Todd and a representative from the capital Construction Committee (Jeremiah) meet with Architect later in the day, and discuss next steps. Board granted Todd and the Capital Construction Committee permission to draft and sign a financial agreement with the Architect.

Adjournment:

Meeting was adjourned at 8:45 AM.