

**PUBLIC SCHOOL CAPITAL OUTLAY COUNCIL MEETING
MINUTES
October 12, 2017
STATE CAPITOL BUILDING, ROOM 317
SANTA FE, NEW MEXICO**

Members Present: Mr. David Abbey, LFC Ms. Jessica Kelly, Office of the Governor
 Mr. Pat McMurray, CID Mr. Antonio Ortiz, PED
 Mr. Joe Guillen, NMSBA Mr. Gilbert Peralta, PEC
 Ms. Stephanie Clarke, DFA

Members Absent: Ms. Rachel Gudgel, LESC

Designees: Mr. Jeff Eaton, LCS (attended from 8:21 – 10:05)
 Ms. Sharon Ball, LCS (attended from 10:05 – 10:52)

1. Call to Order—Chair Abbey called the meeting to order at 8:21 A.M.

a. Approval of Agenda—Chair Abbey asked if there was any objection to the agenda as presented; as there was none the agenda was unanimously adopted.

b. Introduction of PSFA Director Jonathan Chamblin – Mr. Chamblin spoke on his background as an architect and noted he is looking forward to working with the agency and improving school facilities in New Mexico. Mr. Chamblin’s first day will be October 18th. Mr. McMurray and Mr. Guillen welcomed Mr. Chamblin and Mr. Abbey commented on challenges and opportunities Mr. Chamblin will be faced with adding that the agency is in good hands, the staff is strong, and most positions are filled.

Mr. Abbey also welcomed Mr. Eaton and Mr. Ortiz to the Council.

c. Correspondence—Ms. Cano noted the correspondence naming Mr. Eaton as designee for Mr. Burciaga.

d. Approval of Minutes (September 13, 2017) - Mr. Guillen moved for Council approval of the September 13, 2017 minutes subject to technical corrections. Ms. Kelly seconded and the motion passed unanimously.

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

3. PSCOC Financial Plan

a. PSCOC Financial Plan

Ms. Irion reviewed changed made since the last meeting. Awards were made for Lease Assistance for \$15,350,299; Central Kirtland ES for \$2,201,351; Gadsden Desert Trail ES for \$4,981,048; Las Vegas City Los Niños ES for \$3,086,021; NMSD Cartwright Hall for \$5,640,741; and BDCP for Category 2 and EDAC at \$379,627 and \$78,000 respectively. Project Reversions were adjusted based upon project closeouts. Originally stated at \$2.5M, the

new estimate is \$9.5M as there was an increase of \$2.6M for BDCP reversion as well as a \$4.3M increase for reversion estimates. Advance repayments were adjusted for the Santa Rosa Anton Chico ES/MS and Des Moines Combined School emergency advances of \$150,000 each. These advance repayments, made at the discretion of the PSCOC Chair, are calculated to be returned to PSFA within three years. Lease payment assistance was adjusted for the award total of \$15.4M which was an increase of \$3.4M to the financial plan. BDCP awards made are reflected at \$379,627. Emergency reserve for contingency was also adjusted as last month the reserve was used to fund NMSD Cartwright Hall. Action taken during the Awards Subcommittee meeting for Reserve Glenwood ES rescinded the design award of \$70,000 and the \$630,000 in out years for construction. While these changes resulted in a favorable change to the financial plan of approximately \$1.0M, contingency was used to fund the two emergency projects leaving a balance of \$700,000. Based upon these changes awards cycles were also adjusted: 2016-17 awards decreased \$630,000 for Reserve Glenwood ES; 2017-18 awards increased \$2.6M based upon the BDCP reversion; 2018-19 awards increased \$630,000 for Reserve Glenwood ES construction and 2020-21 increased \$300,000 for the anticipated advance repayments for Anton Chico and Des Moines Combined. Ms. Irion noted that, based upon district readiness, Gallup Thoreau ES was moved out one quarter to 2018 Q1. Based upon these changes; estimated uncommitted balances are \$45.7M for FY18; \$1.9M for FY19; \$1.8M for FY20-21 and \$1.7M in FY22. Ms. Irion also noted the PSCOC Fund balance was \$279,197,429.

b. Recertification of SSTBs

Ms. Irion presented the information found within the executive summary.

MOTION: Ms. Clarke moved to adopt the Resolution, Notification, and Certification amendment for reauthorization of unexpended bond proceeds as follows:

- SSTB16SB 0001 in the amount of \$7,093,464 to PSCOC award projects totaling \$7,093,464.

Mr. Abbey seconded and the motion was unanimously approved.

4. Out-of-Cycle Funding/Additional Funding/Emergency Funding/Award Language Requests

a. Des Moines – Combined School – Emergency Advance (*informational*)

The Des Moines Combined School is composed of an original structure built in 1962 with additions in 1980 and 2002. The roofs of the combined school are a mix of pitched metal roofs as well as flat, low-sloped roofs; it is the low sloped roofs that are currently leaking. The existing roof system has been in service for approximately 16 years putting it beyond its 10-15 year service life. The district has contracted with a roofing consultant to assess and evaluate the condition of the existing roof as well as provide an estimate of solutions to remediate. Due to cost and timing, the district has opted to proceed with a coating that will provide a temporary seal to mitigate additional damage. The amount requested will allow the district to have the coating applied before inclement winter weather arrives. The district issued a letter indicating their intent to repay the advance within three years via a bond sale or use of their SB-9. The school has a wNMCI of 8.62%, rank of 526, capacity of 400 students and a current enrollment of 96.

b. Reserve – P17-001 – Glenwood ES – Rescind Award

No discussion; motion was read and unanimously approved.

MOTION: Council approval of the Awards Subcommittee recommendation to rescind the 2016-2017 standards-based award to Reserve Independent Schools for Glenwood ES due to school closure. The district may reapply in a future award cycle after the facility is approved to be reopened by the Public Education Department and the facility is re-ranked among all other school facilities. Motion was unanimously approved.

c. Santa Rosa – Anton Chico Schools – Emergency Advance (*informational*)

In February 2017 a FAD assessment was conducted; during the site visit cracks were discovered in various locations throughout the facility. PSFA contacted both the architect of record and general contractor on behalf of the district to investigate and assist in determining the cause of the cracking and a solution for repair. The district was requested to provide water bill records to determine if there was an abnormality in water consumption. Status updates were provided to the Council via bi-weekly reports beginning in March 2017. Over several months, and following several exploratory measures, the architect, structural engineer and contractor concluded there was no clear source of the elevated moisture conditions below the slab or around the perimeter of the building and the floor cracks were likely contributed to minor settling issues. On September 29th, Superintendent Perea contacted the PSFA to inform them additional cracks in the floor slabs and dry-walled ceiling areas had appeared. Due to growing safety concerns over structural integrity the district closed the school until a professional assessment could be conducted to determine if the building was structurally safe to be occupied. On October 1st, the structural engineer and architect visited the site and submitted a letter to the district stating it was safe to occupy and not in danger of structural failure. The district was awarded emergency funds in the form of an advance to contract with a third party engineer to provide a thorough analysis of the existing building and surrounding site.

Superintendent Perea commented the district passed a bond in 2013 for \$5.2M of which \$3.4M was for Anton Chico. The building is 3½ years old and the district has filed a claim with the insurance company (CCMSI) and is awaiting a report on their investigation. The district is working with the architect, construction company, PSFA staff and other agencies to resolve the issue.

5. Broadband Deficiencies Correction Program

a. BDCP Reversion of FY15 and FY16 Appropriations

Mr. Viorica stated this was a balance on the original budget of \$7.5M for projects developed in 2015 and 2016. The funding is not needed and is available for reallocation as the current \$3.5M is sufficient for this year's awards.

MOTION: Council approval of the Awards Subcommittee recommendation to revert for reallocation \$2,624,072 from FY15 & 16 Broadband Deficiencies Correction Program (BDCP) budget to the PSCOC Fund. Motion was unanimously approved.

b. BDCP – 2017 Awards

Mr. Viorica noted that Motion 1 is related to establishing budgets for three projects identified in the meeting material. As with previous awards, final approval would come to Council once the funding decision letter is received. Motion 2 relates to budgets previously approved by Council and covers approximately 49 individual schools that have received funding decision letters and are ready for construction.

MOTION 1: Council approval of the Awards Subcommittee recommendation to make Broadband Deficiencies Correction Program (BDCP) Category 2 budgetary awards of E-rate project amounts to provide the state match to three districts/schools, for a total of \$2,051 as listed in column H of the award spreadsheet on page 1 of his agenda item, for the purposes and up to the amounts specified. Actual award requests will be based on Funding Commitment Decision Letters (FCDL) amounts and will be presented to the Council for final approval. Motion was unanimously approved.

MOTION 2: Council approval of the Awards Subcommittee 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 2017 for Category 2 to 10 districts/schools for a total of \$107,846 as listed in column K of the award spreadsheets on page 2 of this agenda item. Each allocation is intended to fully complete the project, phase, or specified purpose. Motion was unanimously approved.

c. Internet Access Price Transparency Information (*informational*)

Mr. Viorica reminded members Education Superhighway (ESH) had spoken last month on price transparency. Maps included in the meeting material reflects costs per megabit per second for many of the districts and charter schools applying for E-rate funding. Ms. Kelly felt having the maps be available to the districts would be beneficial and suggested a website redesign be considered in order to make the information easily accessible; Mr. Viorica agreed, adding the IT Department is currently working on a full redesign of the PSFA website. Mr. Abbey inquired if there was a PSFA newsletter and how often it was published; Ms. Cano replied a quarterly digest is sent out and posted on the agency website. Mr. Abbey felt the newsletter should be done on a monthly basis and the BDCP maps should be included.

d. Category 2 Budgets Available to Schools (*informational*)

Mr. Viorica drew member attention to the meeting material depicting how much districts and charter schools used of the available Category 2 budget since program inception. Mr. Viorica stated schools and districts that worked with the broadband workgroup benefitted greatly from the availability of the E-rate consultant Council provided funding for. For the next two years there is approximately \$29M available in equipment budgets to the schools; PSFA staff is working with the low users of the budgets to encourage them to develop equipment upgrade projects. Mr. Viorica added that the FCC is looking for comment on the sufficiency of the budgets. Noting that Mr. Guillen had suggested that a letter of support be drafted for the Council, Mr. Viorica drew attention to the proposed letter adding it was time sensitive as the submittal deadline was October 23. It was also noted detailed feedback on the sufficiency of the budgets was being prepared as well. Ms. Kelly reiterated feedback submitted to the FCC would be welcome.

MOTION: Mr. Guillen moved for Council approval of proposed letter, Mr. McMurray seconded and the motion passed unanimously.

e. Fiber Projects – Project Development & Procurement Process

Per request of the Council, information was presented regarding the procurement process for broadband upgrades. Mr. Viorica reviewed the meeting material in detail.

6. Other Business

a. Proposed Changes to Systems-Based and Standards-Based Capital Outlay Programs (informational)

Ms. Cano noted the proposed changes were at the request of the PSCOC Chair and includes a scenario consolidating systems-based projects into the standards-based program as well as revisions to the current structure of the two separate programs. Staff is seeking feedback and hope to return to the Council in January with actionable items in anticipation of releasing the next round of award applications in April. The first proposal is a transformation of the current standards-based capital outlay program. There would be two sets of criteria the district could apply for under a single program; this would help bring in some potential systems projects. The first set of criteria would be similar to what is currently in place: that projects with a wNMCI of 60% or greater would be eligible for a major renovation or replacement of their existing facilities. The current stipulation is they must attain a 1/3 reduction in their wNMCI as part of the standards-based, however, looking at what we are trying to accomplish through standards-based is perhaps considering changing the measures or applying something similar to the charter school requirement of being better than the average wNMCI. The second set of criteria would be that any project within the Top 200 (or any threshold set by Council) and a wNMCI of less than 60% would be eligible for renovation as long as the project did not exceed 50% of the total facility replacement cost. Both scenarios had an added stipulation that the facility could not return to the PSCOC for funding for a set number of years excluding for reasons of growth or emergencies. The end result, for both Council and districts, is one application, one criteria and a rank list published every year would be used. This would allow for more flexibility by addressing space issues the systems-based program does not accommodate. Ms. Cano reviewed the Evaluation of wNMCI and FCI Changes of 2017-2018 Systems-Based Applicants and, using Floyd Combined School as an example, noted how their eligibility changed based upon the use of the wNMCI or FCI reduction requirement. Staff is looking to send this information to school districts and design professionals to garner feedback with the hope it will identify additional considerations that could be beneficial for both facilities and students. Discussion continued on the timeline with Ms. Cano indicating staff was hopeful for a January adoption. Mr. Abbey sought clarification on when the next round for awards would occur; Ms. Cano replied that Council will set the preliminary funding pool and release pre-applications in April, site visits would take place prior to releasing full applications and district presentations would be made in October for potential funding in November 2018.

Following the call for comment, Ms. Clarke suggested staff to consider allowing districts to apply jointly for either systems or standards-based awards depending on what funding Council

has available. Ms. Clarke expressed concern on prohibiting a district from approaching the PSCOC for a number of years. Ms. Clarke also felt staff need to be mindful about communicating with the districts as changing the weights and potentially the application process is a lot to put forward at one time. Ms. Kelly reiterated it is a pilot year and we need to make sure we contain those parameters that are working well in the process moving forward. Mr. Guillen agreed, adding that the goal should be in streamlining the process, sending the information to the districts and getting feedback on their understanding of the changes. Mr. Abbey stated he is not sold on the benefit of the systems-based program and does not view it as being successful with only thirteen projects after two cycles. Mr. Abbey thinks it is confusing and the criteria is difficult for districts to use when making calculations. Mr. Abbey requested that staff bring back to Council for a detailed discussion session in November.

b. PSFA Eligibility as an Educational Services Agency (ESA)

The question posed is if PSFA is eligible to be classified as an Educational Services Agency (ESA) in order to continue to receive E-rate funding. PSFA has been E-rate certified since 2012; upon review by USAC the recertification process has begun and another classification determination is needed. Staff reached out to PED and PED requested this matter be brought before the AMS Subcommittee who in turn requested the matter be brought before the Council. Since the meaning of the ESA term is inconsistent across the country, it is left up to the state to make the determination. Ms. Kelly stated the former PED CIO determined PSFA to be an ESA, however, it is not clear if he had the authority to determine if PSFA was indeed an ESA. Mr. Abbey asked if being classified as an ESA was a good thing; Ms. Kelly replied classifying PSFA as an ESA allows the agency to receive reimbursement funds for broadband and telecommunication operations. Ms. Clarke sought clarification on potential risks if Council determines PSFA can be identified as an ESA and pursues receiving \$41,000. Mr. King replied USAC would review the application and a final determination would be made in advance of funds being received. USAC's decision would remain valid for four years.

MOTION: Mr. Guillen moved for Council approval to advise USAC that the New Mexico Public School Facilities Authority (NMPSFA) is an Educational Services Agency (ESA) to receive E-rate funding for reimbursement of broadband and telecommunication expenditures. Mr. Ortiz seconded and the motion was unanimously approved.

c. FY18 CID Budget & Reimbursement

CID submitted performance measures reflecting an average of 1.81 days for inspections; per the MOU inspections must occur within 48 hours therefore measures have been met for inspections as required by the MOU. As the number of projects remain low, Ms. Clarke noted the number of inspections should also go down; Mr. McMurray replied CID had recently taken on the Albuquerque Public Schools which were previously under the City's responsibility and will subsequently add several projects this coming year.

MOTION: Council approval of the AMS Subcommittee recommendation to allocate an amount not to exceed \$330,000 to reimburse the Construction Industries Division for estimated inspection and plan review expenses for FY2018 for PSCOC funded projects. This allocation is based on the average full cost per inspection that has been agreed upon between the PSFA and CID of \$193.72. CID shall provide quarterly billings certified by the CID Director that

sufficient inspections occurred to warrant at least one quarter of the authorized amount and shall include an analysis of the average turn-around time of school project permits and inspections as compared to other CID inspections. Motion was unanimously approved; Mr. McMurray abstained from the vote.

7. Informational

Mr. Abbey acknowledged Ms. Sharon Ball and requested that Council recognize her dedicated and valuable support for the program. Ms. Ball recapped her 50 year career in public service and thanked everyone for their support.

a. Broadband Deficiencies Correction Program Status Update

This item was not presented.

b. PSCOC Project Status Report

Mr. Avila reported Española Velarde ES provided a project status update to the Awards Subcommittee; the project is on hold until the district develops a project scope and a viable funding source is yet to be identified. Mr. Avila also reviewed information within the executive summary for projects that are behind but making progress.

c. Master Plan Status Report

This item was not presented.

d. Lease Assistance Status Report

Ms. Irion stated the signed lease assistance award letters submitted to the charter schools are beginning to be returned. Once received, purchase orders will be opened to begin paying first quarter reimbursements. Mr. Abbey challenged the Awards Subcommittee to look at lease assistance awards in greater detail to ensure efficiency, effectiveness and accountability.

e. Maintenance Program Status Report

Ms. Cano stated the statewide PM Plan Currency Rate was reduced, however through marketing efforts by the PSFA Maintenance Group this metric will be advancing to a higher level. Additional information will be presented at the next Council meeting including the new F6 FMAR database.

f. FY18 Budget Projections and Personnel Update

Ms. Sawyer stated there are two potential applicants for the BDCP Project Manager position; the position will close October 27th.

g. PSCOC Work Plan/Timeline

This item was not presented.

8. Next PSCOC Meeting – Proposed for November 9, 2017.

9. Consideration for Approval to Adjourn to Executive Session Pursuant to the Audit Act NMSA 1978, §12-6-5 for the purposes of an audit exit conference

MOTION: Mr. Guillen moved for Council approval to adjourn to Executive Session pursuant to the Audit Act NMSA 1978 12-6-5 for the purpose of an audit exit conference.

Roll call:

Ms. Clarke – Yes	Ms. Ball – Yes	Mr. Peralta – Yes
Mr. Ortiz – Yes	Mr. McMurray – Yes	Ms. Gudgel – Absent
Ms. Kelly – Yes	Mr. Guillen – Yes	Mr. Abbey – Yes

The motion was unanimously approved and the Council adjourned into executive session.

10. Reconvene to Open Session


MOTION: Mr. Guillen moved for Council approval to reconvene from Executive Session pursuant to the Audit Act NMSA 1978 §12-6-5 for the stated purpose of an audit exit conference. Only the above-referenced item was discussed and no action was taken.

Roll call:

Ms. Clarke – Yes	Ms. Ball – Yes	Mr. Peralta – Yes
Mr. Ortiz – Yes	Mr. McMurray – Yes	Ms. Gudgel – Absent
Ms. Kelly – Yes	Mr. Guillen – Yes	Mr. Abbey – Yes

The motion was unanimously approved and the Council reconvened from executive session.

11. Adjourn - There being no further business to come before the Council, Ms. Ball moved to adjourn the meeting. Ms. Kelly seconded and the motion passed unanimously. Meeting adjourned at 10:52 a.m.

 Chair

_____ Date