

request for a repayment extension on a \$30,000 emergency advance and its possible conversion into a grant, as well as a request for an additional advance of \$4,278.57.

Mr. Brent Flenniken, PSFA Regional Manager, worked with the district for an emergency application for Glenwood Elementary School heater replacement. The letter stated that all unexpended funds from the previous emergency award must revert and cannot carry over to another emergency (Glenwood). The Glenwood issue aside, these requests were tabled because the PSCOC currently has insufficient information on Reserve's inability to remunerate this obligation, based on their current statement of financial position. Mr. Flenniken will be in contact regarding a possible update to the district's statement of financial position which the PSCOC would need to make an informed decision on its three requests. The PSFA urged the district to cultivate significant community involvement, which is always a critical success factor in community support for district bond elections.

2. **Approval of Minutes (June 23-24, 2011)**

MOTION 1: Upon review by the Council, Mr. Burciaga moved for approval of the June 23, 2011 PSCOC minutes, subject to technical corrections. Mr. Richard Tavelli seconded and the motion carried.

MOTION 2: Upon review by the Council, Mr. Burciaga moved for approval of the June 24, 2011 PSCOC minutes, subject to technical corrections. Mr. Richard Tavelli seconded and the motion carried.

3. **Subcommittee Reports**

a. **Awards Subcommittee**

• **Financial Plan**

Ms. Casandra Cano, PSFA staff, presented the financial plan to the Council. Ms. Cano highlighted the actions taken by the Council at their last meeting regarding projects and adjustments. She stated that the PSFA received information from the Board of Finance on projected revenues, and the plan will be updated at the next scheduled meeting. The Sources and Uses portion of the financial plan includes an update on Lease Payment Assistances, as well as the potential awards allocated at this meeting. There was discussion regarding the advances and repayments by the Cobre School District. Mr. Abbey noted that with the amount of awards recommended by the Awards Subcommittee, there is enough funding for today's awards, however, the 2012 awards may be limited as well as any out-year awards.

• **2011-2012 Standards-Based Award Recommendations**

-- **Standards-Based Capital Outlay Awards**

Mr. Guillen informed the Council that the awards Subcommittee discussed the funding recommendations for this cycle. He referred the Council to the spreadsheet made available in their meeting notebooks.

Mr. Guillen presented the summary of the Standards-Based Capital Outlay Awards as follows:

- \$6,505,233 state funds, net of offsets and waivers for Standards-Based capital outlay awards to 18 projects in 12 districts.

- \$76,536,792 reserved for possible out-of-cycle awards.
- \$11,040 from the Charter School Fund for 1 charter school

In regard to West Las Vegas School District, the awards from two previous projects will revert and be reallocated for the Family School and Union Elementary at the request of the District.

MOTION 1 – Standards-Based Project Awards

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, including any special conditions contained in the award language for each school. Each allocation is intended to fully complete the project, phase, or other specified purpose. 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 evaluation of potential energy costs of new or renovated facilities, based on established standard averages. Actual energy costs will be validated via post occupancy evaluation.

Mr. Abbey moved to amend the motion to defer the Rio Rancho awards, and appoint a Special Subcommittee to review the proposed awards to ensure consistency and precedence of this . Mr. Guillen, Ms. Maestas, Mr. Burciaga and Mr. Aguilar were appointed. Ms. Maestas seconded and the motion carried.

- **Standards-Based Roof Award Recommendations**

Mr. Berry presented this item, highlighting projects from the last funding cycle. He noted that there are 8 projects in 5 districts. The awards were determined after calculating offsets from direct appropriations. The Council asked if there is a penalty for accepting direct appropriations. Mr. Berry answered in the affirmative. He also noted that the offsets detailed are post adjustments from voided appropriations. Mr. Gorrell noted that most of the roofs are over 10 years old and although these are standard roofs, there are various types that require distinctive and appropriate maintenance specific to type.

In regard to an analysis of the facilities in all districts, Mr. Gorrell stated that older records are limited, as the PSFA roof program has only been in existence for 4 years.

The Council asked if contractors can be compared and what factors are taken into consideration. Mr. Gorrell informed the Council that PSFA requires certain details, and contractors must provide a warranty as roofs are the least maintained in facilities. The warranty comes from the manufactory not the contractor.

Mr. Berry informed the Council that a number of the roofs were already under construction. There are 17 total roof projects, including contingent awards made in May for a total of \$6,676,019.

MOTION 2 – 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. 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 June 30, 2012; the PSFA director has authority to cancel projects that are not expected to be complete by the June 30, 2012 date, subject to PSCOC approval of project extension upon appeal. Since this is a subcommittee recommendation a second is not required.

- **Additional Conditions and Contingencies**

Mr. Berry highlighted the various conditions and contingencies for the PSCOC awards are as follows:

Standards-Based Project Awards

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, including any special conditions contained in the award language for each school. Each allocation is intended to fully complete the project, phase, or specified purpose. 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 shall include evaluation of potential energy costs of new, renovated or other adjacent underutilized facilities, based on established standard averages. Actual energy costs will be validated via post occupancy evaluation.

Standards-Based Roof Awards

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. Each allocation is intended to fully complete the project, phase, or specified purpose. 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 June 30, 2012; the PSFA director has authority to cancel projects that are not expected to be complete by the June 30, 2012 date, subject to PSCOC approval of project extension upon appeal.

Standard Contingencies to All Awards

The PSCOC approval of the awards is 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 potential Out-of-Cycle 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 to bring 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 evaluations of projects, as appropriate, to ensure that maximum benefit is gained for the dollars expended.
- 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, and will have a corrective action plan in place to address audit findings. PSFA shall assume direct administration of all projects from districts with serious findings in regard to expenditures or management of capital outlay funds.
- The district shall execute an effective preventive maintenance (PM) 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 maintenance 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.
- 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 or used for another purpose than the award.
- 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 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.
- Any lease associated with this award shall have a minimum available term of 25 years from completion of the project; the 25-year term may be in renewable increments.
- 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, per the PSFA 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 3 - Mr. Guillen moved for Council approval of the Awards Subcommittee recommendation that the standards-based capital outlay and roof awards are further subject to the Additional Conditions and Contingencies presented.

- **2011-2012 Lease Assistance Award Recommendations**

Mr. Berry presented the Lease Award recommendations to the Council, noting that 90 applications were received, with 83 from charter schools for a total of \$10.8 million. He noted that the Council authorizes staff to make adjustments for the three awards for charters in their first year of operation after the 80th day. Mr. Gorrell noted that staff will be working with Patty Matthews at PED to create a standardize lease and conditions. The PSCOC staff will make proper adjustments after validating the MEM counts with PED.

MOTION: Mr. Guillen moved for Council approval of the Awards Subcommittee recommendation to make awards in the amounts specified for lease payment assistance on the accompanying spreadsheet. Upon acceptance of awards by charter schools and school districts, Council authorizes PSFA staff to distribute award amounts quarterly on a reimbursement basis upon receiving proof of lease payments made. Council authorizes PSFA staff to make reductions to award amounts subject to PED certifying in writing to PSFA that a condition exists that warrants an award adjustment or suspension which may include: school closure, charter revocation, financial violation or irregularities, adjustment to certified attendance numbers (MEM counts), lease termination or amendment, or operational use changes from classroom to non-classroom uses.

- **Additional Funding/Emergency Funding/Award Language Requests**
 - **Gallup – Crownpoint ES – Construction Award Update**

Mr. Gorrell informed the Council that PSFA has worked with the contractor to get the cost down. Based on final negotiations with the contractor, additional funding needed from the \$1 million will be approximately \$600,000. The Special Subcommittee members given authority to review and approve the contingent additional amount have approved this amount.

- b. **Adequacy, Maintenance & Standards Subcommittee**

- **NMSD/NMSBVI Adequacy Standards — Update**

Mr. Richard Romero, PSFA staff, presented this item to the Council, referring to the revised timeline in their meeting notebooks, stating that staff is working toward conclusion of the project and noted that the timeline is very aggressive. He stated that staff is attempting to complete the project by December 2011. Mr. Romero informed the Council that a consultant is on board and there are plans to meet regarding the standards for the school. The staff intends to complete a draft of the standards by October 10, 2011, and will present draft standards to the Administration, Maintenance and Standards Subcommittee for recommendations. Mr. Romero indicated that the revised timeline will allow the school to respond in a timely manner.

Mr. Gorrell informed the Council that a meeting was held to determine how to approach the project, and noted that the project is behind on schedule. He also noted that the staff will partner with the school in developing standards. Mr. Richard Gorman stated that the school requires that their full needs be met as they have no bonding capacity.

Mr. Gorrell informed the Council that the Public School Capital Outlay Oversight Taskforce did not state that all needs would be met, but that the school would be treated fairly. He noted the BAR appropriation needs to be worked out and when the standards are fully-developed, will be reviewed to determine how they will work for the school.

Mr. Gorman indicated that there will be changes in their needs for students due to technology and changes in the physical space needed. Mr. Gorrell stated that a consultant will assist in laying out needs for the schools and to address concerns that standards will not work for the schools. Mr. Romero stated that there is participation

from the community, and noted that Ms. Sharon Ball, LCS and Ms. Linda Kehoe, LFC are participating in the working group.

Mr. May noted that most projects on school's priority list and infrastructure will be a unique because of student needs.

Mr. Abbey voiced concern regarding how long it would take to develop standards and noted that the schools need help from Council to provide assistance to students. He requested that the staff develop another way to apply standards to addresses their needs. Mr. Gorrell reminded the Council that schools that receive deficiency funding must have a master plan and maintenance plan. Mr. Abbey suggested that the NMSD and the NMSBVI be allowed to bring project requests to the Council in the same manner as other districts.

Mr. May asked if there are legal issues and does council have authority to make changes. Mr. Burciaga answered in the affirmative and noted that the schools were developed under the constitution and there is urgency in developing the standards regarding how they are operated. LCS will look at the legality of these issues.

Mr. Gorrell informed the Council that PSFA has looked at the space that the schools currently have available with respect to their current needs. There is difficulty in determining the Educational Specifications and the need to incorporate into the adequacy standards. In regard to General Obligation Bonds to fund the projects, Mr. Burciaga stated that the Governors Office is looking into other options.

Mr. Gorman stated that the master plan should be complete or close to complete by December 2011, and does not anticipate requesting future funding.

Mr. Gorrell noted that in regard to the Facility Master Plan, it would be hard to set priorities based on any standards that are made by looking at the facility plan because the master plan can be predicated on wants rather than needs.

Mr. Abbey requested a special subcommittee be formed to address the issues at the schools and asked that Mr. May, Mr. Burciaga, Mr. Tavelli, as well as himself would serve on the subcommittee. Suggested site visits are August 18 & 19, 2011 and if there are conflicts with the dates, changes will considered via email.

MOTION: Mr. Burciaga moved for Council approval to form a special subcommittee to include Mr. May, Mr. Burciaga, Mr. Tavelli, and Mr. Abbey to look at how council allocates funding for these two constitutional schools. Mr. Burciaga will serve as chair of the subcommittee. The subcommittee will bring recommendations to the AMS Subcommittee and provide a proposed timeline within a week. Mr. Tavelli seconded and the motion carried.

4. Director's Report

a. Project Status Reports

Mr. Gorrell presented this item to the Council, highlighting various projects in the report along with the projects that are moving forward and projects that are behind

schedule. He noted that the Red Flag projects continue to reduce. This report is informational only.

b. Lease Payment Assistance Report

Mr. Berry presented the Lease Payment Report to the Council highlighting various portions of the report. This report is informational only.

c. PSFA FY2010 Audit

Mr. Gorrell presented this item to the Council noting that there was one finding in depositing checks, that PSFA agrees with this finding and is revising processes to correct it.

d. PSFA Strategic Plan & Quarterly Performance Dashboard

Mr. Gorrell presented this item to the Council, noting that the AMS Subcommittee reviewed the plan and had no recommendations. He noted that the staff met five of six objections and has improved. Mr. Gorrell highlighted the objectives, explaining how they work and also highlighted future objectives and how to improve the measures.

Mr. May asked how would staff could coordinate more effectively with PED and the Legislature to make schools better, and suggested that this be included in the strategic plan. Mr. Aguilar stated that PED is working with districts and would be helpful but there is no consistency in that direction.

Mr. Abbey stated that there is a need to rethink the funding for schools and fixing pieces of buildings to meet standards. The staff has discussed this and will present a report to Council.

e. Regional Economic Report

Mr. Gorrell presented this item to the Council referring to the report made available in the meeting notebooks. He stated that that staff has assembled all public information to assist in the Regional Economic Report. Mr. Gorrell highlighted key points of the report that includes the Southeast, Eastern Plains, Southern New Mexico/Rio Grande Corridor, Southwest and South Central New Mexico. The Council thanked staff for the report.

f. Proposed 2011-2012 Workplan/Timeline

Mr. Berry referred the Council to the 2011-2012 Workplan/Timeline in the meeting notebooks. He highlighted the various changes in the timeline. Due to conflicting scheduling, Mr. Guillen proposed changing the following Awards Subcommittee meetings: August 25th to August 22nd beginning at 1:30 PM, and October 26th to October 24 beginning at 1:30 PM.

5. Other Business

a. Deming — Project and Bond Schedule Update—Deming HS

Mr. Gorrell presented this item to the Council referring them to a letter from the Deming School District dated July 26, 2011. The letter is an update of the project and the bond schedule. The letter from the district reads as follows:

“The Deming Public School Board of Education met in a special session July 25, 2011 to discuss the Deming High School Repair/Replacement project. The discussion embraced the long term plans for both the High School and the Intermediate School. After lengthy discussion a motion was made that incorporated the following positions:

1. Renovate the High School at the existing site;
2. Construct the project in multiple phases as required by the State’s willingness and ability to cash flow the project and the District’s ability to bond for local matching funds;
3. Design the overall project to provide for an essentially new facility upon completion of all phases;
4. Perform an Educational Specifications (ED SPECS) analysis of the high school to identify renovations needed to adequately support the high school educational delivery model;
5. Consider building a new Intermediate School to replace the existing facility;
6. Pursue bonding in 2013/2014 for local match to address the needs at both schools as separate projects. District’s 2013 bonding capacity is \$29 million.

The motion passed, and the School Board is anxious to move forward with the projects as soon as possible.”

A district representative noted that the Board had a difficult time with establishing consensus and the only alternative in lieu of consensus would be to go back and reset priorities and start renovating and upgrading. The district is aware that the project will require a bond election and expects to schedule several small bond elections and set priorities for their projects.

The district representatives expressed thanks and appreciation to the Council.

This is an informational item and requires no action by the Council.

b. Next PSCOC Meeting

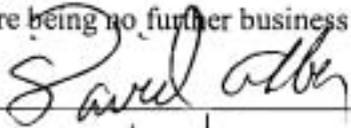
After discussion the Council unanimously agreed to hold its next PSCOC meeting on September 1, 2011

Public Comments

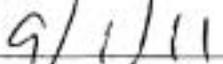
Various school district superintendents and district representatives were present and thanked the Council for the awards granted to their districts and thanked the Council and staff for their support, hard work and dedication. The Chair expressed gratitude and thanks to the entire Council and to district representatives for the dedication demonstrated on behalf of the children of New Mexico.

Adjourn

There being no further business to come before the Council, the meeting adjourned at 11:50 AM.



Chair



Date