

**PUBLIC SCHOOL CAPITAL OUTLAY COUNCIL MEETING
MINUTES
May 11, 2017
STATE CAPITOL BUILDING, ROOM 317
SANTA FE, NEW MEXICO**

Members Present: Mr. David Abbey, LFC Ms. Rachel Gudgel, LESC
 Mr. Pat McMurray, CID Mr. Gilbert Peralta, PEC
 Mr. Joe Guillen, NMSBA Mr. Paul Aguilar, PED
 Mr. Raul Burciaga, LCS Ms. Jessica Kelly, Office of the Governor
 Ms. Stephanie Clarke, DFA

1. Call to Order—Chair Abbey called the meeting to order at 8:36 A.M.

a. Approval of Agenda—Chair Abbey asked if there was any objection to the agenda as presented; as there was none Ms. Gudgel moved for approval of the agenda, Mr. McMurray seconded and the motion passed unanimously.

Mr. Abbey commented on prior conversations regarding the agenda and what was listed. Mr. Abbey understood the PSCOC agenda was not consistent with action taken during the Awards Subcommittee. He clarified that the Subcommittee could take action and if others disagreed with that action proper protocol would be to call the Subcommittee Chair, or Mr. Abbey, in a timely manner and ask for reconsideration. Since this came up too late in the process he supported sticking with the original Subcommittee action as there wasn't time to revisit it. Mr. Guillen added information still needs to come before the Subcommittee before moving forward.

b. Correspondence—Mr. Kearney stated a letter of recognition was received from Mr. Ralph Gallegos, Executive Director for Energy Management & Construction with Gadsden Independent School District. The letter recognizes Regional Manager Anthony Lucero for his professionalism, hard work and dedication and credits him for being an important part of the successful partnership between PSFA and the district. Mr. Kearney added that Mr. Lucero has been a great addition to the PSFA since joining the agency in March 2016.

c. Approval of Minutes (April 13, 2017 & April 19, 2017) - Mr. Guillen moved for Council approval of both the April 13, 2017 and April 19, 2017 minutes, subject to technical corrections, Ms. Gudgel seconded. The motion passed for the April 13, 2017 minutes, with Ms. Clarke and Mr. Burciaga abstaining as they did not attend the meeting. The motion passed unanimously for the April 19, 2017 meeting minutes.

2. Public Comment—Chair Abbey had guests and PSFA staff introduce themselves.

3. PSCOC Financial Plan

a. PSCOC Financial Plan

Ms. Irion provided a summary of the financial plan, highlighting changes made since the last meeting which include: PSCOC awards made for the 2016-2017 Master Plan Awards for \$348,918; Clovis Parkview ES for \$11,692,284; Clovis Highland ES for \$1,138,683; BDCP awards for Category 1 and 2 at \$101,152 and \$318,434 respectively; and a decrease was noted in the award for Mountainair Jr/Sr HS of \$104,004 for total project to adequacy for the state share amount. Total awards made were \$13,495,467. Two projects moved, based upon district readiness, include Española Abiquiu ES, moved from 2017 Q3 to 2018 Q2. This move is within the same fiscal year, therefore funding will remain the same. Reserve Glenwood ES has been delayed one full year from 2017 Q3 to 2018 Q3 based upon district readiness. Also listed is the \$119,811,500 for the potential June SSTB sale. The projected revenue estimate was increased \$7,850,500 based upon Board of Finance estimates. Project & Operating Reversions/Advance Repayments reflects the delay for Cloudcroft HS of \$501,000 since the advance repayment was moved from FY17 to FY18. The PSFA Operating Budget, previously reflected as \$5.5M in the financial plan was adjusted to the FY18 approved amount of \$5,647,400. Project awards were also adjusted: 2017-2018 awards increased by \$10.0M based upon the revised June SSTB revenue estimates plus \$1.5M generated upon the adjustment of Capitan's advance repayment and the Glenwood ES project delay of \$630K. The 2018-2019 awards cycle was increased by \$2.9M and the 2020-2021 awards decreased by \$100K to bring the financial plan balanced. Based upon these projections, the financial plan reflects a positive balance of \$9.9M in FY17 and then flat for the out-years FY18-21.

Mr. Aguilar noted that Reserve Glenwood ES is projected to have an enrollment of 5 students next year; PED will be sending notice they will not be allowed to continue operating the school and reiterated this needs to be considered as Council thinks about the project.

b. Certification of SSTBs

Discussion: Ms. Irion reviewed the SSTB FY17 Spring Certification Worksheet. The total certification need of \$124,654,520 comes from 18 projects within the awards schedule, Reserve for Contingency, CID Budget/Reimbursement, Facility Master Plan, SB-9, Lease Assistance, Operating Budget, SB-4 Instructional Materials and IT Infrastructure Awards. Based upon the actual sale, we are required to adjust the certification to match the dollar amount of the proceeds that are received. An adjusted certification will be brought back to Council for approval that matches the actual bond sale.

Noting that Broadband was listed as a direct appropriation in the certification, Ms. Gudgel stated that statute authorizes Council to use up to \$10.0M therefore it was not a direct appropriation and felt the verbiage indicating such should be stricken; Ms. Irion agreed to make the change.

Mr. Abbey stated that what was not included in the certification is the \$25.0M for SB-4; Ms. Irion replied in the affirmative noting the intent for the \$25.0M was to include that certification either in the December 2017 bond sale or the June 2018 based upon cash availability. Per Mr. Abbey, if at some point there is a need to get cash sooner the Council will have the opportunity to reallocate funds that were certified; Ms. Irion agreed. Ms. Clarke stated

the Board of Finance reviewed the severance tax collections and they are approximately \$6.0M above estimate and thus the \$119.8M may go up since there is a cushion built in with certifying \$125.0M. Discussion ensued regarding the addition of \$12.5M to the certification for SB-4.

Mr. Aguilar inquired if the \$12.0M for Lease Assistance would meet the need of the charter schools based on the previous year's allocation; Ms. Irion replied it would not and based upon need, the amount potentially remaining for awards could be recertified. The lease assistance application has been released with a zero dollar amount and states within the application letter that the amount per MEM will be determined at the July meeting. The letter also states that charter schools should anticipate up to a 20% reduction within the lease assistance based upon budget availability. Applications are currently coming in and a better number will be known after the May 17th submittal deadline. Mr. Aguilar noted the 20% reduction is not consistent with the 1.5%-5.5% reductions that agencies have experienced. The cut is not consistent with those made through legislative and executive action over the last few months and is something for Council to consider.

Mr. Aguilar inquired as to who makes the decision to place items into certain quarters in the financial plan; Mr. Abbey stated he views it as new information causing staff recommendations to be brought forward. Mr. Kearney stated Chair Abbey's interpretation is correct.

Discussion then turned to the Systems Initiative program with Mr. Abbey stating though it is unknown what bonds will be sold it is known there is \$7.0M in the financial plan that is not certified but could be available in FY18. Expressing surprise over the low number of applications received for systems-based awards Mr. Abbey suggested the Awards Subcommittee may want to consider an ongoing open period for additional systems-based applications. Mr. Guillen agreed, stating an outreach effort to the districts would be great.

MOTION: Mr. Guillen moved for Council approval of the staff recommendation to adopt the Certification and Resolution to sell SSTB's subject to review by Deputy Secretary Clarke and Chair Abbey verifying the amounts. Ms. Clarke seconded. The motion passed unanimously.

AMENDMENT TO MOTION: Ms. Gudgel moved to add \$12.5M for SB-4 to the certification, Mr. McMurray seconded and the motion passed unanimously.

REVISED MOTION: Mr. Guillen moved for Council approval to adopt the Certification and Resolution to sell SSTB's subject to review by Deputy Secretary Clarke and Chair Abbey verifying the amounts with the inclusion of the \$12.5M for SB-4. Ms. Clarke seconded and the motion passed unanimously.

4. **Broadband Deficiencies Correction Program**

a. **Broadband Deficiencies Correction Program Status Report (*informational*)**

Discussion: Per Mr. Viorica, it is expected the fiber and equipment upgrades will be finished by FY21; after which the equipment upgrades will be recurring on a five year cycle and the coordination and support for this work will maximize the federal funds leveraged. The program plan presented was split into three sections: Fiber Construction (Category 1), Internal Network Upgrades (Category 2) and Demand Aggregation.

Ms. Kelly inquired as to how the internal network upgrade estimates, reflected in the plan, were determined; Mr. Viorica stated they were based on the previous year where approximately 260 upgrades were done; adding that nearly all applications for internal network upgrades have been approved by the E-rate program and only one or two remain. To this point, Ms. Kelly stated the graph included in the meeting material should be labeled E-rate Funding Actual Awards as it aligns with the actual Broadband awards. Ms. Kelly then inquired as to why demand aggregation was being discussed again to which Mr. Abbey replied that the LFC had indicated potential savings and was an option that should be looked at in the future. Staff was advised if they were to proceed along this route the expectation was to coordinate with DoIT and get their input. Mr. Aguilar stated the idea behind a deficiencies correction program is to solve the deficiencies and at some point school districts and charter schools need to migrate these costs into their operational plans. Mr. Abbey stated it was a good point and asked members for comment on adding into FY21 that Council would coordinate with stakeholders, including DoIT and the legislature, to determine the appropriate governance and administrative responsibility for continuing the program; Mr. Aguilar agreed. Mr. Guillen asked if there was a chart or list showing each district and what help they had received at the different levels, who had reached their goal and how far away the others were. Mr. Viorica stated a list of the projects is posted on the PSFA website and maps are produced annually reflecting the current status and progress made. Proposed metrics will be brought to the PSCOC in June or July showing how the program is helping the school districts. Mr. Guillen requested that it include all districts and whether they did or did not need, or participate in, the program.

b. Broadband Deficiencies Correction Program – 2016 Awards

Discussion: This award is for the Estancia, Portales and Taos school districts who have received their funding letters from the E-rate program.

MOTION: Mr. Guillen moved for Council approval of the staff recommendation to make Broadband Deficiencies Correction program (BDCP) awards of actual E-rate approved project amounts to provide the state match for application funding year 2016 for Category 2 to 3 districts/schools for a total of \$63,653 as listed in column K of the award spreadsheet on page 2 of this agenda item for the purposes and up to the amounts specified. Each allocation is intended to fully complete the project, phase, or specified purpose. Mr. McMurray seconded and the motion passed unanimously.

5. Other Business

a. New Mexico Public Facilities Management Association & Masters Certificate Program (informational)

Mr. Tillotson presented information on the new Facilities Management Association that has evolved over several years to better support New Mexico Maintenance and Operations training programs. The group meets semi-annually to drive educational programs for maintenance and operations. The Facility Masters Certificate Program was created to increase and improve the types of programs available to public facility managers to improve their skill set, education and knowledge of the importance of maintenance and drive it to the next level. PSFA recently kicked off the program with a 4 hour training session to many members throughout the State. The group was created by the Cooperative Educational Services (CES) throughout the public

schools within the state of New Mexico. Mr. Aguilar inquired as to who created the Facilities Management Association; Mr. Tillotson replied it was created as a collaborative effort through the Maintenance Advisory Group with several facility managers at the public school level deciding they needed to have more of a voice in the maintenance and operations realm. PSFA is an Ex-Officio member and provides support data through the Facility Maintenance Assessment Report (FMAR), Preventive Maintenance (PM) planning and the Facility Information Management System (FIMS) use to determine what best methods can be used to help resolve challenges they may have. Mr. Aguilar cautioned about conflicts of interest; Mr. Kearney agreed.

6. Informational

a. PSCOC Project Status Report

Mr. Avila stated staff has spoken with the Reserve School District regarding the status of their feasibility study and they informed PSFA their enrollment has dropped from 9 to 5. Their project is currently on hold until a decision can be made about the future of the school.

Mr. Avila also noted an email had been received from the Central Consolidated School District regarding a project that combined Ruth N. Bond ES and Grace B. Wilson ES into Judy Nelson ES. The Ruth N. Bond school building was demolished to make way for construction for Judy Nelson ES and the existing Grace B. Wilson ES is currently abandoned and scheduled for demolition. The district is requesting to retain the building for use as a career technical center. PSFA will take this under review and return to Council at a later date.

b. Master Plan Project Status Report

Ms. Casias presented the executive summary included in the PSCOC notebooks for this item.

c. Lease Assistance Status Report

Ms. Irion presented the executive summary included in the PSCOC notebooks for this item.

d. Maintenance Program Status Report

Per Mr. Tillotson, Maintenance is moving to a new database to support performance metrics and maintenance and operations to include PM planning, FIMS and FMAR data. The new database was rebuilt within the agency and will be a cost savings to employee labor and time.

e. FY17 PSFA Budget Projection and Personnel Update

Per Ms. Sawyer, PSFA is estimated to revert \$463,421 in FY17, of which \$422,289.97 is for personal services and employee benefits. Ms. Gudel asked if, since the decision to hire a new Director has been delayed, any of the vacant positions were critical to getting work done. Mr. Kearney stated none were critical. Ms. Kelly asked if there were any positions that could be deleted, Mr. Kearney stated that could be looked at but wants to be cautious moving forward that the agency doesn't end up short staffed. Mr. Kearney also stated there is a Regional Manager, labeled as temp that he would like to move to permanent at some point.

- Mr. Aguilar acknowledged the drone video on the Mountainair project, noting it spoke volumes as to size, space, proportion and what the facility would look like.

- Due to conflicts with the June 15, 2017 PSCOC meeting date, Ms. Birge will reschedule the meeting for June 13th at 1:30 PM.

10. Adjourn

There being no further business to come before the Council, Mr. McMurray moved to adjourn the meeting. Mr. Aguilar seconded and the motion passed unanimously. Meeting adjourned at 9:59 a.m.

Savil Alby Chair
6/13/17 Date