

**PUBLIC SCHOOL CAPITAL OUTLAY COUNCIL MEETING  
MINUTES  
JANUARY 15, 2016  
JERRY APODACA EDUCATION BUILDING, MABRY HALL  
SANTA FE, NEW MEXICO**

**Members Present:** Mr. David Abbey, LFC                      Mr. Paul Aguilar, PED  
                         Ms. Rachel Gudgel, LESC                      Mr. Pat McMurray, CID  
                         Mr. Joe Guillen, NMSBA                      Dr. Tom Clifford, DFA  
                         Mr. Raul Burciaga, LCS                      Ms. Jessica Kelly, Office of the Governor

**Designees:**                      Mr. Gilbert Peralta was absent and had no designee appear on his behalf.

**1. Call to Order**—Chair Abbey called the meeting to order at 2:08 PM

- a. Approval of Agenda**—Mr. Burciaga moved for approval of the agenda as adjusted as the FY15 PSFA Audit was postponed to the March 2016 PSCOC meeting. Dr. Clifford seconded. Motion carried.
- b. Correspondence**—Mr. Gorrell referred Council to three correspondence items: the first being a letter from the Zuni Public School District stating the HVAC Renovation Emergency funding was no longer needed. The second item was an email from Mr. Peralta noting his absence as well as his designee's unavailability to attend the meeting. The final item was an informative brochure on the Public School Capital Outlay. A letter received by Dr. Clifford from the New Mexico School for the Blind and Visually Impaired ("NMSBVI") was also copied and made available to the Council.

**2. Approval of Consent Agenda**

Council clarified that the consent agenda requires minimal discussion and gives consent to adopt the motions.

**a. Approval of Minutes (December 14, 2015)**

Mr. Guillen moved for Council approval of the December 14, 2015 minutes, subject to corrections. Ms. Gudgel seconded. Motion carried.

**b. 2015-2016 Facility Master Plan Awards - Updated**

**Discussion:** This item was a carry-over from the last PSCOC meeting regarding approval of the Facilities Master Plan/Education Specification ("FMP/Ed Spec") for La Academia de Dolores Huerta charter school and the Constitution's anti-donation clause. A legal interpretation was requested from the Public Education Commission ("PEC") attorney, however as the Attorney General does not represent PSFA they were unable to provide a determination. A legal interpretation was also requested from the Public Education Department ("PED"); PSFA awaits a reply. Ms. Casias reiterated the FMP/Ed Spec was not for the facility they currently reside in and was instead an instrument the school could use when shopping for a facility to help clarify facility needs.

Mr. Guillen confirmed there would be no Public School Capital Outlay funds used to improve a privately owned building to which Mr. Gorrell noted the law states they could not move in to a private facility unless it is a lease purchase and that public dollars could not be spent on a private facility. Mr. Octavio Casillas, Director, La Academia de Delores Huerta, stated the license had been renewed and was good through 2019. Mr. Casillas also stated the new facility would be owned by the school's foundation.

**MOTION:** Dr. Clifford moved for Council approval of the staff recommendation to make a 2015-2016 Facility Master Plan award to La Academia de Delores Huerta charter school with a state share of up to \$14,950, and a corresponding district share of up to \$8,050. Mr. Aguilar seconded. Motion carried.

**c. 2015 QSCB Awards**

**Discussion:** Mr. Antonio Ortiz, Director, PED Capital Outlay Bureau, was in attendance to answer questions and stated, per the federal government, the QZAB application would have a slight change made to its language per the extension bill of which Council would be given a copy. Mr. Ortiz provided a brief description on the QZAB application noting it was for bonding authority given by the federal government in 2009 to the American Recovery and Reinvestment Act which gives authority to a school district to issue interest free bonds. In 2009-2010 the federal government allocated to the State of New Mexico approximately \$126.6 million dollars in authority to issue interest free bonds, all of that authority was issued by the PSCOC, however not every district that received authority to issue bonds issued QZAB bonds. Of the \$126.6 million allocated, \$33.2 million was used which left \$93.4 million remaining of the QSCB authority. Traditionally, a district receives voter approval to issue and sell bonds which are paid back at principle plus interest. This program allows the district to sell bonds where only principle is repaid and the bond holder receives a tax credit in lieu of interest.

**MOTION:** Mr. Guillen moved for Council approval of the staff recommendation to approve the 2016 applications for Qualified School Construction Bonds ("QSCB") and Qualified Zone Academy Bonds ("QZAB"). QSCB applications are due February 19, 2016 with a tentative award date of April 7, 2016 and QZAB applications are due May 27, 2016 with a tentative award date of June 30, 2016. Ms. Gudgel seconded. Motion carried.

**d. Recertification of SSTB11SD 0003, SSTB14SB 0001, SSTB14SD 0001, SSTB14SD 0001 (HB55 appropriation – NMSBVI – Ditzler Auditorium), SSTB15SB 0001**

Per Council agreement, this item was removed from the consent agenda and moved to item 7 under the full agenda for additional discussion.

**e. Portable Use Application – School of Dreams Academy**

**Discussion:** The School of Dreams Academy in Los Lunas submitted an application to borrow two portables from PSFA to use on site until 2017 while a new facility is constructed.

**3. PSCOC Financial Plan**

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

**Discussion:** Ms. Cano noted the two copies of the financial plan, the first being the existing financial plan based upon Council action during the last PSCOC meeting. The second is a funding scenario that makes the financial plan solvent and incorporates 11 project delays of up to two quarters each.

Mr. Volpato drew Council attention to the schedule detail highlighting Deming, on the current meeting agenda, noting PSFA could accommodate the first phase of the project at \$43.5 million and the second phase in Q3 2016 at \$10.1 million. Additionally, NMSBVI Ditzler Auditorium was slated to come forth in Q3 2016 due to the certification requirement to be heard later on the agenda. Ditzler will need \$200,000 of its funding request in Q2 2016 to proceed with the abatement; however, certification is needed in Q1 2016. The \$200,000 would increase their design funding and align with them moving to Q3 2016 for their reauthorization and Phase 2 funding. Ms. Linda Lyle, Superintendent, NMSBVI was familiar with this request and stated communication with staff at the Department of Finance and Administration (“DFA”) confirmed the changes made in the financial plan and how they pertained to the school. DFA requested a written response which was the letter Dr. Clifford received and passed along to Council members as correspondence at the beginning of the meeting. Mr. Volpato noted the design is not complete without the abatement and once done the district could continue. Following a discussion on why Council shouldn’t award the full amount now versus having the district return Mr. Volpato stated the project was tracking above the current budget; the budget would need to be increased to \$4.4 million and at this time the current financial plan would not support that increase in FY16. In addition, the appropriation was written to use unexpended funds. Projects at NMSBVI have been phased with one project following another and noted a delay would affect every project down the line. Mr. Aguilar inquired as to why funds from the Newcomb HS reversion and the rescind award for Magdalena couldn’t be used to fund Ditzler to which Ms. Cano replied the Newcomb HS funds were out of cycle funds in future years and not available at this time as they were to be recognized in Q2 2018.

Mr. Aguilar asked why the Council was being asked to decertify funds already certified. In response, Ms. Cano stated it was a timing issue and noted that through the reauthorization process there is the potential to change the language “from the unexpended proceeds” to “is appropriated from the funds” in order to use future proceeds. Ms. Cano noted the \$200,000 was not incorporated into the current financial plan and referenced a handout which listed potential project reversions based upon Council action at the last meeting. PSFA staff is working with DFA Capital Budgeting and Board of Finance to determine a process in which to reallocate funds for use on other projects. Dr. Clifford reiterated that Council has authority to recertify funds and must notify Board of Finance (“BoF”) so they can inform the IRS. Ms. Cano noted the reauthorization is for PSFA to budget some of the funds; not to incorporate all of the delays.

Following a brief discussion on arbitrage issues and noting PSFA does not verify the bond sale dates with the districts’ bond councils, Mr. Abbey stated under due diligence this information should be double checked.

Mr. Abbey praised the work done on the financial plan and the progress being made on reconciling with the bonds.

**4. Out-of-Cycle Funding/Additional Funding/Emergency Funding/Award Language Requests**  
**a. Deming – P07-005 Deming HS – Phase 2 Funding**

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

**Discussion:** Mr. Volpato stated the full \$56.3 million was being requested and funding would be phased on the financial plan. Prior to an RFP, Mr. Volpato, Ms. Irion and Mr. Gorrell review the financial plan to verify that funds are available to proceed and written permission is given to release the RFP. If funds are not available there is no RFP and the project would be delayed.

Mr. Dan Leer, Superintendent, Deming Public Schools, Mr. Ted Burr, Executive Director of Financial Services and Mr. Herb Borden, Director of Facilities and Construction were in attendance to answer Council questions. Mr. Leer described the progress made over the last 18 months including: completing phase zero at district expense, rearranging bus parking, changing parking lots to prepare for the construction fence, awaiting approval of construction documents currently at the Construction Industries Division (“CID”) and awaiting funding approval from PSCOC. The project should come in at or below budget and the district is confident students will be in the building by August 2017. The project is above adequacy at \$4.5 million and the district has available the budgeted amount. The majority of the above adequacy portion is located in the Performing Arts building and in an Auxiliary Gym.

Mr. Huchton thanked Deming for being a top performing district as they continuously rank satisfactory in maintenance and FIMS use, their PM plans are kept up-to-date and they communicate well with PSFA.

Mr. Gorrell noted PSFA has lost Regional Manager Mr. Travis Coker to an industry opportunity and will be missed; a sentiment Mr. Abbey agreed with and thanked Mr. Coker for all of his hard work.

**MOTION:** Council approval of the Awards Subcommittee recommendation to amend the 2006-2007 standards-based award to the Deming Public Schools for Deming High School to include construction to adequacy for 1,550 students, grades 9-12, with an increase in the state share amount of \$53,600,000 (76%), and a corresponding increase in the local share amount of \$16,926,315 (24%). Of the total state share award, \$43,500,000 is immediately available for expenditure and the balance of \$10,100,000 shall be released for expenditure in the third quarter of CY2016.

**AMENDED MOTION:** Dr. Clifford moved for Council approval of the Awards Subcommittee recommendation to amend the 2006-2007 standards-based award to the Deming Public Schools for Deming High School to include construction to adequacy for 1,550 students, grades 9-12, with an increase in the state share amount of \$53,600,000 (76%), and a corresponding increase in the local share amount of \$16,926,315 (24%). Of the total state share award, \$43,500,000 is immediately available for expenditure and the balance of \$10,100,000 shall be released for expenditure in the third quarter of CY2016 pending funding availability. Mr. McMurray seconded. Motion carried.

**5. Other Business**

**a. 2016-2017 Application Announcement & Preliminary Funding**

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

**MOTION:** Council approval of the Awards Subcommittee recommendation to release the 2016-2017 application announcement and timeline with an initial funding pool for schools within the top 32 (a weighted NMCI score of 45.0 or greater). Based on the number of pre-applications received by the March 18, 2016 due date, a final funding pool will be established that will be used to determine eligibility to complete the full application and be considered for an award. Since this is a subcommittee recommendation the motion carried.

**b. FY15 PSFA Audit**

The FY15 PSFA Audit was postponed to the March 2016 PSCOC meeting.

**6. Informational Items**

**a. Broadband Deficiencies Correction Program Status Report**

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

The program is moving along and vendor evaluations are being conducted for the equipment RFP; ranging from approximately 18 vendor proposals received for wireless to 6 received for maintenance. RFP's were received for seven categories. PED will assist in putting out bids for various school districts to purchase equipment and apply for E-Rate.

E-Rate eligible fiber construction RFP's have been issued for 11 districts; all projects will be brought to the Council for review and approval.

A centralized software system RFP has been drafted. Information gathered on all districts will be housed at PED as they are already required to do technology improvement plans; this system will accommodate that process going forward.

The selection of an E-rate consultant is near.

**b. PSCOC Project Status Report**

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

*This is an informational item.*

**c. Master Plan Project Status Report**

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

*This is an informational item.*

**d. Lease Assistance Status Report**

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

*This is an informational item.*

**e. Maintenance Program Status Report**

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

*This is an informational item.*

**f. FY16 Budget Projections & Personnel Update**

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

*This is an informational item.*

**g. 2016-2017 Proposed Work Plan/Timeline**

Ms. Cano drew the Council's attention to an AMS Subcommittee meeting scheduled for February 24, 2016 and an Awards Subcommittee meeting scheduled for February 25, 2016.

**7. Public Comment**

Travis Dempsey, Cloudcroft Superintendent, stated he is meeting with PSFA staff next week to begin planning projects and discuss the exploratory work placed on hold at PSFA request. Mr. Huchton and his staff performed a site visit at Cloudcroft and note the district is very eager to improve their maintenance program.

**Recertification of SSTB11SD 0003, SSTB14SB 0001, SSTB14SD 0001, SSTB14SD 0001 (HB55 appropriation – NMSBVI – Ditzler Auditorium), SSTB15SB 0001**

The purpose of recertification is to accommodate previous awards made by the Council and not listed in detail on the specific bond sale. Adjustments allow for budgets to be entered, contracts to be signed and commitments to be made under each of the PSCOC awards.

Ms. Cano reviewed the summary sheet handout, broken down by the four separate bond sales, the potential action under each and the combined total of the certification adjustments.

Using SSTB11SD 0003 as a walk through example, Ms. Cano noted when funds were certified for NMSBVI Quimby Gymnasium and NMSBVI Sacramento Dormitory only the state share was included though the certification should have accommodated both the 50% state match and the 50% local match. Those adjustments need to be made in order to budget for those funds and issue PO's. The Mesa Vista Ojo Caliente ES was action taken by the Council to award phase 2 funding. The original certification of that bond series listed a number of projects but did not specify individual projects. An amendment to the certification would certify the projects against that bond series to create a budget and issue PO's.

Ms. Cano reviewed SSTB14SD 0001 Ditzler Auditorium noting the identical dollar amounts for the project reflect the original budget, certification and decertification of those funds which is the action in the motion for that project. Action on the Deming HS project was taken by Council earlier in order to budget the remaining \$1.7 million of that specific bond series.

Mr. Abbey suggested Ditzler be pulled and brought back at the next PSCOC meeting once the financial plan has been updated.

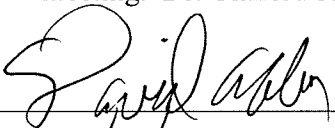
**MOTION:** Council approval of the staff recommendation to adopt the Resolution, Notification, and Certification Amendments for reauthorization of unexpended SSTB11SD 0003 bond proceeds to PSCOC award projects in the amount of \$3,104,922, reauthorization of unexpended SSTB14SB

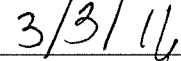
0001 bond proceeds to PSCOC award projects in the amount of \$1,139,548, reauthorization of unexpended SSTB14SD 0001 bond proceeds to PSCOC award projects in the amount of \$1,776,861, decertification of \$4,013,117 SSTB14SD 0001 bond proceeds for HB55 Projects – NMSBVI Ditzler Auditorium and Recreation Center, and reauthorization of unexpended SSTB15SB 0001 bond proceeds to PSCOC award projects in the amount of \$27,513,547.

**AMENDED MOTION:** Mr. Abbey moved for Council approval of the staff recommendation to adopt the Resolution, Notification, and Certification Amendments for reauthorization of unexpended SSTB11SD 0003 bond proceeds to PSCOC award projects in the amount of \$3,104,922, reauthorization of unexpended SSTB14SB 0001 bond proceeds to PSCOC award projects in the amount of \$1,139,548, reauthorization of unexpended SSTB14SD 0001 bond proceeds to PSCOC award projects in the amount of \$1,776,861, and reauthorization of unexpended SSTB15SB 0001 bond proceeds to PSCOC award projects in the amount of \$27,513,547. Dr. Clifford seconded. Motion carried.

**8. Adjourn**

There being no further business to come before the Council, Mr. Aguilar moved to adjourn the meeting. Dr. Clifford seconded. Motion carried. Meeting adjourned at 3:45 PM.

  
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Chair

  
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Date