PUBLIC SCHOOL CAPITAL OUTLAY COUNCIL
MINUTES
SEPTEMBER 2, 2010
STATE CAPITOL BUILDING, ROOM 317
SANTA FE, NEW MEXICO

Members Present:
Mr. David Abbey, LFC
Ms. Lisa Martinez, CID
Mr. Antonio Ortiz, PED
Ms. Frances Maestas, LESC
Mr. Joe Guillen, NMSBA
Ms. Catherine Smith, PEC
Mr. Raul Burciaga, LCS

Designees:
Mr. Scott Hughes for Ms. Dannette Burch, DFA
Mr. Richard LaPan for Dr. Peter Winograd, Office of the Governor

1. Call to Order—9:05 AM **Mr. David Abbey, Acting Chair**

a. Adoption of Agenda

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

MOTION: Ms. Catherine Smith moved for Council approval of the agenda as presented. Mr. Scott Hughes seconded and the motion carried.

b. Correspondence

There was no correspondence at this time.

2. Adoption of Minutes (July 29, 2010)

MOTION: Ms. Smith moved for adoption of the July 29, 2010 PSCOC meeting minutes as presented subject to technical corrections. Mr. Hughes seconded and the motion carried.

3. Election of New PSCOC Chair & Vice Chair

On nominations duly made and seconded, the following were elected to the following positions; Mr. David Abbey will serve as Chair of the PSCOC and Ms. Catherine Smith will serve as Vice-Chair. Mr. Abbey and Ms. Smith were present and accepted the positions to which they were elected. Mr. Abbey appointed Mr. Joe Guillen as the Awards Subcommittee Chair.

Possible Change in Subcommittee Structure

Upon Mr. Abbey's request, the Mr. Gorrell highlighted the responsibilities of the various subcommittees. In regard to the Adequacy & Maintenance Subcommittee, Mr. Gorrell noted that the Adequacy Standards have been recently updated; however, they would require review and possible adjustments but not as a regular subject for the Adequacy & Maintenance Subcommittee. The maintenance issues consist mainly of reporting and do not require a separate subcommittee. Mr. Gorrell stated that the staff recognizes that Council members hold regular jobs and the Adequacy & Maintenance Subcommittee adds unnecessary time to the

Council's leadership. He suggested that the Council designate the responsibilities of the Adequacy & Maintenance Subcommittee to the PSFA Subcommittee and convene a special subcommittee when there are adequacy standard issues. He noted that there could be one Council member that would not serve as an official member on either of the subcommittees, but would instead float between the two as a designee of any member not able to attend a subcommittee meeting.

The Council asked Ms. Martinez, current Chair of the Adequacy & Maintenance Subcommittee, how she felt about eliminating the subcommittee. She indicated that there is not an immediate need to keep the subcommittee and stated that the subcommittee may be reconstructed at some point if needed. Ms. Martinez noted that information that is reported to the Adequacy & Maintenance Subcommittee is also reported to other subcommittees and she realizes that it is difficult for members to sit through the reports twice. She said that if other maintenance issues come to the forefront, at some point there may be a need to separate them.

The Council will consider the option of eliminating the Adequacy & Maintenance Subcommittee and giving the subcommittee's responsibilities to the PSFA Subcommittee. The Council will also determine whether or not the PSCOC Vice-Chair will serve as an official member on either subcommittee or float between the two as the designee of any member not able to attend a subcommittee meeting.

4. 2010-2011 Special Standards-Based Capital Outlay & Roofing Award Process

a. Adoption of 2010-2011 NMCI Ranking (previously status report)

Mr. Tim Berry, PSFA staff, and Mr. Gorrell presented this item to the Council. Mr. Gorrell noted that the proposal for the 2010-2011 Special Standards-Based Capital Outlay and Roofing Award process allows the Council to move forward with many necessary projects. He indicated that the Awards Subcommittee felt that it was prudent to make awards for Phase I design projects so the available funding is expended. Mr. Berry referred the Council to the 2010-2011 NMCI Status Report that was previously adopted January 2010 and reminded the Council that new applications for this award cycle were not accepted, but instead limited to applications for Phase II projects for additional funding. The staff is proposing that the Council utilize the ranking for the Special Standards-Based process by the end of 2010. However, the normal vetting period will take place in 2011 to develop the new rankings and move forward with the regular 2011-2012 application cycle.

b. Applicant Pool

Mr. Berry presented the draft letter to school districts and charter schools that informs them of the 2010-2011 Special Standards-Based Capital Outlay as well as the potential Roofing Award application process. He reminded the Council that they have the authority for three fiscal years of up to $10 million per fiscal year for standard based roofing applications. Mr. Berry noted that the roofing applications would be for urgently needed roofing projects regardless of the rank for the entire school site. All districts would be allowed to apply for the roofing funds and based on their criticality and roofing conditions, the PSFA would bring back recommendations to the Council. Mr. Berry pointed out that the PSFA staff has reviewed the rank list and suggests limiting the initial pre-applications

to the top 60. Mr. Berry stated that upon approval of the Council, the application would be posted on the PSFA website and the letter would be sent to districts and charter schools.

c. Proposed Workplan/Timeline

Mr. Berry presented the proposed conceptual timeline for the 2010-2011 Special Standard-Based Capital Outlay and Roofing Award process to the Council. He stated that the recommendations would be presented to the various subcommittees in early January with potential awards on January 15, 2011.

MOTION 1: Mr. Guillen moved for Council approval of the Awards Subcommittee recommendation to conduct a 2010-2011 Special Standards-Based Capital Outlay award process using the previously adopted NMCI Status Report as the official ranking subject to the eligibility criteria and timeline. Since this is a subcommittee recommendation a second is not required. There being no objection the motion passed.

MOTION 2: Mr. Guillen moved for Council approval of the Awards Subcommittee recommendation to proceed with a 2010-2011 Standards-Based Roofing award process subject to the eligibility criteria and timeline. Project awards, up to $10 million, will be pending availability of funds by the expected award date at the January 2011 PSCOC meeting. Since this is a subcommittee recommendation a second is not required. There being no objection the motion carried.

5. 2011-2012 Standards-Based Capital Outlay Award Cycle

a. 2011-2012 Weight/Rank Methodology—New Mexico Condition Index (NMCI)

Mr. Chris Aguilar, PSFA staff, presented the 2011-2012 Weight/Rank Methodology for the next funding cycle to the Council. He gave a brief overview of the methodology noting that the Facility Assessment Database (FAD) is a tool that enables the PSFA to create the rank list for schools. Mr. Aguilar informed the Council that the New Mexico Adequacy Standards have been added to the Facility Condition Index (FCI).

Mr. Aguilar gave a brief overview on the following FAD system category types for Council consideration for the 2011-2012 award cycle as follows:

- Adequacy—Immediate Code/Life/Cycle
- Potential Mission Impact
- Degraded with Need to Mitigate Additional Damage
- Beyond Expected Life
- Grandfathered or State/District Recommended
- Adequacy—Facility Related
- Adequacy—Space Related
- Adequacy—Equipment
- Normal/Within Life Cycle

Mr. Aguilar noted that the same methodology was used in past years with great success. It provides a stable ranking yet it is flexible enough to allow the Council to address unforeseen changes. Mr. Gorrell stated that the PSFA studied the rural schools and the methodology seems to be equal to all districts.

MOTION: Ms. Smith moved for Council approval of the PSFA Subcommittee recommendation to continue the current NMCI Weight Ranking Factors for the 2011-2012 Standards-Based Award cycle. Since this is a subcommittee recommendation a second is not required. There being no objection the motion carried.

b. 2011-2012 Variance Renewal—Charter & Alternative Schools

Mr. Gorrell presented this item to the Council noting that the charter school variance has numerous items that the charters can not vary themselves. He explained that as each charter pass their five-year renewal, the PSFA staff conducts a site visit to assure that the educational specifications are developed and then compare the program delivery to the space needed. Mr. Gorrell went on to explain that the findings are then added to the ranking data. He informed the Council that the Public School Capital Outlay Oversight Task Force (PSCOOTF) is still in the process of studying charter schools. The PSFA is requesting that the Council allow the staff to continue with the current variances for all alternative and charter schools that have not been renewed.

MOTION: Ms. Martinez moved for Council approval of the Adequacy & Maintenance Subcommittee recommendation to continue the current variances for all alternative schools and those charter schools that have not been renewed. The charter schools that are in at least their first renewal period will be evaluated based on their current programs, enrollments and alternative facility use to determine specific facility needs and will be ranked accordingly. Since this is a subcommittee recommendation a second is not required. There being no objection the motion carried.

6. Subcommittee Reports

a. Awards Subcommittee Reports

- **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.

-- Penasco — Penasco Elementary School Roof Library & Lab Roof Renovations (R10-022)

This award was to increase the State share amount of the 2009-2010 Standards-Based Roof Award to re-roof the Penasco Elementary School Library and Lab by $5,554 (76%) contingent upon a district match of $1,751 (24%) in order to award the low bid for completion of the work. The district has their local match.

The bid received for the roofing work is in excess of available funding. The district requested additional funding to enable the completion of the project. The estimated project cost includes a contingency amount equal to 7% of the low bid plus NMGRT.

After review of bids received on June 22, 2010 from separate roofing contractors, and discussion with the design professional for the project, FBT Architects, as well as the district representative, it was the PSFA staff recommendation that the low bid from DKG & Associates be accepted as submitted and that the additional State

funding amount totaling $5,544 be approved as requested so that the project may be awarded and proceed to construction.

The net award for the Penasco Elementary School Roof (R10-022) totaled $5,544 and the net adjustment to FY-11 Supplemental Reserve was minus $5,544.

-- **Penasco—Penasco High School Roof (R10-023)**
This award was to increase the State share amount of the 2009-2010 Standards-Based Roof award to reroof the Penasco High School Vocational Building by $11,555 (76%) contingent upon a district match of $3,649 (24%) in order to award the low bid for completion of the project.

The bids received for roofing work are in excess of available funding, additional funding is requested to enable completion of the work. The estimated project cost includes a contingency amount equal to 7% of the low bid plus NMGRT.

After review of bids received on June 22, 2010 from separate roofing contractors, and discussion with the design professional for the project, FBT Architects, as well as the district representatives, it was the PSFA recommendation that the low bid from DKG & Associates be accepted as submitted and that the additional State funding amount totaling $11,555 be approved as requested so that the project may be awarded and proceed to construction.

The net award for the Penasco High School Roof (R10-023) totaled $11,555 and the net adjustment to FY-11 Supplemental Reserve was minus $11,555

Mr. Eaton highlighted FY-10 and FY-11 cost overruns, Phase II PSCOC projects and other portions of the financial plan. The Council thanked Mr. Eaton for his report.

- **Lease Assistance Awards**
Mr. Tim Berry presented this item referring the Council to the 2010-2011 Lease Application Received spreadsheet (see attached) that was made available to them in their meeting notebooks. He noted that the total of the lease applications for the 2010-2011 funding cycle totals $9,883,579 which includes the applications received from charter schools in the amount of $9,749,850. He reminded the Council that staff was directed to develop a conflict of interest questionnaire. Upon approval of the Awards Subcommittee, the questionnaire was sent to all districts and charter schools that have private leases to determine if there are conflicts of interest on behalf by any of the school personnel or board members on how school sites were selected. Mr. Berry referred the Council to the Conflict of Interest status report that was made available to them in their meeting notebooks. He noted that staff received responses from all but two schools (Las Montanas Charter School and La Union JTP/Alvarez Farms. The Awards Subcommittee deferred awards to these schools pending completion and submission of the Conflict of Interest Questionnaire to PSFA no later than October 22, 2010 for possible award consideration at the November 4, 2010 PSCOC meeting. The lease award for the Amy Biehl Charter School was requested to be deferred

pending renegotiation of their lease with the building landlord which was a condition of their previous award.

Ms. Maestas informed the Council that the Legislative Education Study Committee reviewed various issues regarding charter schools. The LESC directed staff to review the policies of locally charter schools since their policies may be different from that of the State-chartered charter schools. Mr. Berry noted that State-Chartered Charter Schools are required to have conflict of interest policies in place. He stated that when the conflict of interest form was developed by the PSFA, it was patterned similar to what the IRS would use for non-profit organizations. The Council complimented the staff for the fine job they did in developing the conflict of interest questionnaire and on the response status report.

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 with the following exceptions:

- The awards to Las Montanas Charter School and La Union JTP/Alvarez Farms are deferred pending completion and submission of the Conflict of Interest Questionnaire to PSFA no later than October 22, 2010 for possible award consideration at the November 4, 2010 PSCOC meeting.
- The award to Amy Biehl Charter High School is deferred pending renegotiation of the current lease between the charter and GSA which was a condition of their previous standards-based award. The school is requested to present the results at the October 27, 2010 Awards Subcommittee for possible award consideration at the November 4, 2010 PSCOC meeting.

Additionally, upon acceptance of awards by charter schools and school districts, the Council authorizes PSFA staff to distribute award amounts quarterly on a reimbursement basis upon receiving proof of lease payments made. The 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. Since this is a subcommittee recommendation a second is not required. There being no objection the motion carried.

- **Additional Funding/Emergency Funding/Award Language Requests**
  -- Cobre—Hurley ES—Advance Repayment Extension
  Mr. McMurray presented this request noting that the Cobre School District is requesting an extension for repayment of the advance awarded for Hurley Elementary. Upon review, the staff realized that an advance was also awarded for the Central Elementary School with the same advance payment deadline. The district is requesting that the Council give them an extension on the repayment of the advances. Mr. McMurray stated that the district has been working with their financial advisor, Mr. Charles Casey, and are proposing to hold a bond election in February 2011 and the district will pay off both advances at that time.

Ms. Smith noted that both schools had similar buildings awarded under the same bond issue. She noted that the Hurley Elementary School was well maintained while the Central Elementary lacked the preventive maintenance that was needed. Ms. Smith pointed out that the comparison of these two schools is an indication of the importance of preventive maintenance in all school facilities. Mr. Gorrell stated that the PSFA is attempting to assess all schools in the state for maintenance practices

MOTION: Mr. Guillen moved for Council approval of the Awards Subcommittee recommendation to extend the 2008-2009 advances to Cobre Consolidated Schools for Hurley Elementary School and Central Elementary School for an additional year until June 30, 2011. Since this is a subcommittee recommendation a second is not required. There being no objection the motion carried.

-- **Ft. Sumner—District-wide Improvements—Additional Funding/Waiver for Drainage**

Mr. McMurray introduced Ms. Patricia Miller, Superintendent of the Fort Sumner School District. Ms. Miller informed the Council that the besides requesting a delay on the repayment of their advance the district also wishes to address the district's drainage issues. She stated that a year ago when the district came before the Council they did not have a master drainage plan and have since completed a plan with the assistance of a civil engineer. Ms. Miller indicated that overall the district has invested approximately $16.4 million in renovating the campus to adequacy. She noted that the district continues to use Construction Manager at Risk (CMAR) for the remodeling and renovations of their buildings. Ms. Miller highlighted the status of currents projects in the district. She stated that the district is expected to do the preparation work for the drainage project. Ms. Miller said that the district is seeking external sources for funding for their capital projects. She informed the Council that the district applied for and received ARRA stimulus funds in the amount of $470,000 to support the necessary HVAC replacements for the gym/commons area. When accepting the most recent award, the district realized that these additional grants funds would ideally be returned to the Council. The district is requesting that the Council allow them to not pay the $470,000 from the ARRA Stimulus Funds at this time and instead use these advanced funds to address the drainage and paving issues on the campus. The district is also requesting an additional $505,562 for the state match to complete grading and paving established in the master drainage plan.

Ms. Miller stated that the district successfully passed a bond issue in February 2010 to meet the required match of $800,000 and the district has a small, available bonding capacity. She informed the Council that the district did not replace functional HVAC units on the elementary and middle schools in an effort to extend the construction budget on the current project. Future bond funds will be utilized to replace the units at the middle school and elementary school. Mr. McMurray noted that the project is near completion of Phase III which is the final renovation and remodeling of the elementary school and grading for the entire campus. The engineers were able to identify the additional work to meet the adequacy standards.

Mr. McMurray stated that the total amount needed to complete the work is $993,258 and the districts share (49%) amounts to $486,696 with the state share (51%) amounts to $506,562. Mr. McMurray clarified that the district's request is to utilized the federal stimulus funds and allow it to be converted from a payback of a previous awarded waiver and converted to an advance, which would be repaid with their future bonds issue.
In regard to the ARRA Stimulus Funds, Ms. Miller informed the Council that the funds came to the district through the Department of Energy and Minerals. Mr. Gorrell noted that no other district applied for the ARRA grant for full-scale construction. Mr. Abbey clarified that the district received a waiver for their local share with the provision that the waiver would be repaid if the district received federal grants. He explained that the Awards Subcommittee is proposing that Council delay the repayment until 2014. The delay does not adjust the local share and the district is expected to pay its share.

MOTION: Mr. Guillen moved for Council approval of the Awards Subcommittee recommendation to increase the state share amount of the 2009-2010 Standards-Based Award to Fort Sumner Municipal Schools by $506,562 (51%) for grading, paving and drainage work as established by the campus-wide master drainage plan, contingent on an additional district share of $486,696 (49%) which shall be in the form of an advance to be repaid no later than June 30, 2014. Mr. Hughes seconded and the motion carried.

-- **Gadsden—Gadsden HS—Increase Square Foot per Student Allowance**
Mr. McMurray presented this item to the Council stating that the Gadsden School District is requesting that the Council approve the overall square footage per student allowance of the 2008-2009 Standards Based award from 150 gross square feet to 160 gross square feet to bring the existing Gadsden High School to adequacy. He explained that the 2008-2009 award modified the previous 2006-2007 and 2007-2008 award to provide for the design of the entire Gadsden High School projects for a student capacity of 1,850 and the construction of the Trade/Music Building (Career Pathways) phase. The construction of the Trade/Music Building (including the demolition of the existing facility) will not proceed until the educational specifications, which will include complete campus utilization, are complete and determined to be consistent with the standards. The design goal for the entire campus was to be, as stated in the award language, 150 GSF per student to complete the project. At this time the district is requesting that the Council allow an increase to 160 GSF per student from the current 150 GSF per student as stated in the award. Mr. McMurray noted that the guidelines for adequacy have increased to 160 GSF per student. The guidelines for adequacy are currently being used throughout the State of New Mexico for other high schools. Mr. Gorrell noted that approval of this request allows for additional square footage in their existing building.

Ms. Smith asked for clarification for the purpose of the increase of square footage. Mr. McMurray explained that the district's request is for the total campus which consists of 15-16 buildings in the overall campus of 1,850 students. He stated that the request allows 160 GSF per student for the entire campus in lieu of the initial

goal of 150 per students as stated in the award. Mr. Abbey further explained that the 2008-2009 award was made at 150 GSF per student; the Council has since adopted a statewide standard of 160 square feet per student in all campuses. The Gadsden District is requesting that the Council increase the square footage per student as stated in the previous award and applies only to the Gadsden High School. The Council clarified that the purpose of this increase is to make the 2008-2009 award to Gadsden consistent with the state standards that were subsequently adopted by the Council.

MOTION: Mr. Guillen moved for Council approval of the Awards Subcommittee recommendation to increase the overall square footage per student allowance of the 2008-2009 Standards-Based Award to Gadsden Independent Schools from 150 gross square feet to 160 gross square feet to bring the existing Gadsden High School to adequacy. Since this is a subcommittee recommendation a second is not required. There being no objection the motion carried.

-- **Pecos—Pecos HS Gym Roof—Advance Repayment Extension**

Mr. McMurray introduced Mr. Roy Herrera, Superintendent of the Pecos School District. Mr. McMurray stated that the district is requesting an extension to repay an advance that was previously awarded to the district. He informed the Council that the district had a March 10, 2010 bond election that was defeated. The district will attempt an SB-9/2 Mill Levy election in February 2011 and a bond election in 2012. Mr. Herrera informed the Council that the district's bond elections have failed for the past 8 years and stated that the district would appreciate the assistance of the PSFA or PED staff to assist in explaining to the community the value of passing bonds. The Council suggested that Mr. Herrera contact Mr. Mark Williams, PSFA staff, for guidance.

MOTION: Mr. Guillen moved for Council approval of the Awards Subcommittee recommendation to extend the repayment of the emergency advance to Pecos Independent Schools for roof repairs at the high school gym for an additional year until June 30, 2012. Since this is a subcommittee recommendation a second is not required. There being no objection the motion carried.

-- **West Las Vegas—Valley EMS—Increase Funding to Finish Work Due to Contractor Default**

Mr. McMurray presented this item to the Council noting that the construction project funded (P05-057) was awarded to Jim Sena Construction Co., Inc. in the fall of 2005. The contractor has defaulted on the agreement and refuses to complete the remaining items of work. PSFA has diligently pursued the contractor and their surety to fulfill contractual obligations with no success. Due to contractor default, the district is requesting additional funding in the amount of $75,655.31 to complete work at the Valley Elementary/Middle School. Mr. McMurray explained that this is a 2005 project and there is difficulty in closing the project as the contractor is now in default of the contract. He indicated that the PSFA and the district have attempted to discuss this issue and have also written letters to the contractor and the surety with no response. The district has gone through mediation to determine what needs

to be done to complete the project to adequacy. Mr. McMurray noted that a third party contractor, Franken Construction, has been hired as well as a Job Order Contractor (JOC), as a third party consultant to review the cost to assist in determining what work is required in order to bring the school to adequacy. He noted that the PSFA has conducted several site visits, along with the design professional and the new proposed general contractor and a list has been compiled for the work that needs to be completed. Mr. McMurray noted that the amount of work needed totals $99,809 to complete the school to adequacy. The district is requesting $75,655 in state funding to complete the project and the district has its local match. Mr. McMurray stated that once the project has been completed, the PSFA intends to seek reimbursement from the contractor for these costs through the surety or other legal means. He stated that the proposals received for the work are in excess of available funding, and additional funding is requested to enable completion of the work. The estimated project cost includes a contingency amount equal to 30% of the proposed amount, to accommodate unforeseen expenses. Due to the circumstances regarding the general contractor's default on the agreement and his refusal to complete the remaining items of work, the PSFA staff recommends approval of an additional funding amount of $75,655.31 in order to complete this project to adequacy.

Mr. Abbey asked if the Council has ever recovered surety money. Mr. Gorrell answered in the negative stating that the PSFA has met with Ms. Sharon Ball and Mr. Burciaga and have agreed to set up an informal review process and the staff will present findings to the State Superintendent of Insurance. Mr. Gorrell indicated that the PSCOOTF has assigned a subcommittee to review performance-based contracting. The Council voiced concern regarding the state paying premiums with no benefits. The Council then asked how much is spent on premiums annually. Mr. Gorrell stated that the cost is approximately 1% to 2%. The Council asked if they have administrative authority to direct the staff to disqualify various contractors from bidding school work. Mr. Gorrell stated that there is concern regarding issues of black-balling as an agency without a transparent process. He stated that if there are complaints there is a fear of consequences of low bids. Mr. Gorrell indicated that a process needs to be put in place regarding pre-qualification and there is also a question of where the data would be housed. Mr. Burciaga asked what level of litigation was involved in the West Las Vegas project. Mr. Gorrell stated that the process is in the PSFA agreement and the PSFA has an attorney that advises the agency. He stated the strategy of the surety is to drag out the process which makes the progress slow. Mr. Gorrell suggested that rules be developed to improve the process.

The Council directed the PSFA Subcommittee to compile information as well as a flow diagram for all premium payments made for 10 years and to reflect attempts to seek recovery and also to include the amount spent on surety bonds. After the status report is compiled, the PSFA is directed to send a letter, as well as the status report, to the Chair of the PSCOOTF that outlines these issues and then report the findings to the full Task Force.

MOTION: Mr. Guillen moved for Council approval of the Awards Subcommittee recommendation to increase the state share amount of the 2004-2005 Standards-Based Award to West Las Vegas Public Schools by $75,655 (75.8%), contingent on an additional local share of $24,154 (24.2%) to complete the project to adequacy due to contractor default. The state share of any recovery from the surety or other legal proceedings will be returned to the Public School Capital Outlay Fund. Since this is a subcommittee recommendation a second is not required. There being no objection the motion carried.

- **Master Plan Assistance Program—FMP Application & Procedures**
  Mr. Gorrell presented this item referring the Council to the Master Plan Application and district map that was made available to them in their meeting notebooks. He stated that the application is no different that the application used last year which invites districts to apply for Master Plan assistance after their plans have expired. A draft letter addressed to all districts and charter schools was also presented to the Council that announces the 2010-2011 Facility Master Plan Assistance Program and explains the process and procedures of applying for the assistance. The letter will be sent to districts upon approval of the Council.

  MOTION: Mr. Guillen moved for Council approval of the Awards Subcommittee recommendation to send the 2010-2011 Facilities Master Plan application and procedures to all districts and charter schools in accordance with the timeline presented. The Council acknowledges the need for districts to develop a more detailed project description of their planned projects before they apply for standards-based funding and encourages districts to complete their educational specifications prior to the planning phase of the projects. Since this is a subcommittee recommendation a second is not required. There being no objection the motion carried.

b. Adequacy & Maintenance Subcommittee Report
There was not Adequacy & Maintenance Report at this time.

c. PSFA Subcommittee Report

- **PSFA FY-2012 Budget & Organizational Structure**
  Mr. Eaton presented this item to the Council stating that the Board of Finance is due to announce agency level FY-11 budget cuts in late August. Initial estimates project a 3.2% reduction in FY-11 budgets. The Department of Finance (DFA) may instruct agencies to submit flat budgets or budgets with further reductions for FY-12. He reminded the Council that the PSFA is not an executive agency (Executive Order 09-044) but the PSCOC may instruct the PSFA to conform to budget austerity directives aimed at other state agencies.

  Mr. Eaton informed the Council that the recommendation that was submitted to the Department of Finance and to the Legislative Finance Committee has the 3.2% reduction for FY-11. The base operating budget request for FY-12 should include the recurring cost for the FAD (VFA) software licensing and any other related recurring operating costs associated with transitioning to the VFA system. The FY-11 budget

after a 3.2% reduction is $5,659.9 thousand. The FY-12 base request (flat) including the recurring cost for the FAD software licensing costs ($201.6 thousand) is $5,861.5 thousand.

In regard to the organizational structure, the PSFA authorized staffing levels were reduced from 55 FTE to 51 FTE during the last legislative session. PSFA's FY-11 approved base operating budget is $5,847.0 thousand. PSFA also had budgeted appropriation balances for GIS development and has a BAR in process for the FAD development in the amount of $570.0 thousand. If deeper cuts are required (above the 3.2% cut), additional agency operating adjustments will be required.

MOTION: Mr. Ortiz moved for Council approval of the PSFA Subcommittee recommendation to approve the proposed FY-2012 budget and organizational structure of the PSFA. Since this is a subcommittee recommendation a second is not required. There being no objection the motion carried.

Fleet Vehicle Purchases

Mr. Eaton stated the PSFA has third party leases which are disadvantageous to the agency because once the vehicle reaches a certain mileage then the agency begins paying by the mile. He noted that this issue was reviewed with LFC last year and it was determined that the agency would be overcharged by $25,000 and it was also determined that the PSFA should purchase its own fleet. The PSFA had the available budget last year to purchase 15 vehicles and 5 were delivered prior to the fiscal year. The PSFA was notified by Financial Control that in order to proceed with the purchase of the vehicles, the agency would have to re-encumber the funds and then make payments. In order to complete the transaction for the vehicles and conform to the adopted modified accrual base accounting rules, the PSFA will need to request PSCOC approve a FY-11 budget increase of $164,710 and reissue the purchase order for the remaining 10 vehicles.

MOTION: Mr. Ortiz moved for Council approval of the PSFA Subcommittee recommendation to approve a FY-2011 budget increase of $164,710 to cover the previously authorized FY-2010 purchase of replacement vehicles which could not be delivered prior to the close of the fiscal year. Since this is a subcommittee recommendation a second is not required. There being no objection the motion carried.

7. Director's Report

a. Status Reports

-- Standards Based Capital Outlay Report

The Public School Standards-Based Capital Outlay Report was reviewed by the PSFA Subcommittee and sent to all PSCOC members prior to this meeting. This report is for informational purposes. No action is required.

The Public Education Department (PED) & PSFA jointly provide the report on the previously allocated PSCOC projects. The PSFA is responsible for awards beginning with the 2004-2005 cycle.

-- Lease Payment Assistance Report

The Lease Assistance Report was reviewed by the PSFA Subcommittee and sent to all PSCOC members prior to this meeting. This report is for informational purposes. No action is required.

2009-2010 Awards made at the July 30, 2009 PSCOC meeting were to 69 charter schools and 8 schools in 21 districts in the amount of $8.1 million. Total awards reimbursed as of September 2, 2010 total $7,868,569.80.

b. Red Flag Report

Mr. McMurray presented this item to the Council noting that there are 7 projects on the Red Flag Report. He highlighted the various projects explaining why they are included in the report. In regard to the Caton Middle School (Eunice District), Mr. McMurray noted that the district made the decision not to begin the middle school project until the Mettie Jordan Elementary School is under construction. The scope of work that will ultimately be defined for the Caton Middle School may be modified due to the master plan for the combined schools site accomplished during the Mettie Jordan Elementary School Educational Specifications process.

c. FIMS, PM Plans & FMAR Status

Mr. Martin Montano presented this item to the Council highlighting various portions and levels of districts and their progress contained in the FIMS Proficiency Status Report. He noted that there is an increase of proficiency on the FIMS modules. In regard to the Preventive Maintenance status, Mr. Martin reported that 53 districts have an updated plan in place, 20 districts are in the process of updating their plan and 18 have not updated their plan.

8. Other Business

a. 2010-2011 Workplan/Timeline

Mr. Berry presented this item referring the Council to the 2010-2011 workplan/timeline that was made available to them in their meeting notebook. He highlighted the various changes to the timeline noting that there is a conflict with the previously scheduled December 10, 2010 PSCOC meeting. Depending on the number of new applications from districts, it may be necessary to have a two-day meeting for district presentations. Upon discussion, the Council agreed to meet on December 8, 2010 and will determine if a two-day meeting is necessary.

b. Next PSCOC Meeting—Proposed for November 4, 2010

After discussion, the Council unanimously agreed to hold their next PSCOC meeting on November 4, 2010.

c. CID Proposed Code Changes on PSCOC Projects—Update

Ms. Martinez presented this update to the Council noting that it is an informational item. She reminded the Council that CID presented this item at their last PSCOC meeting. In regard to the cost associated with school construction, Ms. Martinez stated that CID provided a presentation to the Legislative Finance Committee regarding the codes,

standards and cost. Upon request by the Council, Mr. Raymond Hensley compiled a commercial modeling report and additional information.

Mr. Hensley indicated that there are significant code changes that are being proposed. He noted the approximate cost and approximate benefits that are associated with Building Envelop Insulation Values, Building Fenestration Values, Outdoor Intakes, Programmable/Set Back, Pre-Warm and Cool, Gravity Dampers, Freeze Protection with Thermostatic Control, Demand Control Vent, Energy Recovery, Test and Balance, and Lighting (see attached). Mr. Hensley highlighted the changes between the 2006 and the 2009 IECC amendments. In regard to the programmable setback, Mr. Hensley stated that there are really no changes that are not already in the 2009 code.

Mr. Abbey voiced concern regarding the unknown costs and that schools may have cost increases. Mr. Gorrell agreed that the items Mr. Hensley mentioned are best practices and PSFA has applied and considered each of the items on individual projects but it should not be codified because not all classrooms are alike. He stated that every project has different circumstances that need to be considered. Ms. Martinez informed the Council that CID is requesting that the commission delay implementation of Sections 503 (testing and balancing issues) and Section 506 (alternative options for meeting the energy code requirements which pertain to chemical, lighting and plumbing) until 2013 because they were very costly and the materials and equipment were not readily available. Ms. Martinez informed the Council that the Construction Commission moved to adopt the majority of the codes that were proposed. She stated that there were some questionable issues regarding commercial codes which will go back to public hearings on September 16th, 17th and 20th in Las Cruces and Santa Fe. The final proposals will be presented to the commission on September 24th for final adoption.

Public Comments
There was no public comment at this time.

Adjourn
There being no further business to come before the Council the meeting adjourned at 11:45 AM.

David Abbey
Chair

11-4-10
Date