

**PUBLIC SCHOOL CAPITAL OUTLAY COUNCIL
MINUTES
JANUARY 13, 2011
STATE CAPITOL BUILDING, ROOM 309
SANTA FE, NEW MEXICO**

Members Present: Mr. David Abbey, LFC Mr. Richard May, DFA
Mr. Antonio Ortiz, PED Mr. Gene Gant, PEC
Mr. Joe Guillen, NMSBA Mr. Raul Burciaga, LCS

Designees: Mr. Peter VanMoorsel for Ms. Frances Maestas, LESC
Mr. Land Clark represented the Construction Industries Division

Absent: Representative for the Office of the Governor

1. Call to Order—9:05 AM

Mr. David Abbey, Chair

a. Adoption of Agenda

Mr. Robert Gorrell, PSFA staff, called roll and presented the agenda to the Council noting that the Public School Capital Outlay (PSCOC) reserves the right to change the order of the agenda as deemed necessary.

MOTION: Mr. Raul Burciaga moved for approval of the agenda as presented. Mr. Joe Guillen seconded and the motion carried.

Mr. David Abbey, PSCOC Chair, introduced and welcomed the new Council members. New members include Mr. Richard May, DFA Secretary and Mr. Gene Gant, NMSBA. A director for Construction Industries Division (CID) has not been appointed; therefore, Mr. Land Clark represented the CID. Other new members include Ms. Hanna Skandera, PED Secretary and Mr. Keith Gardner, Office of the Governor. These members were not present at this meeting.

b. Correspondence

In the correspondence item, Mr. Gorrell noted that a letter was received from Mr. Andrew Garrison, Chair of the Public Education Commission (PEC) that confirms his appointment of Mr. Gene Gant as his designee to represent the PEC. It was also noted that Mr. Peter van Moorsel would represent the LESC in the absence of Ms. Frances Maestas.

2. Adoption of Minutes (December 9, 2010)

MOTION: Mr. Guillen moved for adoption of the December 9, 2010 PSCOC minutes as presented subject to technical corrections. Mr. Burciaga seconded and the motion carried.

3. 2010-2011 Special Standards-Based Capital Outlay Awards

a. Financial Plan

Mr. Jeff Eaton, PSFA staff, presented the financial plan to the Council highlighting the action that was taken by the Council at their last meeting regarding the following projects and adjustments.

- **Albuquerque—Southwest High School (now Atrisco Heritage Academy)**
This award is to increase the state share amount of the 2007-2008 Standards Based Award to APS for Southwest High School (now known as Atrisco Heritage Academy) by \$7,250,473 (47%) contingent upon an additional local share of \$8,176,084 (53%) for Phase III construction at the new high school to adequacy. The net award was for \$7,250,473. There is no net adjustment to the FY11 Supplemental Reserve. Certified Phase 2 construction award in November 2010 was \$414,426 to be certified on the next resolution.
- **Clovis—Bella Vista Elementary School**
This award is to amend the previous 2008-2009 Standards-Based Award to Clovis Municipal Schools for Bella Vista ES to include out-of-cycle construction funding for renovations and improvements to the existing facilities to adequacy for a design capacity of 450, serving grades K-5, with an increase in the state share amount of \$4,865,230 (80%), contingent upon an additional local share of \$1,216,307 (20%). The net award is \$4,865,230. There is no net adjustment to the FY11 Supplemental Reserve. Certified Phase 2 construction award in November 2010 was \$7,054,474. Funding needs on next resolution will be adjusted accordingly.
- **Los Alamos—Los Alamos High School**
This award is to increase the state share amount of the out-of-cycle construction funding for the 2009-2010 Standards-Based Capital Outlay Award to the Los Alamos Public Schools for Los Alamos High School by \$1,459,277 (28%) contingent upon a district match of \$3,752,425 (72%) to bring the HS to adequacy. The net award is \$1,459,277. The net adjustment to the FY11 supplemental reserve is minus -\$1,459,277.
- **Los Lunas—Los Lunas Elementary School Roof**
This award is to increase the state share amount of the 2009-2010 Standards-Based Roof Award to Los Lunas Public Schools to reroof Los Lunas Elementary School by \$35,104 (81%) contingent upon a district match of \$8,234 (19%) to cover unforeseen conditions during completion of the work. The net award is \$35,104. The net adjustment to the FY11 supplemental reserve is minus -\$35,104.
- **Reserve—Main Campus & Glenwood Elementary School Emergency**
This award is to increase the total emergency funding granted at the November 4, 2010 PSCOC meeting from \$50,000 to up to \$80,000 for prioritized emergency repairs. Additional funding is in the form of an advance which may be converted to a grant subject to verification of district resources available to provide repayment by June 30, 2011. The net award is \$30,000 (Advance due June 20, 2011). The net adjustment to the FY11 supplemental fund is minus -\$30,000.
- **West Las Vegas—West Las Vegas Middle School Roof**
This award is to increase the state share amount of the 2009-2010 Standards-Based Roof Award to West Las Vegas Schools to reroof the WLV MS by an additional \$28,779 (77%) contingent upon a district match of \$8,596 (23%) based on the awarded low bid for completion of the work. The new award is \$28,779. The net adjustment to the FY11 supplemental reserve is minus -\$28,779

Mr. Eaton briefed the Council of the estimated cost over-runs, sources and uses, and presented a FY11 detailed summary of various projects, estimated funding needs as well as other portions of the financial plan. At this meeting, the Council will consider Phase I, primarily design awards, to various districts in the amount of \$16.4 million and roof award capacity in the amount of \$10 million.

b. 2010-2011 Special Standards-Based Capital Outlay Awards

Mr. Tim Berry presented this item to the Council referring them to the Awards Subcommittee recommendations for the 2010-2011 Special Standard-Based Capital Outlay Awards that were made available to them in their meeting notebooks (see attached). Mr. Abbey noted that these awards were presented to the Awards Subcommittee and also to the Administration, Maintenance & Standards Subcommittee (AMS). Mr. Berry stated that there are nineteen projects in seven districts recommended for awards. The total project cost for all projects is approximately \$313 million which includes state and local match funds. The stated match is approximately \$16.4 million to begin the projects with an out-of-cycle out-year cost of approximately \$192 million.

Mr. Berry noted the following requirements for the Gallup, Las Cruces and Los Lunas School Districts:

Gallup: Due to the number of projects in the district, the district is required to hire a construction manager to assist in the direct management of multiple complex projects in consultation with PSFA. There is a requirement that the Gallup School District's educational specifications be replaced. The district shall consider consolidation of urban schools where practical. There are also maintenance requirements set forth to the district for their facilities.

Las Cruces and Los Lunas Districts: Both districts out-of cycle construction funding consideration is limited to Phase I until detailed phasing options for the entire projects are submitted and approved by the PSCOC.

The Council directed staff to identify and provide a report on building prototypes for energy use and efficiency standards. The Council requested expediting the plan within a week and presenting data to the PSCTOOF, policy makers, and the new governmental transition team within 30 days.

MOTION: Mr. Guillen moved for Council approval of the Awards Subcommittee recommendation to make capital outlay project awards under the Standards-Based Capital Outlay process to the districts set out in the award spreadsheet for the purposes and in the amounts specified. Each allocation is intended to fully complete the project, phase, or specified purpose, but may require future allocations from the PSCOC to fully complete to the NM Statewide Adequacy Standards, which shall be in accordance with the PSCOC awards process. Out-of-cycle construction funding may be considered at any future regularly scheduled PSCOC meeting upon completion of construction documents or equivalent PSFA phase approval and conformance with all contingencies. Future funding requests should include PSFA staff evaluation of potential operating costs of new or renovated facilities based on established standard averages. Since this is

a subcommittee recommendation a second is not required. There being no objection the motion passed.

c. 2010-2011 Standards-Based Roof Awards

Mr. Martin Montano, PSFA staff, presented this item to the council referring them to the Awards Subcommittee recommendations for the 2010-2011 Standards Based Roof Awards that was made available to them in their meeting notebooks (see attached). The spreadsheet reflects roofs that are in need of repair or in need of replacement based on various factors. He noted that seventeen districts applied for roof assistance and noted that qualified roof consultants were used to assess each roof. Mr. Montano stated that the net state share is approximately \$9.7 million.

In regard to the Deming School District, Mr. Berry noted that two of the district's projects deal with repair of the high school roof and intermediate school. The district is awaiting the passage of a bond to determine if the schools will be replaced or renovated.

In regard to the Cobre School District, the district is holding a bond election in February 2011 and will have their match for the roof project and will have funding to repay an advance awarded by the Council. Mr. Berry noted that it is not clear if the district would have sufficient local funds for a total renovation of the entire high school.

In regard to the Zuni High School, located at the Zuni School District, the Council noted that the facility was built in 2003 and voiced concern regarding replacement of the roof after only eight years. Although there was a structural issue that may have contributed to the problem, the Council hoped that this would not be a common issue. The Council also voiced concern regarding the warranty of the roof noting that staff and Council needs to be diligent regarding contractors standing behind their work. Mr. Abbey reminded the Council that the district had issues that required law enforcement and construction management. There were also concerns that were reviewed by the Legislative Finance Committee and an investigation was requested.

Mr. Roger Vaughn, Support Services Director for Zuni, informed the Council that the roof at the high school has failed due to weather, mineral composition build-up, construction issue in terms of quality of construction and quality of material used for the roof. Mr. Vaughn reminded the Council that last year they supported an emergency project to stabilize the foundation at the school and \$1.5 million has been spent on the foundation to stop the movement in the school.

Mr. Vaughn explained that the new administration has adopted and implemented new processes that give him confidence that this problem will not occur in the future. Mr. Vaughn indicated that the district previously acted as its own general contractor and managed the project in-house and the district has suffered the consequences for this decision. He stated that Zuni will no longer be its own general contractor. The Council asked if the PSCOC, PED or other staff reviewed the districts decision to be its own general contractor. Mr. Vaughn said that he does not know as he was not employed by the district at the time. He informed the Council that Zuni now uses PSFA standards for planning & construction and are confident that they can move forward in managing their facilities in a more positive way. Mr. Vaughn said that although there were issues with

their past audits, the district is pleased to announce that they received a clean audit this year.

In regard to the Zuni District's decision to be its own general contractor, the Council asked if there were other districts that made the same decision. Mr. Gorrell answered in the affirmative stating that in the past the state law allowed Construction Manager Not at Risk; whereby the district held all contracts with the various prime and sub-contractors and assumed all the liability. He noted that the PSFA/PSCOC have created standardized documents that are used throughout the construction process even if there is not PSCOC funding involved. The legislature has also adopted Construction Manager at Risk which is a better way to approach the issue. Mr. Vaughn stated that the PSFA has put together a very extensive template of contract provisions that are being utilized by the Zuni District for all their projects whether or not PSCOC funding is involved.

MOTION: Mr. Guillen moved for Council approval of the Awards Subcommittee recommendation to make standards-based roof awards to the districts set out in the award spreadsheet for the purposes and in the amounts specified. Each allocation is intended to fully complete the project, phase, or specified purpose, but may require future allocations from the PSCOC to fully complete to the NM Statewide Adequacy Standards, which shall be in accordance with the PSCOC awards process. Prior to design, districts must provide evidence of claims against roofing warranty or demonstrate evidence that original roof warranty has expired or contract did not require warranty; as well as, notification to NM Construction Industries Division with evidence that contractor has been contacted to repair roof but has been non-responsive. PSFA shall administer these projects to ensure their completion by December 31, 2011; the PSFA director has authority to cancel projects that are not expected to be complete by the December 31, 2011 date, subject to PSCOC approval of project extension upon appeal. Since this is a subcommittee recommendation a second is not required. There being no objection the motion passed.

d. PSCOC Award Additional Conditions/Contingencies

Mr. Berry presented this item to the Council referring them to the Awards Subcommittee recommendations for the PSCOC Award Additional Conditions that was made available to them in their meeting notebooks (see attached). He noted that most of the conditions have not changed from previous award cycles and he highlighted the new or revised conditions/contingencies. The conditions are as follows:

Special Standards-Based Project Award Conditions/Contingencies

The PSCOC approved capital outlay project awards under the standards-based capital outlay process to the districts set out in the award spreadsheet for the purposes and in the amounts specified (see attached). Each allocation is intended to fully complete the project, phase, or specified purpose, but may require future allocations from the PSCOC to fully complete to the NM Statewide Adequacy Standards, which shall be in accordance with the PSCOC awards process. Out-of-cycle construction funding may be considered at any future regularly scheduled PSCOC meeting upon completion of construction documents or equivalent PSFA phase approval and conformance with all contingencies. Future funding requests should include PSFA staff evaluation of

potential operating costs of new or renovated facilities based on established standard averages.

Standards-Based Roof Awards Conditions/Conditions

The PSCOC approved capital outlay project awards under the standards-based capital outlay process to the districts set out in the award spreadsheet for the purposes and in the amounts specified (see attached). Each allocation is intended to fully complete the project, phase, or specified purpose, but may require future allocations from the PSCOC to fully complete to the NM Statewide Adequacy Standards, which shall be in accordance with the PSCOC awards process. Prior to design, districts must provide evidence of claims against roofing warranty or demonstrate evidence that original roof warranty has expired or contract did not require warranty; as well as, notification to NM Construction Industries Division with evidence that contractor has been contacted to repair roof but has been non-responsive. PSFA shall administer these projects to ensure their completion by December 31, 2011; the PSFA director has authority to cancel projects that are not expected to be complete by the December 31, 2011 date, subject to PSCOC approval of project extension upon appeal.

Standard Contingencies to All Awards

The PSCOC approval of the awards are contingent upon acceptance by the districts through execution of the required documents between the PSFA and the district, which contain the detailed project description set before the Council, the roles and responsibilities of the parties, phasing schedules and direct payment options. These awards are further contingent on the following:

- Project amounts set aside for Out-of-Cycle or Out-year include anticipated state share amount of a project or phase which requires the district to perform specific actions set out in the project descriptions and bringing back a request for funding for further consideration by the Council. Future awards may be contingent on district audit status and other conditions which may be deemed by the Council as necessary to ensure the prudent and appropriate use of capital funds. Future awards may also include funds to conduct post occupancy reviews of projects, as appropriate, to ensure that maximum benefit is gained for the dollars expended. **(New Condition)**
- All districts receiving awards must have a completed audit for FY10 submitted to the State Auditor's Office prior to expenditure of PSCOC-awarded funds. PSFA shall assume direct administration of all projects from districts with serious findings in regard to expenditures or management of capital outlay funds. **(New Condition)**
- The district shall execute an effective preventive maintenance program, as prescribed in their PSCOC approved PM plan (which shall be reviewed and updated annually by the district to insure proper implementation at each school), and effectively utilize all Facility Information Management System (FIMS) modules—Maintenance Direct (MD), Preventive Maintenance Direct (PMD), and Utility Direct (UD), or otherwise provide evidence of effective use of an alternate acceptable and equivalent management process.

- Prior to the Construction Documents Phase, the district must submit for PSFA approval an amendment to their maintenance plan defining how they will provide appropriate maintenance for any renovated or added facility space.
- Projects are funded only to the design capacity outlined in the award. (Revised Condition)
- If existing facility disposal is required, an approved commitment from the district to PSCOC will be required prior to release of construction funding. Disposal may include demolition of the facilities or by written agreement transferring ownership of property and/or facilities. PSCOC reserves the right to recover a pro-rata share of awarded amounts for the replacement facilities if the original property or facilities are sold. **(New Condition—may require change in statute)**

NOTE: Mr. May offered to collaborate with PED, PSFA, and Governor's administration staff for input on legal language and legislation that may be needed.

- The district will provide and deliver to the PSFA, within 60 days of the acceptance of the award, a project schedule, outlined in the Memoranda of Understanding (MOU) that includes, if applicable, the dates for completion of educational specifications, advertisement of RFP for design services, completion of the four design phases, advertisement for bid date, construction start date, construction completion date, and date of occupancy or intended use. Failure to have projects completed by the scheduled deadline does not obligate the PSCOC for any increased costs due to inflation or other time related consequences.
- The MOU shall identify specific portions of the project that it intends to build above adequacy and awarded design capacity, the cost of those portions and the district funding source that will fund these costs in their entirety by the district.
- All associated site cost for projects must be identified and approved by the PSFA staff prior to approval of the PSFA-RASC (Request for Approval of School Construction) schematic design phase submittal.
- Prior to projects' final PSFA-RASC approval and release to bid, all site infrastructure including roadways, utilities and water must be in place, under contract with specified completion time, or defined by other acceptable written agreements that include cost and completion time.
- All awards are exclusive of land acquisition costs and offsite utilities and infrastructure expenses which are the total responsibility of the district and community and will not apply to the District's matching fund requirement.
- Portable classrooms purchased from proceeds of this or previous PSCOC awards, freed by construction of permanent facilities shall, at the option of the PSFA, become the property of the PSCOC. If freed portables were purchased with district proceeds, then at PSFA's option, portables may be purchased at a fair market price and relocated by PSFA as directed by and at the expense of the PSCOC.

- On or before the 12th month following substantial completion of the project or phase, PSFA staff will schedule a review of all project expenditures that apply to both the scope of work and to the adequacy standards to insure that the overall expenditures align with the match percentages after necessary offsets and waivers as identified in the Memorandum of Understanding (MOU) for the project. Following mutual agreement on the overall and final financial project status, project balances will be reallocated by the Council. All PSCOC awards must be fully reconciled and reallocated no later than 18 months after substantial completion.

MOTION: Mr Guillen moved for Council approval of the Awards Subcommittee recommendation that the special standards-based capital outlay and roof awards are further subject to the Additional Conditions presented in the document in the meeting notebook before you. Since this is a subcommittee recommendation a second is not required. There being no objection the motion carried.

4. Subcommittee Reports

a. Awards Subcommittee Reports

- **Additional Funding/Emergency Funding/Award Language Requests**

-- **Aztec—Facility Master Plan Award Adjustment**

Mr. Pat McMurray informed the Council that a letter was received from the Aztec District requesting adjustment of the requested amount because the amount was incorrectly calculated. The facility master plan submitted by the district reflects an estimated cost of \$48,548. This request was reviewed by the Awards Subcommittee and approval is recommended.

MOTION: Mr. Guillen moved for Council approval of the Awards Subcommittee recommendation to increase the state share amount of the 2010-2011 Facilities Master Plan Assistance Award to Aztec Municipal Schools by \$1,860 (10%) contingent upon an additional local share of \$16,737 (90%) based on the estimated cost of \$48,548 that was submitted for developing a five-year facilities master plan. Since this is a subcommittee recommendation a second is not required. There being no objection the motion carried.

-- **Clovis — New MS — Out-of-Cycle Project Award**

The PSFA staff reported that this request was based on the project and development through the schematic design phase and the redefined scope of the project to a core of 900 with classrooms for Phase 1 to accommodate a design capacity of 650 students. The Council was informed that the district has their local share and the Construction Manager At-Risk (CMAR) project anticipates construction to begin in June 2011. Mr. Joel Shirley, Deputy Superintendent of the Clovis School District, informed the Council that land was donated for the facility by a local developer along with utilities for the site. Mr. McMurray stated that rather than going through the expense of remodeling the existing schools and increasing the core facilities of the existing elementary schools at a tremendous cost, it was easier for the district to build a new middle school and move the sixth grade elementary students to this school and to the other two mid-schools. He stated that the community worked together to develop the educational specifications and the master planning of the site. Mr. McMurray also stated that the community has moved on to the schematic design and are

working with the PSFA staff and the architect. The district has assured the PSFA that the architect is following the educational specifications.

In regard to the growth in the district, Mr. Shirley stated that upon meeting with a Military Commander at the base, it is anticipated that the growth will level off in 2016, depending on special operations, and he noted that this is a long term commitment on the part of the military.

This request was reviewed by the Awards Subcommittee and approval is recommended.

MOTION: Mr. Guillen moved for Council approval of the Awards Subcommittee recommendation to amend the previous 2009-2010 non-award direction to Clovis Municipal Schools and subsequent approval of a new overall plan for various district improvements, which included planning and design of a new middle school to an award for the construction of Phase I of the new Middle School to adequacy with a core capacity of 900 and initial classrooms for 650 students, serving grades 6-8, with a state share amount of \$19,157,451 (80%), contingent upon a local share of \$4,789,363 (20%). Award amount includes credit for district expenditures to adequacy for planning and design. Future phases must be justified through other district Middle School's becoming eligible through the standard-based process. Since this is a subcommittee recommendation a second is not required. There being no objection the motion carried.

-- **Deming — Columbus ES—Use of Part of Old School for Pre-K**

Mr. Berry informed the Council that a letter was received on December 3, 2010 stating that the district is in the process of transferring the old Columbus Elementary School to the Village of Columbus to be used as municipal office space. The district is requesting that the district be allowed to retain the newest portion of the school (a four-classroom wing) to be used as preschool facilities. The letter also states that if the district's request is granted, they will move forward with the explicit understanding that the PSCOC has no obligation to fund any work on these facilities in the future. Mr. Berry reminded the Council that the 2005-2006 Award Letter states that the Council required that the district provide a demolition plan for the old school or disposal of the old school by change of title. He noted that the district is in the process of turning the majority of the facility over to the local community but there was a newer classroom building that was built with Deficiency Correction Funds that the district would like to keep to continue using for Pre-K. The district would be 100% responsible for the upkeep and maintenance of the facility and would not be included in the NMCI rankings. This request was reviewed by the Awards Subcommittee and approval is recommended.

MOTION: Mr. Guillen moved for Council approval of the Awards Subcommittee recommendation to modify the 2005-2006 Standards-Based Capital Outlay Award to the Deming Public Schools to replace the existing Columbus Elementary School facilities to allow the district to keep a portion of the old school for use as a Pre-K facility contingent upon maintaining these

facilities or portions thereof to adequacy at their own expense. Since this is a subcommittee recommendation a second is not required. There being no objection the motion carried.

-- **Gallup — Rocky View ES Roof — Additional Funding**

Mr. McMurray reported that additional funds were required for this project due to a revised scope of work per the architect's estimate. PSFA recommends approval for the requested additional State funds totaling \$47,040 (84%) for the construction phase services. The district has their required additional funds totaling \$8,960 (16%) for phase II construction phase services. Construction is anticipated to begin January 2011. Mr. McMurray noted that this additional expense was unforeseen and unexpected. This request was reviewed by the Awards Subcommittee and approval is recommended.

MOTION: Mr. Guillen moved for Council approval of the Awards Subcommittee recommendation to increase the state share amount of the 2009-2010 Standards-Based Roof Award to Gallup McKinley County Schools to reroof Rocky View ES by \$47,040 (84%) contingent upon an additional district match of \$8,960 (16%) based on the low bid for completion of the work. The district is reminded that this award required completion within one year of the award and that project delays on future projects may be grounds for cancellation of the project and reversion of the funds. Since this is a subcommittee recommendation a second is not required. There being no objection the motion carried.

-- **Grants — Cubero ES — Out-of-Cycle Construction Funding**

Mr. McMurray reported that having completed the project development through the Design Development phase, based on the architect's estimate, PSFA recommends approval of the requested additional State funds totaling \$8,160,315 (86%) for the Phase II construction phase services. The district has their required additional funds totaling \$1,914,148 (19%) for phase II construction phase services in place. Mr. McMurray noted that the award language for the project was for a student population of 250 students and the population has reduced in the last year. Part of the reduction was due to some students moving out of the public schools and into private schools based on grants that were given to parents for one year. It is anticipated that at the end of one year the students will be moving back to the public schools. The project has moved forward in a positive manner with input from the district and the community. Having completed all the Phase 1 requirements, the district is requesting construction dollars to move forward with the project. This request was reviewed by the Awards Subcommittee and approval is recommended.

MOTION: Mr. Guillen moved for Council approval of the Awards Subcommittee recommendation to amend the previous 2009-2010 Standards-Based Award to Grants-Cibola County Schools for Cubero Elementary School to include out-of-cycle construction funding for replacement of the school to adequacy for a design capacity of 250, serving grades K-6, with an increase in the state share amount of \$8,160,315 (81%), contingent upon an additional local share of \$1,914,148 (19%). District is required to bid two classrooms as an alternate

and award is contingent upon district justifying projected enrollment. Since this is a subcommittee recommendation a second is not required. There being no objection the motion carried.

-- Hobbs — High School — Out-of-Cycle Construction Funding

Mr. McMurray reported that after having completed the bidding for Phase II and the design development for Phase III, PSFA recommends approval of the requested additional State funds, totaling \$8,985,484 (56%), for Phase II and Phase III construction be approved. The district has their required additional funds totaling \$7,060,024 (44%), for construction phase services. The start of Phase II construction is anticipated to begin immediately. The start of Phase III construction is anticipated to begin May 2011.

The original request was approved for a smaller amount; however, the district has revised the request for \$9,415,766 (56%) state share \$7,398,102 (44%) district share. Mr. McMurray explained that there was a recalculation of the cost for the phases on this project which will be carried out to the next year to year and a half. Superintendent T.J. Parks and Marilyn Strube represented the district. Ms. Strube apologized to the Council and took full responsibility for the error in the calculation and explained that additional expense had not been added to the total renovation of the project. She assured the Council that the district has their full matching funds available to complete the entire project. Mr. Parks indicated that the district is experiencing growth and anticipate that the growth will continue until 2017. The PSFA staff recommends approval of the revision.

MOTION: Mr. Guillen moved for Council approval of the PSFA staff recommendation to amend the previous 2009-2010 Standards-Based Award to Hobbs Municipal Schools for Hobbs High School to include out-of-cycle construction funding for Phase 2 & 3 to bring the school to adequacy for a design capacity of 1,700, serving grades 10-12, with an increase in the state share amount of \$9,415,766 (56%), contingent upon an additional local share of \$7,398,102 (44%). Mr. Richard May seconded and the motion carried.

-- Roswell — East Grand Plains ES — Out-of-Cycle Construction Funding

Mr. McMurray noted that this project is a renovation to an existing facility and the district is utilizing the square footage. He reported that having completed the project development through the Design Development Phase and based on the architects estimate, the PSFA recommends approval of the districts request for additional State funds totaling \$5,116,332 (72%) for the Phase II construction phase. The district has their required additional funds totaling \$1,989,682 (28%) for phase II construction phase services. The start of construction is anticipated to begin May 2011. This request was reviewed by the Awards Subcommittee and approval is recommended.

Mr. Joe Baca, Operations and Support Services Manager for the Roswell School District represented the district. He noted that the facility includes kindergarten space and stated that the district has been conservative in the redesigning of the schools and the district follows their master plan carefully. Mr. Baca stated that there has been a decline in enrollment so therefore, their projections are

conservative. Mr. Guillen reminded the Council that these schools are ranked high on the NMCI rankings. In regard to the decreased enrollment, Mr. May asked why the expansion of the elementary schools are needed. Mr. Baca stated that the kindergarten enrollment is increasing and there are adequacy issues with the library and the administration facility. Mr. May asked why the kindergarten is their focal point. Mr. Baca responded that it is a requirement from the standards for meeting minimum requirements for kindergarten classes. Mr. Gorrell noted that when these schools were built, kindergarten was not part of the requirement of the school. Mr. McMurray stated that the classrooms are not large enough to meet the requirements to adequacy for kindergarten classrooms. He noted that it is best to utilize the existing, smaller classrooms in existing buildings and build a wing for kindergarten classes that will meet adequacy. He also informed the Council that the facilities were built in 1950s but they are structurally sound and well maintained.

MOTION: Mr. Guillen moved for Council approval of the Awards Subcommittee recommendation to amend the previous 2009-2010 Standards-Based Award to Roswell Independent Schools for East Grand Plains ES to include out-of-cycle construction funding for renovations/improvements of the school to adequacy for a design capacity of 275, serving grades K-5, with an increase in the state share amount of \$5,116,332 (72%), contingent upon an additional local share of \$1,989,682 (28%). Since this is a subcommittee recommendation a second is not required. There being no objection the motion carried.

-- Roswell — Monterrey ES — Out-of-Cycle Construction Funding

Mr. McMurray noted that this project is a renovation to an existing facility and the district is utilizing the square footage. He reported that having completed the project development through the Design Development phase, based on the architects estimate, PSFA recommends approval for the requested additional State funds totaling \$3,862 (72%) for phase II construction phase. The district has its required additional funds totaling \$1,502,218 for the phase II construction phase services in place. Start of construction is anticipated to begin in April 2011.

MOTION: Mr. Guillen moved for Council approval of the Awards Subcommittee recommendation to amend the previous 2009-2010 Standards-Based Award to Roswell Independent Schools for Monterrey ES to include out-of-cycle construction funding for renovations/improvements of the school to adequacy for a design capacity of 450, serving grades K-5, with an increase in the state share amount of \$3,862,847 (72%), contingent upon an additional local share of \$1,502,218 (28%). Since this is a subcommittee recommendation a second is not required. There being no objection the motion carried.

-- Roswell — Pecos ES — Out-of-Cycle Construction Funding

Mr. McMurray noted that this project is a renovation to an existing facility and the district is utilizing the square footage. Having completed the project's development through the Design Development phase, based on the architects estimate, PSFA recommends approval of the requested additional State funds totaling \$6,161,466 (72%) for the Phase II construction phase services be

approved. The district has their required additional funds totaling \$2,396,121 (28%) for phase II construction phase services in place. This request was reviewed by the Awards Subcommittee and approval is recommended.

MOTION: Mr. Guillen moved for Council approval of the Awards Subcommittee recommendation to amend the previous 2009-2010 Standards-Based Award to the Roswell Independent Schools for Pecos Elementary School to include out-of-cycle construction funding for renovations/improvements of the school to adequacy for a design capacity of 450, serving grades K-5, with an increase in the state share amount of \$6,161,466 (72%), contingent upon an additional local share of \$2,396,121 (28%). Since this is a subcommittee recommendation a second is not required. There being no objection the motion carried.

b. Administration, Maintenance & Standards Subcommittee Report

• **2011-2012 Preliminary NMCI Ranking**

Mr. Gorrell and Mr. Chris Aguilar, PSFA staff, presented this item to the Council. Mr. Gorrell explained that to determine the ranking, the PSFA looks at (1) the building condition, (2) educational adequacy, and (3) growth in the district up to five years. He explained that the weighted facility index assists in determining the ranking of the district projects. Mr. Aguilar also noted that the Facility Assessment Database assists in measuring all schools to determine the schools that have the highest need. Mr. Aguilar referred the Council to the preliminary NMCI rankings that were made available to them in their meeting notebooks. He highlighted various changes and noted that the districts have access to the rankings and have the opportunity to appeal the rankings for their schools and projects. Mr. Gorrell noted that although this has never been done, if a district does not apply for PSCOC funding and can not pass a bond after two failed bond elections, the Council has the authority to impose a tax on the community for the local share. The funding intent of the rankings is to assist districts that are not able to help themselves. Mr. Gorrell also stated that the Council has the authority to waive the local share for districts if they do not have the required funds for projects. The Council has the authority to advance funding to districts after they determine if the district can repay the advance within a 4 year window. The Council clarified that ordinarily the application process communicates a threshold by which not to encourage applications from districts that are not ranked in the top 100 in the NMCI so they would not waste their time. The Council directed staff to work with the Administration, Maintenance & Standards Subcommittee (AMS) to determine what is a reasonable threshold and guidelines not to prohibit applications but to communicate that there may be a threshold of likely success. The Chair of the AMS will approve the guidelines.

Proposed 2011-2012 Workplan/Timeline

Mr. Berry referred the Council to the 2011-2012 Workplan/Timeline that was made available to them in their meeting notebooks. He highlighted the various changes in the timeline that includes various dates for the NMCI ranking process and the application process.

MOTION: Council approval of the Administration, Maintenance & Standards Subcommittee recommendation to release the Preliminary NMCI Rankings,

including charter schools that have been reassessed based on programmatic needs after completing at least one renewal period, for the 2011-2012 Standards-Based Award cycle based on criteria and weightings previously adopted by the Council. Release of the ranking is subject to necessary technical corrections and Districts are encouraged to work with PSFA staff to resolve any outstanding technical corrections to the data with ability to make a formal appeal to the PSCOC by the April 1, 2011 deadline for pre-applications. PSFA staff is directed to proceed with the 2011-2012 Standards-Based Capital Outlay and Roof Application process in accordance with the proposed workplan/timeline.

- **PSCOC Funding Brief**

Mr. Mark Williams, PSFA staff, presented this item to the Council referring them to the brochure that was made available to them in their meeting notebooks. He noted that the brochure is a short version of the PSCOC/PSFA Annual Report. The brochure reflects key performance measures and issues related to the capital outlay process. Mr. Williams stated that brochure was reviewed and approved by the AMS. The staff will post the brochure on their website.

MOTION: Council approval of the Administration, Maintenance & Standards Subcommittee recommendation to release the funding brief with technical corrections as required.

5. **Director's Report**

a. **Project Status Reports**

Mr. McMurray presented this report to the Council noting that the Project Status Report was reviewed by the Administration, Maintenance & Standards Subcommittee (AMS) and sent to all PSCOC members prior to this meeting. Mr. McMurray highlighted various projects that have been removed from the Red Flag Report and projects that are moving forward. The Project Status Reports were reviewed by the Administration, Maintenance & Standards Subcommittee and sent to all PSCOC members prior to this meeting. This report is for informational purposes.

Mr. May complimented the staff on the report and its contents. He suggested that the PSFA staff meet with him and Mr. Abbey to discuss the possibility of implementing the PSFA process into other state projects. Mr. Abbey explained that the Council has a “just in time” funding that is available for planning and design of 15-20 projects. The available funding is determined by the greatest need of districts.

b. **Lease Payment Assistance Report**

Mr. Berry presented Lease Payment Assistance Report noting that the report was reviewed by the Administration, Maintenance & Standards Subcommittee and sent to all PSCOC members prior to this meeting. Mr. Berry stated reminded the Council that the lease assistance reimbursements are made quarterly to districts and mainly to charter schools. He noted that the awards are based on prior funded MEM for schools that were already in existence and new start-up charter require adjustments after the 80th day. The districts/charters are required to provide proof that the funds were expended for the actual leases of classroom space.

2010-2011 Awards made at the July 29, 2010 PSCOC meeting were to 80 charter schools and 6 traditional schools in 21 districts in the amount of \$9.8 million. Total awards reimbursed as of January 13, 2011 total \$2,922,620

The Lease Payment Assistance Report was reviewed by the Administration, Maintenance & Standards Subcommittee and sent to all PSCOC members prior to this meeting. This report is for informational purposes.

c. 6. Other Business

- **Next PSCOC Meeting—Proposed for April 14, 2011**

After discussion the Council unanimously agreed to hold their next PSCOC meeting on April 14, 2011.

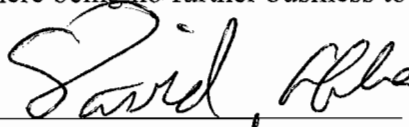
- In regard to the subcommittee members, Mr. Abbey indicated that the subcommittee assignments have worked well and will entertain requests from individual members to adjust the subcommittee meetings and assignments.
- Mr. Ortiz requested that the PSFA staff submit the revised additional funding requests forms to PED. Mr. Berry explained that there was discussion at the last Awards Subcommittee meeting regarding revising the additional funding request form so that if they are out-of-cycle and the district has their match that the district would not be required to validate the bonds and SB-9 status for those projects. The form would only be required when there is a request for a waiver, an emergency or an adjustment of the state and local match. Mr. Berry stated that the staff is revising the form that will be used for the process. The Council asked that PSFA and PED staff work together with Secretary Skandera to work out a process whereby district financial capacity can be validated.

Public Comments

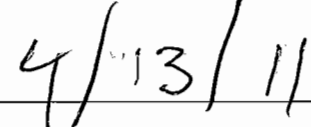
Various district superintendents and district representatives thanked the Council for their hard work and diligence in assisting their districts in moving forward with their projects.

Adjourn

There being no further business to come before the Council, the meeting adjourned at 11:55 AM.



Chair



Date