

**PUBLIC SCHOOL CAPITAL OUTLAY COUNCIL MEETING
MINUTES
MAY 18, 2016
STATE CAPITOL BUILDING, ROOM 321
SANTA FE, NEW MEXICO**

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

Designees:

Mr. Richard Martinez, CID

1. **Call to Order**—Chair Abbey called the meeting to order at 8:35 AM. Council presented Ms. Barbara Valdez with a letter of appreciation thanking her for 12 years of dedicated service to the PSFA and PSCOC noting she has been a valuable employee and will be missed upon her retirement.
 - a. **Approval of Agenda**—Chair Abbey asked if there was any objection to the agenda as presented, as there was none the agenda was approved.
 - b. **Correspondence**—Mr. Gorrell directed attention to a memo from Mr. Frank Chiapetti, Superintendent, Gallup-McKinley County Public Schools, citing a critical need for additional classrooms due to an increase in the student population. Mr. Gorrell informed Council the issue is being reviewed and will be brought to the Awards Subcommittee for additional discussion; Ms. Kelly requested the Subcommittee also review the use of portables.
2. **Presentation – Alex Donahue from the National Council on School Facilities (NCSF)**

Mr. Gorrell introduced Mr. Alex Donahue, Deputy Director for Policy and Research at The 21st Century School Fund (21CSF). Mr. Donahue thanked Council for the opportunity to present and, on behalf of the National Council on School Facilities (NCSF), thanked New Mexico for their many contributions.

The 21CSF is a non-profit organization based in Washington, DC that works nationally on school facilities and funding issues and is supported by the Achieving America Family Foundation. In 2012, directors from state school facilities agencies came together and formed the NCSF with New Mexico a leader in developing a number of processes that help lay out model practices for all states.

- First, not all states use a Facilities Condition Index (FCI) and few adjust the FCI the way New Mexico does to weight for adequacy. This is a leading practice other states have looked to New Mexico as a model.
- Second, New Mexico has taken recent research on cost of ownership to analyze maintenance and operations investment needs to maintain a portfolio of schools and calculate costs in order to budget over the long term. In managing costs, New Mexico

is a leader in the field of having guidelines for design that focus on adequacy minimums and on affordability.

- Third, few states have a handle on maintenance costs and how much is spent per student/per gross square foot in order to analyze whether districts are receiving true value for what is spent; New Mexico's approach is far ahead of other states.

The NSCF is working to build the capacity of state-level school facilities agencies so they can better support districts through training. Educational videos are located on the National Education Facilities Clearinghouse website with New Mexico contributing to one on Energy and Environmental Management Planning. State profiles and additional resources can also be found at: www.StateofOurSchools.org.

3. **Approval of Consent Agenda**

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

a. **Approval of Minutes (April 22, 2016)**

Mr. Aguilar moved for Council approval of the April 22, 2016 minutes, subject to corrections. Ms. Gudgel seconded. Motion carried.

b. **Certification of SSTBs**

Discussion: Ms. Irion noted there are two certifications, one certification for the impending June 2016 sale of \$100,880,000 and a recertification of prior bonds. The total FY16 SSTB spring certification need of \$102,000,758 comes from eight projects within the project awards schedule, four pre-application amounts, project closeouts, reserve for contingency, CID budget/reimbursement, Facility Master Plan, SB-9, lease assistance, operating budget, e-Builder expenditures, HB-219 PED school buses, and BDCP.

In response to questions raised by Ms. Clarke and Mr. Abbey about project contingencies and how matching certifications with dollar amounts, Mr. Gorrell replied that circumstances occur outside of known particulars when a project is awarded, i.e.: population growth, and adjustments are made to the resolutions and certifications when additional information comes in noting while PED assists with some emergencies, the PSCOC is often asked to help.

Mr. Aguilar inquired as to why e-Builder was a separate line item and not part of the operating budget Ms. Irion replied since inception, the software program has been consistently paid for out of the capital outlay fund and not the operational fund. Mr. Gorrell reiterated e-Builder is considered a direct project cost as it is the document and accounting control for all projects awarded by Council. PSFA was previously under the FIFO method with certifications and there was no need to line item amounts in previous resolutions as invoices coming through were paid out of Fund 947000. Per revised DFA procedures, there is now a need to line item the resolutions and tie them to expenditures and budgets within the capital system. As noted in statute, "balances within the fund may be annually appropriated for the core administrative functions of the PSFA pursuant to the Public School Capital Outlay Act and in addition, balances in the fund may be expended by the PSFA upon approval of Council for project management expenses."

In response to a question posed about Pre-K, Ms. Irion noted funds were allocated in FY19 as there was not an immediate need per conversation with PED staff. Mr. Abbey requested \$5 million be added to the financial plan for Pre-K to which Mr. Aguilar noted recent recommendations for Pre-K awards at Bernalillo, Española, and Hobbs would not require the full \$5 million in FY17.

Mr. Abbey then inquired if any delayed districts were ready and could be funded from contingency; Mr. Volpato and Ms. Irion reviewed the potential list of projects that could move forward.

Following lengthy discussion Ms. Gudgel requested the addition of the FY14 awards and FY15 awards to a supplemental certification plus \$2 million for Pre-K. Mr. Guillen seconded. Per Ms. Irion, Clovis Parkview ES and Gallup Combined ES would also need to be added as they were not part of the original certification. For discussion purposes, Ms. Gudgel moved to add them to the motion and reiterated the intent was for Council to ensure enough money was being certified.

MOTION: Council approval of the staff recommendation to adopt the Certification and Resolution to sell SSTBs subject to review by Deputy Secretary Clarke and Chair Abbey verifying the amounts.

AMENDMENT TO ORIGINAL MOTION: Mr. Aguilar moved to adopt the Spring Certification worksheet minus the \$175,800 line item for e-Builder. Ms. Gudgel seconded. Motion carried with Mr. Burciaga opposing.

SUPPLEMENTAL MOTION: Ms. Gudgel moved for the addition of FY14 potential awards and FY15 potential awards to the supplemental certification plus \$2 million for Pre-K. Mr. Guillen seconded. Motion carried with Mr. Aguilar opposing.

c. Recertification of SSTBs

Discussion: Ms. Irion reviewed the SSTB Resolution and Certification stating there are unexpended balances of \$915,884. Drawing Council attention to the certification summary, the net impact of the SSTB certification is zero within the two bond series: SSTB13SB 0002 and SSTB14SD 0001. The SSTB14SC 0001 remaining unexpended proceeds is \$108,962.

MOTION: Ms. Gudgel moved for Council approval of the staff recommendation to adopt the Resolution, Notification and Certification Amendment for reauthorization of unexpended bond proceeds as follows: SSTB14SD 0001 in the amount of \$915,884 to PSCOC award projects totaling \$806,922. Ms. Clarke seconded. Motion carried.

4. PSCOC Financial Plan

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

Discussion: Ms. Irion provided a summary of the financial plan; highlighting changes made since the last PSCOC meeting which include: PSCOC awards for Las Cruces HS and West Las Vegas MS, no schedule changes crossing fiscal years, and one modification for potential

Council action on additional funding for Grants Laguna/Acoma Jr/Sr HS where the current financial plan estimates \$400,000 for the project which is an unfavorable change to the financial plan. Also listed is the \$100,880,000 for the potential bond sale in June, an adjustment to the Capital Improvements Act (SB9) of \$11.6 million, and an additional \$400,000 for previous amounts budgeted for SB-9 not needed by PED. Due to a reduction of \$4.1 million from the original revenue estimate, in order to bring the financial plan solvent BDCP was reduced by \$3.2 million in FY17 and \$1.1 million in FY18, the reserve for contingency was flat at \$5 million for each year and the FY17 awards based upon pre-application amounts was included. Also included was a payment of \$75,000 received from Jemez Mountain for their first installment of their advance.

Finance is processing draw requests by the 10th of each month; Ms. Irion has been in contact with the Board of Finance and draw requests submitted for April expenditures are currently in process. Estimated fund balance once April and May draw requests are processed is \$345,645,742.

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

a. Grants – Laguna/Acoma Jr. /Sr. HS – Additional Funding

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

Discussion: Dr. Marc Space, Superintendent, Grants/Cibola County Schools, was in attendance. Mr. Gorrell noted that staff had no recommendations and this was a request from the district as they have a hard dirt playing field that has been verified by PSFA as unsafe. Due to soil quality and inavailability of water, it is not conducive to growing or maintaining a quality field. Mr. Aguilar reiterated it is a health and safety issue and urged Council to support this school as the district has already spent \$250,000 on professional companies who have been unsuccessful in getting grass to grow.

MOTION: Mr. Guillen moved for Council approval to award \$400,000 to the Grants-Cibola County Schools for the purpose of providing PSCOC assistance for an artificial turf playing field due to unsafe conditions related to hard dirt surface of the current Laguna-Acoma Jr./Sr. High School. This award will “bridge” previous critical capital outlay and deficiency correction program funding that had not included this playing field. This award is contingent on the district providing all funding above award amount to complete this project, and demonstrating that it can and will maintain the playing field such to ensure its full expected life. Mr. Burciaga seconded. Motion carried.

b. Broadband Deficiencies Correction Program – Project Awards

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

Discussion: Mr. Viorica presented the request for additional Category 1 projects and noted not to exceed amounts for the new projects are based on models from the gap analysis. Details related to costs and projected timelines will be available after the May 26th E-rate application deadline and project details will be reported at future Council meetings.

Mr. Viorica noted the Broadband budget summary was included in the meeting material as requested at the last meeting.

Ms. Gudgel inquired about ownership of the two charter school facilities. Mr. Viorica believed they were in facilities either owned by the foundation or in long term leases of public facilities and stated he would confirm ownership. Mr. Guillen stated it was important to flag facilities in commercial leases as funds could not be expended on non-public buildings. Ms. Gudgel clarified the motion was only to authorize funds to be listed in the financial plan; Mr. Gorrell replied in the affirmative.

Mr. Guillen asked if a formal letter or announcement went to the Superintendent or Board President acknowledging awards; Mr. Viorica replied the award letter that goes out for construction projects also goes out for broadband projects.

MOTION: Mr. Guillen moved for Council approval of the staff recommendation to make Broadband Deficiencies Correction Program (BDGP) 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. Ms. Clarke seconded. Motion carried.

6. 2016-2017 Standards-Based Capital Outlay Awards Cycle

a. Draft Site Visit Schedule & Location for June Presentation Meeting

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

Mr. Abbey asked if a location for the June PSCOC meeting had been determined; Ms. Cano stated it was at Council discretion and referenced a history of meeting locations found within the meeting material. Mr. Abbey felt Albuquerque's Hubert Humphrey ES would be a good location. Due to a conflict with the June 30th date a Doodle survey will be sent out to determine Council availability. PSFA will work with APS to determine availability to accommodate the presentation meetings at Hubert Humphrey ES and will contact Council should there be any further conflicts. Ms. Cano presented the draft site visit schedule to visit four schools in Los Alamos, Roswell, Albuquerque, and Reserve. Site visit notebooks will be provided and Council is invited to attend.

b. 2016-2017 Proposed Workplan/Timeline

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

Ms. Cano reviewed the work plan/timeline stating full applications are due today and will work with the subcommittee chairs to determine a need for subcommittee meetings prior to the next PSCOC meeting.

7. Informational

a. Broadband Deficiencies Correction Program Status Report

Mr. Viorica stated Category 2 prices for network upgrades to the master agreements are good. Many schools with Category 2 E-rate budgets would like to use the broadband program

funding to leverage the federal funds and perform necessary network upgrades. The E-rate consulting support that is offered through the program is extremely needed and greatly appreciated by the schools, especially charter schools who do not take advantage of the program.

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.

Ms. Casias referred to an email from Mr. David Lackey, Superintendent, Quemado Schools, declining the PSFA award for development of a new Facility Master Plan. Mr. Aguilar inquired as to cost; Ms. Casias stated the district would have paid \$26,600.37.

d. Lease Assistance Program 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.

Mr. Huchton referred to the handout on Meaningful Maintenance Metrics which details each category, why it is measured and what its purpose is.

When asked what is done with the poor districts; Mr. Huchton stated there is open dialogue and site visits; presentations on maintenance best practices and monitoring support is offered. Per Mr. Gorrell when an FMAR is completed it is reviewed with the maintenance staff and superintendent and if allowed, is presented to the school board to make them aware of the issues. Mr. Abbey suggested that if a district applies for funds and they are in red that the report be included in the procedure and an action plan be provided showing movement to yellow within a year. Mr. Huchton stated this was an excellent idea and appreciated Council enforcement.

f. FY16 Budget Projection and Personnel Update

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

This is an informational item.

Mr. Abbey asked when PSFA would present their budget request; Ms. Cano stated it would be brought for Council consideration at the July meeting and action would be for Council approval of the draft with final authorization given to the AMS Subcommittee as the September PSCOC usually falls after the DFA deadline to submit the appropriation request. Mr. Abbey suggested having a budget development discussion during the June AMS Subcommittee.

8. Public Comment

9. **Consideration for Approval to Adjourn to Executive Session Pursuant to the Open Meetings Act NMSA 1978, 10-15-1 (H) (2) for the purposes of discussing PSFA Director Performance Evaluation.** Mr. Guillen moved for Council approval to adjourn to Executive Session pursuant to the Open Meetings Act NMSA 1978, 10-15-1 (H) (2) for the stated purposes of discussing PSFA Director Performance Evaluation. Ms. Kelly seconded.

Roll Call

Ms. Clarke - Yes	Mr. Burciaga - Yes	Mr. Peralta – Yes
Mr. Aguilar - Yes	Mr. Martinez - Yes	Ms. Gudgel – Yes
Ms. Kelly - Yes	Mr. Guillen - Yes	Mr. Abbey – Yes

10. Reconvene to Open Session

Mr. Guillen moved for Council approval to reconvene from Executive Session pursuant to the Open Meetings Act NMSA 1978, 10-15-1 (H) (2) for the stated purpose of discussing the performance evaluation of the PSFA Director. Only the above-referenced item was discussed and no action was taken.

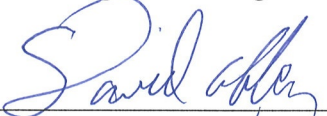

Roll Call

Ms. Clarke - Yes	Mr. Burciaga - Yes	Mr. Peralta – Yes
Mr. Aguilar - Yes	Mr. Martinez - Yes	Ms. Gudgel – Yes
Ms. Kelly – Yes	Mr. Guillen – Yes	Mr. Abbey - Yes

Upon reconvening from Executive Session, Ms. Kelly reiterated that Council will continue to work on the Director's performance evaluation and requested that all employee evaluations be completed within the August-October timeframe. The HR Manager is to update the grievance policy and also do the Ethics and Code of Conduct Training.

9. Adjourn

There being no further business to come before the Council, Mr. Guillen moved to adjourn the meeting. Ms. Gudgel seconded. Motion carried. Meeting adjourned at 11:16 a.m.

 Chair
 Date