

**PUBLIC SCHOOL CAPITAL OUTLAY COUNCIL MEETING
MINUTES
APRIL 22, 2016
STATE CAPITOL BUILDING, ROOM 317
SANTA FE, NEW MEXICO**

Members Present: Mr. David Abbey, LFC Ms. Rachel Gudgel, LESC
 Mr. Pat McMurray, CID Mr. Joe Guillen, NMSBA
 Mr. Raul Burciaga, LCS Ms. Jessica Kelly, Office of the Governor
 Mr. Vince Bergman, PEC

Designees: Ms. Stephanie Clarke, DFA
 Mr. Antonio Ortiz, PED, joined the meeting at 8:33

1. **Call to Order**—Chair Abbey called the meeting to order at 8:32 AM and welcomed Mr. Bergman. Ms. Burton introduced herself, Ms. Montañó, Mr. Lucero, Mr. King, Mr. Moores and Mr. Govea as new PSFA employees.
 - a. **Approval of Agenda**—Mr. Abbey requested that consent agenda item 2b allow for detailed discussion. Ms. Gudgel moved for approval of the agenda. Mr. Burciaga seconded. Motion carried.
 - b. **Correspondence**—Mr. Gorrell referred to Mr. Aguilar’s email stating Mr. Ortiz would attend in his absence and stated a letter was not needed for Mr. Bergman as he is the statutory designee. Mr. Abbey reiterated a designation letter can stand for every meeting unless a different individual attends.
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 (March 3, 2016)**

A correction to the Executive Session Motions to Adjourn and Reconvene was made to read “...to discuss limited personnel matters related to a complaint against an employee.”

Ms. Gudgel moved for Council approval of the March 3, 2016 minutes, subject to corrections. Ms. Kelly seconded. Motion carried.
 - b. **Recertification of SSTBs**

Discussion: Directing Council to the recertification summary, Ms. Irion noted the projects for which bonds were being recertified. Ms. Irion stated many of the bond series were old and included generic allocations without specifying project amounts. PSFA is now using the residual funds for projects and in the future bonds, with projects attached, will identify deductions within the reconciliation.

When asked if all projects with assigned proceeds were reflected on the financial plan it was explained that projects were listed with an intent to proceed and not until Council took action would the project be awarded. To close the circle, the resolution and certification is done in tandem and if no action was taken the resolution would be void. Ms. Clarke emphasized it makes more sense for the resolution reassigning proceeds to occur after Council deliberates and takes action.

Mr. Abbey proposed adding a contingency stating this motion is contingent upon action in 90 days to make an award.

Mr. Guillen proposed the Awards Subcommittee review to determine if changes need to be made on a permanent basis of when to make certifications in relation to awards and to go forth with the motion as presented.

MOTION: Mr. Guillen moved for Council approval of the staff recommendation to adopt the Resolution, Notification and Certification Amendments for reauthorization of unexpended bond proceeds as follows: SSTB13SB 0002 in the amount of \$206,922; SSTB13SB 0003 in the amount of \$1,396,459; SSTB14SB 0001 in the amount of \$4,603,541; SSTB14SD 0001 in the amount of \$1,136,545 to PSCOC award projects totaling \$7,343,467. Mr. McMurray seconded. Motion carried.

3. PSCOC Financial Plan

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

Discussion: Ms. Irion identified the three financial plans included for Council review; the current financial plan; the FY17 financial plan scenario with no award year; and the FY17 financial plan scenario with an award year.

Changes to the financial plan, based on the last meeting, include: an award of \$4,525,693 for NMSBVI Ditzler Auditorium, the out-year estimate change for Alamogordo New Combined School, and \$81 million issued in long term debt of which \$60 million is recognized in the current fiscal year and \$21 million in FY17. Also recognized is the original estimate of \$20.9 million for Las Cruces HS, however, upon review, it was determined the project would come in at the advance amount of \$9,894,260 and the financial plan was adjusted by \$11 million. Also included is \$8.4 million for SB9; with a revised dollar amount of \$8.8 million to be reflected on next month's financial plan.

The staff recommended FY17 financial plan scenario with no award year includes: three previously delayed projects: Belen Rio Grande ES, Clovis Parkview ES and Ruidoso Nob Hill ES moved up two quarters, the out-year estimate for additional classrooms at Alamogordo for \$3.6 million, the standards-based awards at zero dollars in FY17 and \$85 million in FY18-20. System Initiatives awards for zero dollars in FY17 and \$15 million for FY18-20. Broadband has \$5 million in FY16 and \$10 million in FY17-19. With these changes, the financial plan would be solvent in FY16-19.

With an award year, Belen Rio Grande ES and Clovis Parkview ES would move up two quarters and Ruidoso Nob Hill ES would stay in its current quarter. The amount for the pre-applications received is reflected and totals an application year of \$19,993,217. All other items remain the same. The financial plan would still be solvent within the FY17 award year and would reflect positive balances in FY16, 17 and 19; breaking even in FY18. This scenario would also allow for budgeting for broadband system initiatives.

Mr. Abbey question the staff recommendation for no awards; Mr. Volpato explained the recommendation was due to the uncertainty of future bond sales; noting the last two were significantly short. Having no awards would ensure current projects continue even on a delayed schedule. However, if awards were made and bond sales remained short not only would those projects be delayed but current projects would be delayed a second or third time.

When asked how PSFA determines which projects are moved up or delayed Mr. Volpato replied decisions were based upon review of the financial plan; looking at the oldest projects and at those that were ready. Mr. Volpato noted Nob Hill ES was able to move forward with design without assistance and PSFA could reimburse the district during construction.

Upon calling for public comment; Mr. Kurt Steinhaus, Superintendent, Los Alamos Public Schools, commented that the district has been moving forward on their own to complete education specifications for Barranca Mesa ES and movement forward by Council with a design award would help the district, even if the project was delayed a year or two.

4. 2016-2017 Standards-Based Capital Outlay Awards Cycle

a. 2016-2017 Pre-Applications Received/Final Funding Pool Determination

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

Discussion: The standard motion for this item in the annual cycle is for Council approval to authorize PSFA to assist those districts that submitted pre-applications by the March 18th deadline and were within the preliminary funding pool to develop their full applications and perform site visits as appropriate. Full applications are due by May 18th. Ms. Cano noted the preliminary funding pool was for schools within the top 32 and a wNMCI of 45 percent or greater with an emphasis on facilities with a wNMCI of 55 percent or greater. Of the four applications received, all met both sets of criteria.

Ms. Clarke clarified the motion would not commit the Council to make awards, it would simply allow applications to proceed for development while the revenue situation was monitored. Ms. Irion replied in the affirmative noting it would allow the financial plan to reflect projects for Council review.

MOTION: Council approval of the staff recommendation to not proceed with the development of full applications and associated tasks for the 2016-2017 standards-based award cycle.

AMENDED MOTION: Ms. Gudgel moved for Council approval to proceed with the development of the full application cycle and associated tasks for the 2016-2017 standards-based awards cycle. Mr. Guillen seconded. Motion carried.

b. 2016-2017 Lease Assistance Award Application

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

Discussion: Ms. Irion referred to the PSFA Charter School Facility Questionnaire which was an addition to the lease application, lease application letter and the conflict of interest forms and was submitted for review to PED legal counsel, charter alliance groups and PEC. The purpose of the questionnaire is to gather data with regards to statute 22-8B-4.2 which is specific to the Public School Lease Purchase Act, Chapter 22, Article 26A. All other items incorporated in the lease application were based upon Subcommittee recommendation. Mr. Guillen and Ms. Gudgel reported the questionnaire had not been distributed to members for review.

Ms. Gudgel noted the questionnaire stated it was not part of the lease assistance consideration which is inconsistent with the Subcommittee discussion making it one of the required documents for lease assistance. There was no objection to deleting the parenthetical noting it was informational. Ms. Kelly suggested returning the document to the entities for further analysis. When asked if there was an operational reason Council couldn't take action at the next meeting Mr. Gorrell noted timeline constraints and laid out an abbreviated revision, review, and publication schedule that would meet the overall lease assistance timeline.

In view of present concerns, Mr. Abbey proposed delaying the release until Wednesday, subject to comments from members.

Ms. Kelly requested the name of the individual at PED so she may provide a heads up on the short turn around and respectively requested Council be given the opportunity to review items ahead of deadlines that may be difficult to meet.

Mr. Guillen stated he would like to move forward with the motion, understanding the document would be provided for review and requested comments be made by Wednesday in order to not affect the deadline.

MOTION: Mr. Guillen moved for Council approval of the Awards Subcommittee recommendation to authorize release of the 2016-2017 Lease Assistance application and conflict of interest questionnaire that will include sufficient lease information to facilitate PSCOC staff analysis; applications are due May 23, 2016 and a tentative award date will be at the July 25, 2016 PSCOC meeting. Ms. Gudgel seconded. Motion carried.

c. 2016-2017 Proposed Workplan/Timeline

Ms. Cano drew Council attention to the work plan which had been modified in anticipation of moving forward with the awards. What was previously identified as the full applications due is now pushed back to May 18 as described in the action in 4a.

Ms. Cano thanked Council for their participation in the Doodle surveys when trying to schedule meetings noting conflicts will be addressed as meetings approach.

5. **Out-of-Cycle Funding/Additional Funding/Emergency Funding/Award Language Requests**
a. **Alamogordo – P15-001 – New Combined ES – Award Language Change and Out Year Estimate Update**

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

Discussion: This project did not have a Subcommittee recommendation and was being brought to the full Council for consideration. Ms. Adrienne Salas, Superintendent, Mr. Vance Lee, Executive Director of Support Services, Mr. Justin Burks, Plant Facilities Manager and Mr. Tim Wolfe, Board Secretary, were in attendance.

Mr. Guillen reminded Council this was a unique situation where originally one school wasn't within the funding pool ranking for consideration and one was. Since then, the project which was previously outside of the funding pool has risen in ranking to number 11 and therefore makes it one of the projects to be considered.

MOTION: Mr. Guillen moved for Council approval of the staff recommendation to amend the estimated total project cost of the 2014-2015 standards-based award to the Alamogordo Public Schools for a New Combined ES to increase the design capacity to adequacy from 300 students, to 450 students, grades K-5, and adjust the financial plan, with an increase to the out-of-cycle state share in the amount of \$3,642,523 (65%), and a corresponding additional local share of \$1,961,359 (35%). Ms. Gudgel seconded. Motion carried.

b. **Las Cruces – P11-011 – Las Cruces HS – Phase 2 Funding**

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

Discussion: Mr. Volpato noted that the state share of this phase is offset to \$0 due to the advance repayment from the district. Total project cost to adequacy came in much lower than anticipated; the decrease to the financial plan, as stated earlier, is reflected.

Ms. Gloria Martinez, Las Cruces Public Schools Director of Construction, Mr. Myles Kraenzel, AKS Architecture/LQS, and Mr. Sergio Martinez, PSFA Regional Manager, were in attendance.

Mr. McMurray complimented the district on the phasing of such a complicated project while keeping the school open during the process.

MOTION: Council approval of the Awards Subcommittee recommendation to amend the 2010-2011 standards-based award to the Las Cruces Public Schools to include out-of-cycle construction funding for phase 2 of 2, to renovate and replace facilities to bring the school to adequacy for an estimated core of 2,000 students with classrooms estimated for 1,800. The state share amount of \$9,894,260 (66%), shall be applied to the advance repayment, and the corresponding additional local share of \$5,097,043 (34%), shall be increased by the advance repayment amount for a total local share of \$14,991,303. Since this is a Subcommittee recommendation a second is not required. Motion carried.

c. Magdalena – E13-004 – Waiver of Advance Repayment for Project Expenditures

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

Discussion: PED has identified other funds to be used and the Subcommittee recommendation is to approve the motion.

Dr. Vanetta Perry, Superintendent, participated via teleconference; Ms. Natalie Diaz, PSFA Regional Manager, was in attendance. Mr. Abbey confirmed Ms. Perry understood PED emergency funding would help the district address this issue; Ms. Perry replied in the affirmative.

MOTION: Council approval of the Awards Subcommittee recommendation to deny the waiver request for the advance repayment in the amount of \$22,119.28. Since this is a Subcommittee recommendation a second is not required. Motion carried.

d. West Las Vegas – P13-009 – West Las Vegas MS – Phase 2 Funding

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

Discussion: The district has had to determine what areas to reduce with the Board choosing to build a new gym and demolish the larger, existing gym. An annex will be used as classroom space during the project and will be demolished following completion of the gym. There is a slight difference in the initial cost of construction.

Mr. Gene Parson, Superintendent, thanked Council for their help and noted they are looking forward to moving forward with the project. Mr. Karl Sitzberger, PSFA Regional Manager, was also in attendance.

MOTION: Council approval of the Awards Subcommittee recommendation to amend the 2012-2013 standards-based award to the West Las Vegas Public Schools for West Las Vegas MS to include phase 2 construction to adequacy for 289 students, grades 6-8, with an increase in the state share amount of \$6,636,545 (74%), and a corresponding increase in the local share amount of \$2,331,757 (26%). Since this is a Subcommittee recommendation a second is not required. Motion carried.

e. Broadband Deficiencies Correction Program – Project Awards (2 Motions)

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

Discussion: Referring to the Category 1 Fiber Projects handout, Mr. Viorica stated the estimated totals were in alignment with the overall estimates based on early models. The list covers 18 locations that do not have adequate fiber structure circuits; state participation is expected to be matched dollar-for-dollar for Category 1, resulting in no cost to the schools. With the E-rate filing deadline extended to May 26th, work with several districts and charter schools will likely result in the installation of fiber circuits that will support connection speeds scalable to the 2018 goal of 1MB per user and PSFA may bring additional requests to the May PSCOC meeting. The not-to-exceed cost estimates for network equipment upgrades is reflected in the handout entitled 2016-2017 Category 2 Funding Up-To Estimates. The total

amount of the applications is unknown until the E-rate filing deadline; after which, a cost update will be presented to the Council.

When asked if Category 2 required a state match similar to Category 1, Mr. Viorica replied that a state match was not required as there was no additional funding and was the reason the non-discounted portion was split based upon the formula for all capital outlay projects.

Reviewing the costs listed for Categories 1 and 2, Mr. Abbey requested a recap sheet be provided in order to keep track of what has been spent.

MOTION 1: Council approval of the Awards Subcommittee recommendation to make Broadband Deficiencies Correction Program (BDCP) awards to provide the state match eligible to receive additional E-rate federal funding on special construction projects for application funding year 2016 to the districts set out in the award spreadsheet for the purposes and up to the amounts specified (see attached). Each allocation is intended to fully complete the project, phase, or specified purpose. Since this is a Subcommittee recommendation a second is not required. Motion carried.

MOTION 2: Council approval of the Awards Subcommittee recommendation to make Broadband Deficiencies Correction Program (BDCP) awards for Category 2 (equipment) projects to the districts/schools set out in the award spreadsheet, up to the amounts specified (see attached). Each allocation, combined with the district's/school's and E-rate funding is intended to fully complete the project or phase. Since this is a Subcommittee recommendation a second is not required. Motion carried.

6. Other Business

a. PSFA Staffing Whitepaper

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

Ms. Cano thanked Secretary Clifford and DFA staff for assisting with the expedited transition of the HR and Training Manager position.

Drawing attention to the whitepaper, Ms. Cano noted that historically PSFA has used its total gross operating budget to calculate the 5% cap and based upon this calculation, PSFA would exceed that cap beginning in FY20. Listed in statute, it states it is for the core administrative functions. PSFA has taken a look at what defines core staff and basing calculations strictly on core administrative functions; PSFA would not reach the 5% cap within the foreseeable future. Ms. Gudgel disagreed with how staff is identified for purposes of calculating the 5% stating core administrative functions, in her opinion, are core to the mission of the agency, not core to the mission of location where people work. Mr. Abbey clarified any action would come when budget requests were presented annually to the Council. Mr. Gorrell noted the strategic plan would be presented next month and highlighted the need to understand how calculations were to be determined in order to plan future budgets.

b. FY16 Budget Projection and Personnel Update

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

Mr. Abbey questioned the need to hold a position (FTE) for vacancy savings with a surplus projected at 9%. Ms. Cano asserted if all positions were filled throughout the fiscal year, PSFA would be unable to pay for all of its employees with the existing budget. Ms. Cano stated the agency would continue to look at projections and the need of filling the position in FY17.

7. Informational

a. Broadband Deficiencies Correction Program Status Report

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

Mr. Viorica praised his staff for their work on the Broadband Deficiencies Correction Program.

Statewide agreements for equipment are final. The PED online portal is being used by districts for development of their Category 2 projects. For Category 1 RFPs, assistance has been given for the development and procurement process related to approximately 14 districts and three charter schools covering approximately 60 locations that previously did not have scalable infrastructure. It is estimated more than 50% of the schools without access to scalable infrastructure will have access to fiber or other technology this year.

Mr. Guillen questioned if similar programs were being implemented for municipal and county governmental entities; Mr. Viorica replied in the affirmative, noting that was part of the overall broadband program coordinated by the Department of IT.

d. PSCOC Project Status Report

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

This is an informational item.

e. Master Plan Project Status Report

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

Mr. Abbey inquired as to the progress on project closeouts; Ms. Cano replied approximately 30 projects have been closed this year and audit duties would transition to finance upon completion of Ms. Montaña's training.

f. Lease Assistance Program Status Report

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

This is an informational item.

g. Maintenance Program Status Report

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

This is an informational item.

8. Public Comment

Referring to the application submitted for Reserve Independent School District Glenwood ES, Mr. Bill Green, Superintendent, stated he was unsure there were enough bond funds to cover the 87% required of the district and thanked Council for their support, spending money in a remote part of the state.

The next PSCOC meeting is scheduled for May 18th, Mr. Abbey inquired if Subcommittee meetings were scheduled suggesting they should be at the call of the Chair with input from the Director advising in advance if a meeting was required.

Ms. Kelly asked if anyone had received a letter from Dr. Marc Space, Grants-Cibola County Schools Superintendent, noting the health and safety hazard concerns for the athletic field at Laguna Acoma. Mr. Gorrell replied in the affirmative stating PSFA is gathering information. Per Mr. Abbey, if there is no Awards Subcommittee prior to the May PSCOC this item would need to be placed on the PSCOC agenda.

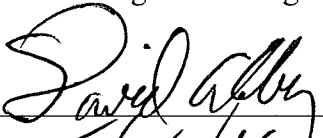
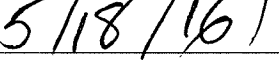
Ms. Kelly thanked Ms. Burton on working with the State Personnel Office regarding the code of conduct and ethics training for PSFA.

Mr. McMurray commented on the Cloudcroft project, noting that CID had a meeting to discuss the issue and has approved the request to use the type of connection and now it is a determination of cost on moving forward with the budget. Mr. Gorrell stated that the next steps are that the manufacturer will come out and demonstrate that the connection will do what it told CID it would do, and CID will review it along with a structural engineer.

Mr. McMurray thanked the Chair for conducting an efficient meeting and noted he has a conflict with the May meeting and a delegate would attend in his place.

9. Adjourn

There being no further business to come before the Council, Mr. Burciaga moved to adjourn the meeting. Ms. Gudgel seconded. Motion carried. Meeting adjourned at 10:24 a.m.

 Chair
 Date