

**PUBLIC SCHOOL CAPITAL OUTLAY COUNCIL MEETING
MINUTES
November 10, 2016
STATE CAPITOL BUILDING, ROOM 317
SANTA FE, NEW MEXICO**

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

1. **Call to Order**—Chair Abbey called the meeting to order at 8:35 A.M.
 - 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**—There were three items under correspondence; Director Gorrell's retirement letter, a letter from a student at Glenwood ES thanking PSFA for the roof repair and a letter from the Central School District thanking PSFA for conducting the Construction Outlook Forum.
 - c. **Approval of Minutes (July 25, 2016)** - Mr. Guillen moved for Council approval of the September 26, 2016 minutes, subject to technical corrections. Ms. Kelly seconded. Motion carried.
2. **Public Comment**—Ms. Patricia Matthews, Matthews Fox Law Firm, stated she would be commenting on agenda items 6A and 6B which relate to the legal opinion PSFA received on if the Capital Outlay Council should, within their authority, be looking at whether or not leases comply with 22-8B-4.2 NMSA 1978 and whether Council should be giving an opinion on such, and on agenda item 6C regarding standardized leases, noting the long standing concern of whether or not a standardized lease, when trying to negotiate in the commercial market, actually works. Ms. Matthews proposed additional discussion on the concept of having standardized terms that could be adopted and perhaps a cover sheet that would simplify for PSFA its review of these leases and quickly designate in the lease where the items they need to be reviewing would be found.
3. **PSCOC Financial Plan**
 - a. **PSCOC Financial Plan**

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

Per Subcommittee request, PSCOC Financial Plan Option 3 was presented. This option reflects, side-by-side, the financial plan as it was depicted in September, the financial plan as it stands for November and the option for solvency. Option 3 was put into place after review by DFA, LFC and LESC and recommendations to address SB4 and SB8, which were enacted during special session for PEDs instructional materials and transportation fund.

Ms. Irion reviewed actual changes incorporated. Included for project reversions from SB8 of \$12.4 million and estimated potential project reversions of \$4.2 million. Also included in the financial plan are Lease Assistance Awards with a potential allocation of \$15.6 million for FY17. After review of the financial plan, there is a change to the Broadband Deficiencies Correction Program Awards for FY17; last month's financial plan reflected a need of \$6.8 million, it has been determined this additional expenditure is not required for FY17; however, in out-years FY18-19 under Option 3 \$8 million has been included for FY18 and \$7 million has been included for FY19. Also under the financial plan option is HB219; in the previous financial plan there was \$5 million allocated in FY18-19 for New Mexico Pre-K which has now been removed. The current PSFA operating budget was approved at \$6,039,700; Option 3 includes a reduction to \$5.8 million in FY17 and additional reductions in out-years. Emergency Reserve for Contingency has been reduced to \$1 million for each year in FY17-21. Following discussion during the recent Awards Subcommittee meeting Alamogordo Combined construction funding is being kept in 2018 Q1, there is no delay for the project, however the plan incorporates a \$1.5 million demolition to be moved into 2019 Q3. Another change made to bring the financial plan solvent under Option 3 is to move Clovis Highland ES construction funding. The district is amenable to this change and the project was moved from 2018 Q1 to 2018 Q3. Systems initiative and standards-based awards in FY17-21 are reduced based upon potential funding availability.

Following discussion on HB219, Mr. Abbey suggested it be listed in the last year it is authorized for expenditure. Ms. Gudgel pointed out that Option 3 reflects \$8 million for Broadband which is higher than the scenario presented in Subcommittee; Mr. Abbey asked about the different amounts and Ms. Gudgel replied the material presented at Subcommittee included scenarios with a zero dollar amount versus \$6 million and staff had been asked to come up with a third option in order for Alamogordo to be funded on time. Ms. Clarke stated there was discussion during the AMS Subcommittee on how SB4 funding should be reflected on the financial plan and felt it should not be included in either sources or uses since the awards will not go through the PSCOC.

MOTION: Ms. Clarke moved for Council adoption of financial plan Option 3 for solvency. Mr. Aguilar seconded. Motion carried.

b. Certification of SSTBs

Discussion: The certification is for the upcoming sale in December. The anticipated capacity is \$9,663,000 with a certification need estimated at \$25,082,799. Projects within the certification include: Bernalillo Santo Domingo ES for \$1.5 million; Gallup Lincoln ES for \$4.7 million; Capitan ES/HS for \$1 million; Belen Rio Grande ES for \$9.4 million; NMSBVI Quimby Gymnasium for \$1.7 million; NMSBVI Sacramento Dormitory for \$2.1 million and Systems Initiative for \$3.9 million. Additional lease assistance is also included at \$1 million. Per Ms. Clarke, the exact amount of the supplemental tax note will be known in late December.

MOTION: Council approval of the Awards Subcommittee recommendation to adopt the Certification and Resolution to sell SSTBs subject to review by Deputy Secretary Clarke and Chair Abbey verifying the amounts. Since this is a Subcommittee recommendation a second is not required. Motion carried.

c. Recertification of SSTBs

Discussion: Ms. Irion reviewed the Recertification Reconciliation Worksheet, noting the original certification for long term debt is \$81,011,691. Items pending budgets in SHARE are Mountainair Jr. / Sr. HS for \$8,644,126 and Gallup Lincoln ES for \$9,270,979. The original arbitrage certificate did not include these two projects and the recertification is requested so dollars can be expended.

Mr. Peralta noted the descriptions for Las Cruces HS and Socorro San Antonio ES under Exhibit A are identical and asked Ms. Irion to verify the information and correct.

MOTION: Mr. Guillen moved for Council approval of the staff recommendation to adopt the Resolution, Notification and Certification amendment for reauthorization of unexpended bond proceeds as follows: 2015B in the amount of \$17,915,105 to PSCOC award projects totaling \$17,915,105. Ms. Gudgel seconded. Motion carried.

d. Update on Project Closeouts for Potential Reversion (*informational*)

Discussion: Staff has updated the project closeout spreadsheet with a column indicating final reversions. Of the 209 projects slated for closeout, 58 have been completed. Staff is behind schedule and anticipates completion and a final reversion amount reported to Council in December. Mr. Aguilar expressed displeasure suggesting caution be used when determining deadlines as it doesn't make PSFA look good and gives Council false expectations if they are not met. Ms. Kelly asked Ms. Cano if the \$1.3 million for Atrisco Heritage was pulled out of contingency; Ms. Cano stated the amount reflected is due to the district to complete the closeout and will come from the \$5 million set aside in the financial plan for project closeouts. Ms. Kelly reminded staff during AMS she had requested the amounts spent on emergencies versus contingencies be listed. Ms. Cano clarified the \$1.3 million was neither a project cost overrun or an emergency and was actually a cost within the original project budget allocated for award. Mr. Abbey asked how staff ensures districts are not providing improper receipts; Ms. Cano replied that proof of payment and the associated contractual documents are required.

Ms. Gudgel stated it might be thoughtful to include language in awards that once projects are finished districts have a certain period of time to complete the work for closeout. Ms. Cano stated there is currently a stipulation within the MOU indicating no later than 18 months after substantial completion of construction the financial closeout will be complete. Agreeing 18 months is a long timeframe, Mr. Guillen stated the Awards Subcommittee would be happy to take a look at this and offer ideas to consider on reducing the time for financial closeout. Mr. Abbey requested staff write a guideline and bring to Council in January.

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

a. Espanola – P12-006 – Velarde ES – Phase 2 Request to Proceed

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

Discussion: The district is seeking Council approval to proceed with the project. The original award, made in July 2011, was for 145 students, grades K-6 with certain adequacy standards variance; project cost to adequacy was \$4,545,645. There was a Phase 1 state match offset and

a Phase 1 district match of \$454,565. The award also included a modification of the previous FY05-06 Alcalde ES award to reduce core capacity to 200 students, grades K-6.

An assessment was recently conducted to determine if the deficient conditions still existed; it was determined conditions had improved slightly per some improvements. Based upon a letter received from parents and students, Mr. Guillen felt staff should reassess the project to ensure the assessment was accurate.

Mr. Eric Martinez, Superintendent, Espanola Public Schools and Mr. Adan Cordova, Facilities Manager, commented that the district is ready to move forward with construction and felt the assessment was done in haste. Referring to the Velarde ES handout, Mr. Martinez stated the original building was built in 1932, with additions made in 1982 and 1992. Though there have been upgrades to the HVAC and roof, both systems are near or at 100% expired. There are concerns with lead based paint and adobe structural issues; in addition, the building is not to adequacy. Mr. Abbey inquired about Alcalde's capacity as it is brand new and located four miles away; Mr. Martinez replied it has capacity of 200 and is currently at 227 students. Upon asking for audience comment, Ms. Leslie Marsh and Ms. Antonia Valdez, Velarde ES employees agreed the renovation was needed adding there were numerous concerns with HVAC, rotting door frames, water fountain issues and swaying exterior walls. Mr. Abbey proposed the Awards Subcommittee revisit this item after additional information is provided.

MOTION: Council approval of the Awards Subcommittee recommendation to rescind the unexpended balance of the 2011-2012 award to the Espanola Public Schools for Velarde Elementary School. Any unused portion of the direct appropriation offset of Phase 1 planning and design will apply to a future award.

AMENDED MOTION: Mr. Guillen moved to table this item until further information and detail is provided. Ms. Gudgel seconded. Motion carried.

b. Espanola – P16-002 – Abiquiu ES – Award Language Change and Phase 1 Design Funding

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

Discussion: The award currently states up to 150 students, the motion reduces the design capacity up to 130 students based on recent enrollment utilization. Additionally the building systems analysis report indicates there is the possibility of a reduction in square footage. The facility currently has nine classroom and for 130 students, only seven classrooms are needed. If classrooms were at capacity the facility could hold 158 students which allows for possible future growth. Mr. Martinez acknowledged the enrollment trends were accurate. Mr. McMurray proposed in order to right size the school that two classrooms be considered above adequacy which the district would then be responsible for the costs to renovate. Mr. Tillotson stated the FMAR was 51% which reflects poor maintenance. Discussions have taken place with the maintenance supervisor; they are progressing with their maintenance plan and are responding to recent FMAR findings in an effort to improve their scores.

MOTION: Council approval of the Awards Subcommittee recommendation to amend the 2015-2016 standards-based award to Espanola Public Schools for Abiquiu ES to include Phase 1 planning and design to adequacy for up to 130 students, grades K-6, with an increase in the state share amount of \$135,059 (63%), and a corresponding increase in the local share amount of \$79,321 (37%). Since this is a Subcommittee recommendation a second is not required. Motion carried.

c. Ruidoso – P15-013 – Nob Hill ES – Phase 2 Request to Proceed

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

Discussion: The district is offering to use their money to proceed and when Council has funding available the district would be reimbursed the state share they advanced. Ms. Clarke expressed concern as Council is being asked to commit future funds. Ruidoso School Board President Mr. Greg Cory acknowledged the state's financial challenges, noting the state portion is 10% or less. A bond was passed earlier this year to get the project started; the project and scope was designed to save money; classrooms are being consolidated with an existing campus, overhead is being reduced and food services is also being consolidated. Demolition has been slated to commence in December. The district has retained adequate cash reserves and is requesting the project be started as quickly as possible. Ms. Gudgel was concerned about the 2017 Q3 repayment requirement and asked about possible difficulties if Council could not meet that deadline. Superintendent Dr. George Bickert replied the district was comfortable if the state match was delayed to 2017 Q4 or 2018 Q1 as they are not guaranteed to need the money in 2017 Q3. Ms. Gudgel also asked if there were any arbitrage issues with the bonds; Mr. Bickert replied there were none. Ms. Clarke clarified tax exempt proceeds could not be used to pay past expenditures and taxable sponge note proceeds would have to be used.

MOTION: Council approval of the Awards Subcommittee recommendation to amend the 2014-2015 standards-based award to Ruidoso Municipal Schools for Nob Hill Elementary to include construction to adequacy for 192, grades Pre-K/K. Based upon current estimates, the district may proceed with construction at 100% district funding at this time with an increase in the total project cost of \$10,177,229. An increase in the state share amount of \$1,111,088 may be released for expenditure in the third quarter of calendar year 2017 pending funding availability and final approval by the PSCOC; at which time the district funding for the project will be reduced by the state share amount. Since this is a Subcommittee recommendation a second is not required. Motion carried.

d. Silver – P14-024 – Aldo Leopold Charter School – Rescind Award

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

Discussion: With new leadership at both the charter school and district, Mr. Wayne Sherwood, Executive Director at Aldo Leopold, is hopeful they may be able to identify space at either Western New Mexico University or within the Silver School District. The charter has requested existing funding totaling \$50,000 be left in place for a feasibility study to assist them in exploring their options.

MOTION: Council approval of the Awards Subcommittee recommendation to rescind the 2013-2014 standards-based award to Aldo Leopold Charter School. The previously-funded early planning award will remain available for the feasibility study in order to consider new options for the school. Any funding not expended within 18 months will revert to the Public School Capital Outlay Fund. Since this is a Subcommittee recommendation a second is not required. Motion carried.

e. Broadband Deficiencies Correction Program Awards

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

Discussion: Motion 1 relates to fiber and Category 2 equipment projects recently approved by the E-rate program; Motion 2 relates to a renewal of the E-rate support agreement.

Per Mr. Viorica, the Category 1 fiber project connecting Columbus ES to Deming Central Office is lower than estimated. The project will increase the connection speed available to Columbus ES and reduces the price per megabit. Drawing attention to the list of Category 2 projects, Mr. Viorica indicated Albuquerque, approved at the last Council meeting, had an adjustment to the state match amounting to an increase of \$1,969. Ms. Kelly stated PSFA had estimated \$33 million for fiber project costs; now that USAC has issued their funding commitment letters it appears the costs are significantly less. Mr. Viorica replied the total was approximately \$18 million; according to Ms. Kelly USAC approximates \$23.6 million based on the 471s and suggested they compare notes to ensure they are on the same page. Governor Martinez did send a letter to the CEO of USAC encouraging the expediency of issuing the awards for the districts that had applied for 471. Mr. Abbey inquired how the lower costs affected the financial plan; Mr. Viorica stated it was unknown as the projects are in the development stage; though there is a “not to exceed” amount in place projects listed in the financial plan would be revisited in March 2018 after proposals are received from vendors.

Regarding Motion 2, Mr. Viorica stated this was an agreement procured under an RFP for an E-rate consultant to assist the BDCP Education Initiative for schools that need assistance with the complex E-rate program. The total agreement amount is \$212,089.69 annually. Though the Broadband program is extremely valuable, Ms. Gudgel felt Council needs to be cautious about expectations in terms of future commitments; Mr. Abbey agreed. Upon asking for audience comment on the E-rate program; Ms. Ragen Blankenship, Director of Technology at Deming Public Schools, Mr. Jason Johnson, Executive Director of IT at Albuquerque Public Schools, Ms. Karen Bolander, Executive Director of IT at Rio Rancho Public Schools and Mr. Rusty Rucker, Technology Coordinator at Regional Educational Cooperative #6 all expressed gratitude to have had the E-rate assistance available and added that the program was a great opportunity in meeting future expectations.

Mr. Abbey requested Awards Subcommittee work with staff to revisit the funding formula to ensure we are being equitable in dealing with all needs; keeping in mind the needs of the district, conditions being dealt with and the financial struggles the state faces.

MOTION 1: Make Broadband Deficiencies Correction Program (BDCP) awards of actual E-rate approved project amounts to provide the state match for application funding year 2016 to

the districts set out in the Revised State Match columns of the award spreadsheets on pages 2 and 3 of this agenda item 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.

and

MOTION 2: Make Broadband Deficiencies Correction Program (BDCCP) award Not to Exceed \$220,000 to renew the statewide agreement to provide E-rate assistance to all the public schools, to the Broadband Deficiencies Correction Program and to the State E-rate coordinator in order to maximize the amount of federal funding New Mexico public schools receive from the program. Since this is a Subcommittee recommendation a second is not required. Motion carried.

5. 2016-2017 Standards-Based Capital Outlay Awards Cycle

a. 2016-2017 Lease Assistance Awards

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

Discussion: Staff looked at 25 charter schools where 50% awards were made; a number of those schools have since come in to compliance by submitting affidavits or lease amendments to ensure the owner maintains adequacy. The motion requests the adjustment of the awards to 100% for the schools that are in compliance. Of the 25 charter schools, 15 have become compliant; the award for the additional 50% would be \$1,187,775. Ten charters remain non-compliant, however staff continues to receive documentation and will bring additional recommendations in December. The 15 schools requesting approval for award include: The GREAT Academy, New Mexico International School, Nuestros Valores Charter School, Academy of Trades and Technology HS, Six Directions Indigenous School, Corrales International School, The Montessori ES, ACE Leadership HS, Sandoval Academy of Bilingual Education, Mosaic Academy, La Promesa Early Learning Center Charter School, South Valley Preparatory School, Monte del Sol Charter, The ASK Academy and Technology Leadership HS.

Ms. Matthews thanked Ms. Gudgel, Mr. Guillen and the Awards Subcommittee for working with the charter schools

MOTION: Council approval of the Awards Subcommittee recommendation to make awards for charter schools previously awarded at 50 percent identified in the attached spreadsheet as compliant with Section 22-8B-4.2 NMSA 1978 and PSCOC documentation requirements at 100 percent of the maximum allowable lease assistance amount. 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. The Council may also authorize reductions if the scheduled attendance does not fully utilize facility, or operational use changes from classroom to non-classroom uses. Since this is a Subcommittee recommendation a second is not required. Motion carried.

b. 2016-2017 Master Plan Assistance Program Awards

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

Discussion: Of the 20 applications received; 17 were from school districts and 3 were from state-chartered charter schools. The total amount requested, without waivers, is \$451,332.49; there is an estimated budget of \$500,000. Staff recommends no award for two applicants: Espanola as their FMP is valid until 2019 and SAMS as they have not yet been renewed and are not eligible for an award. Staff did not have time to validate the statements of financial position submitted for the 4 waiver requests and determined since awards are due in March a full examination could take place in April on any of the requests.

MOTION: Council approval of the Awards Subcommittee recommendation to make the 2016-2017 Facilities Master Plan awards as listed to the districts/state charters up to the estimated amounts specified in the spreadsheet on page 1 of this agenda item. These amounts represent the state share portion of the estimated cost to develop a facility master plan at each of these districts/state charters to the PSFA guidelines and require a corresponding district match as set forth in the current state/local match formula. The four requests for waivers are postponed; based upon execution of contracts for awards and budget availability, waivers for those districts will be considered at the April 2017 PSCOC meeting. Since this is a Subcommittee recommendation a second is not required. Motion carried.

c. Systems Initiative

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

Discussion: Ms. Diaz reviewed the summary of changes made to the pre-application and scoring criteria. Members expressed concern over the possible 60 point allocation as schools that do not require a reduction of square footage would receive zero points thus changing the maximum allowable they could receive to 50. Extensive discussion ensued on how to adjust the point imbalance. Mr. Abbey clarified the need for schools to be ranked appropriately against each other and proposed schools either get the 60 points as outlined or they get 50 points prorated to 60 by taking their score and multiplying by 1.2.

Mr. Abbey asked how much money was available for the systems initiative this year; Ms. Irion replied with the adoption of Option 3 there is \$10.7 million available. Mr. Abbey asked if there was a sunset on the no waivers and no advances criteria. Per Ms. Cano, the only requirement was that funds be expended within three years of the allocation; Ms. Gudgel added that SB4 removed all limitations for the program. Mr. Abbey proposed there be a one year sunset on no waivers or advances; Mr. Guillen counter proposed a three year sunset on the current application and ranking, and members agreed. Council also agreed to use the prorated version for the 10 points for districts that don't need to reduce space. Staff to bring back to AMS.

MOTION: Council approval of the AMS Subcommittee recommendation to approve the 2016 draft systems scoring criteria (page 5) and pre-application (pages 6-18) for ranking Systems Initiative projects, and pending the funding availability, proceed with releasing the pre-application to districts.

AMENDED MOTION: Ms. Kelly moved for Council approval of the AMS Subcommittee recommendation to approve the 2016 draft systems scoring criteria (page 5) and pre-application (pages 6-18) for ranking Systems Initiative projects, and pending funding availability, proceed with releasing the pre-application to districts inclusive of a three year sunset on the Systems Initiative rules and inclusive of a 50 point pro-rated scoring criteria. Ms. Clarke seconded. Motion carried.

d. 2016-2017 Work Plan/Timeline (*informational*)

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

Discussion: Ms. Cano noted potential conflicts for the December 16th PSCOC meeting. Following discussion, Council agreed to move the meeting to December 21st at 8:30 a.m.

6. Other Business

a. PSCOC Role in Compliance with 22-8B-4.2 NMSA 1978

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

Discussion: As noted in the executive summary, it is the opinion of staff that Authority has a limited scope of responsibility with respect to leases and lease purchase agreements and it is the charter authorizers who have authority and responsibility for all other assurances of charter school statutory compliance. Ms. Gudgel stated a meeting has been scheduled to further discuss if PSFA and PSCOC are the appropriate groups to do this and felt it was premature to share with the Task Force until further discussion took place. Mr. Aguilar stated the memo was an attorney's opinion of the duties of the PSFA; adding that statutory responsibility for PSFA is to support the PSCOC, not to determine on their own what they should or should not be doing and agreed this should not be shared with Task Force at this time. Ms. Clarke felt a full legal review should take place and commented if the Council and PSFA hired an attorney to advise on certain matters it needs to be understood attorney-client privilege exists and should never be waived without Council approval.

MOTION: Council approval of the AMS Subcommittee recommendation to the PSCOOTF to review the PSCOC Role in Compliance with 22-8B-4.2 NMSA 1978 for implementation.

AMENDED MOTION: Ms. Gudgel moved to table the motion until further discussion took place. Ms. Clark seconded. Motion carried.

b. Charter Renewals (*informational*)

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

Discussion: There are 24 charters pending renewal by PEC. Of the 24, 14 have met requirements under statute. Ms. Matthews commented of the 10 that had not met requirements, there were mistakes regarding the information upon which the determination was made and there is a difference of opinion as to whether or not leases do contain legally sufficient language. Ms. Matthews reiterated when opinions are rendered as to whether an existing lease is sufficiently compliant with statute problems will continue to arise.

c. Standardized Leases

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

Discussion: Mr. Aguilar, Ms. Matthews, Ms. Fox, and PED general counsel have recently met to discuss lease purchase agreements. There are issues with the pledge and covenant components and work continues on what is considered a substantially approvable template with specifics for different circumstances.

MOTION: Council approval of the AMS Subcommittee recommendation to the PSCOOTF to review for implementation a requirement that all charter schools that receive lease assistance, use the PSCOC approved Standardized leases for Lease Agreements and Lease Purchase Agreements.

AMENDED MOTION: Ms. Kelly moved to table this discussion until the December PSCOC. Mr. Aguilar seconded. Motion carried.

d. FY16 Annual Report

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

Discussion: Ms. Gudgel asked if the annual report went through formal edits; Ms. McEuen stated staff has edited it multiple times and authors have reviewed their articles however it has not gone through a professional editor.

MOTION: Council approval of the AMS Subcommittee recommendation to delegate final approval, authorization to print and distribute the FY2016 Annual Report to LCS Director Burciaga. Since this is a Subcommittee recommendation a second is not required. Motion carried.

e. Maintenance Cost Codes

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

Discussion: During the AMS Subcommittee, items were reviewed regarding maintenance cost codes with some reviewed by PED regarding the potential implementation within the current system. Ms. Irion stated there are some cost constraints with regard to the OBMS System as this would require some reporting functions be changed within the reporting mechanism. Ms. Kelly stated this was intended to be an informational item and not an action item.

MOTION: Council approval of the AMS Subcommittee recommendation to the PSCOOTF to review the maintenance cost codes for implementation.

AMENDED MOTION: Ms. Kelly moved to table this discussion. Mr. Aguilar seconded. Motion carried.

f. Ben Lujan Maintenance Achievement Awards (*informational*)

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

Discussion: PSFA recognized 11 districts for their performance in maintenance and operations. Superintendents and board members also had the opportunity to award their individual staff for maintenance and custodial services. Mr. Tillotson thanked Mr. Burciaga for being the keynote speaker during the awards luncheon.

g. PSCOC Subcommittee Meetings

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

Discussion: The issue is whether or not subcommittees should be open meetings. Ms. Clarke's understanding is if a subcommittee is delegated authority to take final action the meeting should be open however, if the subcommittee is making a recommendation to Council then it does not have to be open. Ms. Gudgel added if there are discussions that directly impact certain people and they ask to attend they should be allowed to do so. Mr. Abbey suggested that the determination of an open or closed subcommittee meeting would be a discretion of the Chair of each subcommittee.

h. Succession Plan for PSFA Director

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

Discussion: Ms. Sawyer is working on a job description, and advertisements will be placed in January with various outlets and a selection committee will review applications to determine the top three for interviews. Mr. Guillen stated it would be helpful if the timeline indicated which items were to fall under executive session and recommended the full Council be involved in the process of identifying a new executive director. Discussion ensued on the timeline and Council's involvement; Mr. Abbey proposed the AMS Subcommittee members be the selection committee and Council's involvement should include reviewing the list of all applicants at some point. AMS will make a recommendation on the top three candidates to interview. Another matter to consider is a possible terminal leave payout; Mr. Abbey suggested this be dealt with in budget projection.

7. Informational

a. Broadband Deficiencies Correction Program Status Report

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

b. PSCOC Project Status Report

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

Mr. Abbey asked about Albuquerque Arroyo del Oso ES, Ms. Viscarra stated the district is working to decide on how to move forward. A feasibility study has been done and staff anticipates they will request an awards language change in January.

c. Master Plan Project Status Report

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

d. Lease Assistance Status Report

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

Based upon Council action, there are now 93 compliant schools for a total of \$15,099,589.

e. Maintenance Program Status Report

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

f. FY17 PSFA Budget Projection and Personnel Update

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

Per Ms. Sawyer, the agency looks to revert approximately \$321,000 for FY17 with \$319,000 coming from personnel services and employee benefits.

Ms. Gudgel stated in the adopted financial plan the budget was changed from \$6 million to \$5.8 million and, referring to the pending positions listed in the executive summary, asked if the \$321,000 anticipates those positions being filled; Ms. Irion stated it does not. Mr. Abbey clarified by adopting the financial plan at \$5.8 million; it was a guidance for lower spending, not necessarily a directive to submit a revised budget. Mr. Aguilar disagreed as every agency has been asked to take a cut. Ms. Clarke agreed there was no formal action to reduce the budget but did feel it was warranted and reminded members the financial plan calls for a one-step phased-down budget over remaining years. Ms. Irion reminded members of the need to incorporate any overlap for the departure of the executive director.

8. Executive Session

MOTION: Ms. Kelly moved for Council 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.

Roll call:

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

9. Reconvene to Open Session

MOTION: Ms. Kelly moved for Council approval to reconvene from executive session pursuant to the Open Meeting Act NMSA 1978, 10-15-1(H)(2) for the stated purpose of discussing the performance evaluation for the PSFA Director. Only the above referenced item was discussed and no votes were taken.

Roll call:

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

- 10. 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 1:06 p.m.

Said Alay Chair
12/21/16 Date