

**PUBLIC SCHOOL CAPITAL OUTLAY COUNCIL MEETING
MINUTES**

December 21, 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 8:45 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**—None.
 - c. **Approval of Minutes (November 10, 2016)** - Mr. Guillen moved for Council approval of the November 10, 2016 minutes, subject to technical corrections. Mr. McMurray seconded. Motion carried.
2. **Public Comment**—Chair Abbey had all guests and PSFA staff introduce themselves.
3. **District Presentation – Rio Rancho – Shining Stars Pre-K Facility – Status of Awards & Plan for Facility (*informational*)**

Mr. Alfred Sena, Executive Director of Facilities, Rio Rancho Public Schools, spoke on the Shining Stars Pre-K facility. The facility was inherited from the Albuquerque Public Schools (APS) system and over the years numerous renovations have been done. The pre-school has gotten to the age of its lifecycle and is in need of replacement; as identified in the 2005-2006 Master Plan. The district has been unable to put money towards the project due to growth in regular K-12 facilities. A bond election occurred in August 2016 and the pre-school was identified as a critical need for the district. An award notification was received in August as was a notice regarding a Capital Outlay freeze. The construction process was stopped and PED was contacted on whether the award would be frozen as well; the district received notice it would not be affected. There were two awards, the smaller is to revert in June 2017; the larger reverts in 2018. The two awards total approximately \$890,000. The district was informed they could not repurpose the funds due to statute and the award language. The school board met on December 12th to identify how quickly a facility could be constructed and opened; the preliminary schedule indicates December 2019. Education specifications have been planned, land has been identified and design will occur after the land is acquired. Mr. Aguilar noted this was a PED award to Shining Stars; there were no offsets applied and no match requirements. What was conveyed to PED staff was that renovations would

be made to a facility destined to be demolished within three years. As this is not a prudent use of taxpayer money it is not an allowable expense. Mr. McMurray asked if the facility was still going to be demolished in three years, Mr. Sena replied that the project is designed not to be on the existing campus. The board requested a feasibility study of construction to utilize the existing campus. The campus, approximately 12 to 13 acres, sits on a congested corner and is bound by drainage property, a main thoroughfare and a neighborhood. The feasibility study determined the site needs to be larger and in a different location due to the difficulty of building on the existing campus and operating the program at the same time. The school populates roughly 600 half-day students; 300 in the morning and 300 in the afternoon; and a challenge faced daily with the pre-school is the arrival and departure of approximately 300 parents four times a day. Mr. Gorrell stated there was a FY13 award for \$456,138 to renovate ten classrooms for Pre-K, the district matched that with \$313,502. Mr. Aguilar reiterated the classrooms were renovated in a facility due to be demolished. Ms. Sena stated the district has not yet determined if the school will be demolished as the campus lends itself to other uses such as alternative programs and district services. Mr. Aguilar remarked that PSCOC funds could not be used for district administrative facilities, expressed displeasure the district offices were to be moved and added the award was not made for an alternative school. Mr. Abbey urged PED to work as quickly as possible to find a home for the funds.

4. PSCOC Financial Plan

a. PSCOC Financial Plan

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

Ms. Irion began by saying she would review the financial plan with the status from last month with awards made, revenue estimate changes impacting the financial plan, advance repayment status and the PSCOC fund balance.

Awards were made for Española Abiquiu ES for \$135,059, Broadband Category 1 for \$34,314, Broadband Category 2 for \$142,281 and the Broadband Statewide E-rate agreement renewal for \$220,000. Total awards were \$531,654. Updated revenue estimates reflect a reduction of 7.4% between FY17-21. In total, the financial plan has realized a reduction of 5.7%. There will not be a SSTB issuance in December in order for the Board of Finance to meet their debt service over the next two periods; reserves are approximately \$10 million below what is needed in order to meet the debt payments. Based upon the revenue estimates, the following adjustments were made to the financial plan; \$4.5 million for Gadsden HS was moved from 2017 Q2 to 2017 Q3 and \$1 million for Capitan ES/HS was moved from 2017 Q3 to 2018 Q3. Action for NMSD Delgado Hall will be taken in January 2017, however it is recognized within the financial plan. Bond C will fund this project resulting in a favorable change to the financial plan of \$2.5 million. Roswell Del Norte ES also reflects a favorable change of \$322,475 and \$2.9 million for design and construction respectively.

Ms. Irion drew attention to the Project & Operating Reversions/Advance Repayments listed within the financial plan. A payment expected from Capitan for \$6.8 million constitutes the majority of the \$7.1 million indicated in FY18. Bernalillo Public Schools made their advance

repayment for \$1,862,851. Ms. Irion reiterated the financial plan is contingent upon the advance repayments and requested the record show how vital they are.

Following the November draw request of \$17.6 million, the PSCOC Fund Balance is \$330,107,076. Mr. Aguilar noted the financial plan reflects both actual data and assumptions with negative balances in four of the out-years assumed and asked if there was a way to estimate more realistic amounts as the negative numbers give the perception of an out of balance situation greater than what it could be. Ms. Irion stated assumptions have been included on the financial plan for SB8. Mr. Guillen asked if districts were aware of their project delays; Mr. Avila stated Gadsden is not yet aware, Mr. Jerge stated Capitan is aware and will bring their request back in April along with a repayment plan for their advance. Per Ms. Gudgel, Council is assuming a brand new systems-based award program at the expense of moving some projects forward and reminded members the Zuni lawsuit and standards-based projects should be the primary funding concern. Lease Assistance is listed on the financial plan at \$15.6 million and is the only area that continues to grow while everything else is shrinking. Mr. Burciaga reiterated the State is not doing well and Council needs to be cautious; as estimating what we might get back on project reversions won't do much for the bottom line. Ms. Clarke confirmed there would be no sponge in December however there will be a sizeable one in June. Mr. Abbey requested the calculations be made available to LFC. Mr. Abbey drew attention to the PSCOC Fund Balance and inquired about projects listed under the 2011 and 2012 bond series; Ms. Irion referred to the handout which listed all projects attached to each bond series. Mr. Abbey requested that the report be sent daily.

b. Recertification of SSTBs

Discussion: This recertification for Española Abiquiu ES will bring bond series SSTB15SB 0001 within budget.

MOTION: Ms. Clarke moved for Council approval of the staff recommendation to adopt the Resolution, Notification and Certification amendment for reauthorization of unexpended bond proceeds as follows: SSTB15SB in the amount of \$135,059 to PSCOC award projects totaling \$135,059. Mr. Burciaga seconded. Motion carried.

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

Discussion: Per Ms. Cano, 197 projects have been audited and reviewed; there is a potential need of \$1.4 million to complete unbudgeted active projects resulting in a total reversion of \$16.7 million for FY17. Project closeout documents are with the districts awaiting signature by the superintendent and school board president. Since projects were prioritized, only those that are not complete and do not have a budget balance remain. Mr. Aguilar asked if the project reversions were reflected on the financial plan; Ms. Irion replied in the affirmative.

5. 2016-2017 Awards Cycle

a. 2016-2017 Lease Assistance Awards

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

Discussion: Two charter schools remain at 50% awards; Alice King Community School and Cien Aguas International School. Mr. Abbey asked when the FY17-18 cycle would begin and

if any work remained outstanding; Ms. Irion replied some work remains for the FY17-18 cycle. Feedback received suggested separating the applications versus having one application that takes care of all criteria for each of the schools; staff is currently looking in to this. Certification forms are in use in conjunction with PED and PEC for the charter renewal process.

MOTION: Council approval of the Awards Subcommittee recommendation to make awards for 8 charter schools in the amount of \$524,256.00 previously awarded at 50 percent and 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. The total amount of 2016-2017 lease assistance awards is \$15,602,577.00. 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 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.

6. 2017-2018 Awards Cycle

a. 2017-2018 Preliminary wNMCI Ranking

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

Discussion: From the draft to preliminary rankings eleven schools moved in to the Top 100 while eleven moved out. Ms. Casias noted the substantial move of 475 spaces for Santa Fe's Career Academy; the school had not been assessed for some time and staff worked closely with the district to get that corrected. Only two schools have a wNMCI of 60% or higher: Alamogordo High Rolls Mountain Park ES and Las Cruces La Academia Dolores Huerta Charter School. High Rolls Mountain Park ES does not feel they belong high in the ranking. With approximately 70 students the school has some space deficiencies, however the school states they are not in need of a larger gym or cafeteria. A letter has been requested from the superintendent and school board stating the deficiencies are acceptable and though it has not yet been received, it is expected the school will not apply for an award. La Academia Dolores Huerta is ranked high due to the facility condition. Referring to the significant movement of some schools, Mr. McMurray felt assessments should be done continuously; concentrating on the Top 100 to ensure they are assessed properly. Mr. Aguilar noted there were numerous APS schools listed. Noting there is a requirement that any project over \$200,000 be approved by PSFA Mr. Aguilar asked if APS is abiding to the statute; Ms. Casias stated APS does not always abide with the requirement however PSFA has received a serious commitment from APS to work with their architects on this. A meeting is planned for March to reinforce this and Mr. Aguilar requested that Antonio Ortiz be included. Mr. Aguilar added that APS has an MOU with the City of Albuquerque and aren't getting a PSFA number to get a construction permit.

MOTION: Council approval of the AMS Subcommittee recommendation of approval to release the Preliminary wNMCi Rankings, including charter schools that have been reassessed based on educational program needs after completing at least one renewal period, for the 2017-2018 standards-based award cycle based on criteria and weightings previously adopted by the Council. Release of the ranking is subject to necessary technical corrections and districts are encouraged to work with PSFA staff to resolve any outstanding technical corrections to the data with the ability to make a formal appeal to the PSCOC by the February 27, 2017 deadline for pre-applications. Since this is a Subcommittee recommendation a second is not required. Motion carried.

b. 2017-2018 Work Plan/Timeline (*informational*)

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

Discussion: It was requested that the January PSCOC meeting be rescheduled; the current recommendation is the afternoon of January 20th and the Subcommittee Chairs have approved the movement of the Subcommittee meetings to January 11th and 12th. Mr. Abbey asked about the Awards timeline; a discussion ensued on aligning the timelines for systems and standards-based award cycles. Mr. Abbey then asked how many applications had been received for the 2016-2017 systems-based awards to which Ms. Cano replied there were six: two from Albuquerque and one each from Central, Los Alamos, Los Lunas and Española. Of the six, one does not meet criteria and the remaining five total approximately \$13 million, of which \$7.6 million is the net state match with Albuquerque 100% offset. Ms. Gudgel requested that additional information on Gadsden be brought in January as it is a 2008 project being pushed back. If they are ready Council should consider them prior to making new awards. Mr. Aguilar stated PED receives complaints from superintendents regarding the number of application requirements; pre-application, application, final application, site-visit, report on site-visit and final revised application and suggested the process be streamlined.

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

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

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

Discussion: The Awards Subcommittee was optimistic that applying for a systems-based award would be an option for the district to provide improvements to the school. Mr. Abbey clarified the district was on track to get an award as early as April even if the motion was adopted; Mr. Guillen agreed. Per Ms. Casias, the school was revisited with the Superintendent, staff and maintenance in attendance. Following the reassessment, five systems were found in need of repair or replacement: the roof, HVAC, exterior windows, stucco and interior finishes such as ceiling tiles. Mr. Abbey called for district comment and Mr. Adan Cordova, Facilities Manager, came forth. Mr. Cordova stated the district would like to continue with the standards-based award adding the systems application was submitted in the event the standards-based was not approved or was not an option. The district would prefer to do a full renovation in order to have a facility that will last another fifty years. Ms. Laurie Garza, mother of three Velarde students, stated the community is pleased the board voted to keep the school open following the threat of closure and feels the student population will increase following renovation. Ms. Sherri Rodriguez, Principal, stated she sees on a daily basis the struggles staff

and students go through and requested that Council not rescind funding. Mr. Aguilar stated the district is not in the position to accept or request money without PED approval as they no longer have their Board of Finance and added once he and his staff are briefed PED will make a request on behalf of the district if appropriate. Mr. Abbey reminded the district that going forward they will have to use a different protocol to communicate with the Council. Ms. Clarke asked what the unexpended amount was as it was not listed in the motion and when bonds were issued for the project; Ms. Cano replied there were no bonds sold and held for this project as the planning and design award was fully offset; the unused offset that would be carried forward to a future project is \$139,260.48. Mr. Tillotson stated the district has started to repair some of the issues found during the walk-through and are making progress to improve their FMAR score.

MOTION: Council approval of the Awards Subcommittee recommendation to rescind the unexpended balance of the 2011-2012 award to the Española 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. Aguilar moved for Council approval to table this item.

Roll call:

Ms. Clarke – Yes	Mr. Burciaga - Yes	Mr. Peralta – Yes
Mr. Aguilar – Yes	Mr. McMurray – Yes	Ms. Gudgel – No
Ms. Kelly – Yes	Mr. Guillen – Yes	Mr. Abbey – No

By a vote of 7 to 2 the motion to table this item carried.

b. Farmington – P10-003 – Tibbetts MS – Demolition of Old Tibbetts MS

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

Discussion: Mr. Ted Lasiewicz, Chief of Operations, Mr. Eugene Schmidt, Superintendent and Mr. Randall Bondow, Chief Financial Officer, participated via teleconference. Ms. Clarke asked if the demolition was to be funded from taxable short term or long term bonds, Ms. Cano replied short term and added it would come out of the \$16.7 million previously reported to Council; the amount would be reduced by \$552,240 should the request be approved. Conversation during the Awards Subcommittee pertained to the financial position of the district in relation to the Council's financial position. The district has \$30 million in their Capital Outlay fund and, per a December 13th memo, states they would be willing to increase their share from 41% to 50%. Mr. Aguilar is opposed and feels asking districts to contribute more than their required local match does away with equalization and throws the standards based process into disarray. Mr. Abbey inquired as to why demolition wasn't included in the original award; per Ms. Cano, demolition was a line item within the Phase 2 budget, however the delay was due to the district using the facility as swing space during the Hermosa MS construction.

MOTION: Mr. Guillen moved for Council approval of the staff recommendation to approve the request from the Farmington Municipal Schools to maintain funding from project closeout

in the amount of \$936,000 to complete demolition of the Old Tibbetts MS, at a state share of \$552,240 (59%), and a corresponding district share of \$383,760 (41%). Demolition must be complete within 12 months of this approval. As there was no second the motion failed.

AMENDED MOTION: Ms. Gudgel moved for Council approval of the staff recommendation to approve the request from the Farmington Municipal Schools to maintain funding from project closeout in the amount of \$936,000 to complete demolition of the Old Tibbetts MS, at a state share of \$468,000 (50%), and a corresponding district share of \$468,000 (50%). Demolition must be complete within 12 months of this approval. Mr. Guillen seconded. As there was opposition, roll was called.

Roll call:

Ms. Clarke – No	Mr. Burciaga - Yes	Mr. Peralta – Yes
Mr. Aguilar – No	Mr. McMurray – No	Ms. Gudgel – Yes
Ms. Kelly – No	Mr. Guillen – Yes	Mr. Abbey – Yes

By a vote of 5 to 4 the amended motion to split the cost of demolition carried.

c. Lordsburg – P14-007 – Lordsburg HS – Award Language Change

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

Discussion: The district requests Council participation in the demolition of the Enrichment Center, identified as the Old Lordsburg HS, which is also listed on the state historical registry. The building was not included in the original award language, however the award did mention the district should apply for demolition in a future award cycle. The \$361,167 demolition cost is included in the current budget. Ms. Clarke is hesitant to include demolition in project awards. Mr. Randall Piper, Superintendent, stated when the project was started it was meant as a total district fix which meant disposing of facilities that were a drain on the district. The district has received permission from the historical registry for the facility to be demolished. Mr. Avila added that the process of archiving, photographing, and documenting the facility is in process.

MOTION: Council approval of the Awards Subcommittee recommendation to approve the request from the Lordsburg Municipal Schools to amend the 2013-2014 standards-based award for Lordsburg HS to include demolition of the Old Lordsburg High School (Enrichment Center). As there was opposition to the motion, roll was called.

Roll call:

Ms. Clarke – No	Mr. Burciaga - Yes	Mr. Peralta – Yes
Mr. Aguilar – No	Mr. McMurray – Yes	Ms. Gudgel – Yes
Ms. Kelly – Yes	Mr. Guillen – Yes	Mr. Abbey – Yes

By a vote of 7 to 2 the motion carried.

d. Roswell – P16-003 – Del Norte ES – Phase 1 Request to Proceed, Award Language Change & Out-Year Estimate Update

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

Discussion: Mr. Avila noted the motion was a three part request; the first is to amend the 2015-2016 standards-based award to include the language of 576 for design capacity which had not been determined at the time of the original award. The second is to revise the award language to allow for replacement rather than renovation based on staff analysis and the building systems analysis report. Finally, the request would allow the district to proceed with design on their own until Council has funding available. The district would like to begin the project as soon as possible as some bonds have been sold and could potentially face arbitrage issues. According to Mr. Tillotson, Roswell has historically had a top notch maintenance and operations program and is one to be emulated by other districts within the state. They have good ratings on their PM Plan and use FIMS products to a very high level. They have a robust energy management program and are producing FMARs in the 80s. Mr. Tom Burris, Superintendent; Mr. Mac Rogers, Construction Manager; Mr. Eddie Ramirez, Business Manager and Mr. Chris Thweatt, Support Services Manager, were in attendance. When asked for comment, Mr. Burris responded that the district currently has their money however the state does not have theirs. The district had a bond for \$16 million, half was sold and part of the funds went to Parkview ES; \$5 million remains from the partial bond sale; \$8 million is waiting to be sold and there is a cash reserve of \$8 million resulting in the district having \$21 million available. If Council approves the motion the district would provide a definitive timeline on how quickly they could move forward; in return, the district would need an agreement that at some point in time they are repaid the state's portion.

Ms. Gudgel stated one reason the district was asked about changing their state and local match percentages was that they are asking Council to commit funds at a time when Council won't be making awards for another year and SSTB capacity is fluctuating. Mr. Aguilar felt the risk sits with the district, not with PSCOC, and noted this is an approved project listed on the financial plan for FY18. Mr. Avila added that the request is only for design funding. Ms. Clarke is concerned about agreeing to reimburse funds at a future date. Ms. Gudgel asked if the district is still poised to move forward without Council commitment; Mr. Burris stated he is not averse to taking back to the Board that Council held to a 5% increased district commitment but felt the district should not move forward without Council participation. Ms. Gudgel reiterated the planning and design money is built in to the FY18 budget however for the 2016 awards there are 2007-2008 projects that await commitments; Mr. Guillen agreed.

MOTION: Council approval of the Awards Subcommittee recommendation to amend the 2015-2016 standards-based award to the Roswell Independent Schools for Del Norte Elementary to include design for replacement of the facilities to adequacy for 576 students, grades K-5. The total project estimate to adequacy is reduced to \$22,000,000; the financial plan shall be adjusted to reflect a reduced state share for out-of-cycle awards for design and construction.

The district may proceed with design at 100% district funding at this time at a cost of \$2,100,000. The corresponding state share of the design phase in the amount of \$1,533,000

(73%) 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 design phase will be reduced by the state share amount.

Roll call:

Ms. Clarke – No	Mr. Burciaga - No	Mr. Peralta – No
Mr. Aguilar – Yes	Mr. McMurray – No	Ms. Gudgel – No
Ms. Kelly – No	Mr. Guillen – Yes	Mr. Abbey – No

By a vote of 7 to 2 the motion failed.

Mr. Guillen questioned if any other parts of the motion could move forward without this kind of commitment; Mr. Avila reiterated the first part is to have a design capacity of 576 students, the second is to proceed with replacement versus repair. Mr. Abbey commented there is nothing that precludes the district from spending their own money and Ms. Gudgel stated information presented at the December Awards Subcommittee was significantly different in terms of the financial plan and is why she voted no.

AMENDED MOTION: Mr. Guillen moved for Council approval of the Awards Subcommittee recommendation to amend the 2015-2016 standards-based award to the Roswell Independent Schools for Del Norte Elementary to include design for replacement of the facilities to adequacy for 576 students, grades K-5. The total project estimate to adequacy is reduced to \$22,000,000; the financial plan shall be adjusted to reflect a reduced state share for out-of-cycle awards for design and construction. Ms. Gudgel seconded. Motion carried.

e. Broadband Deficiencies Correction Program Awards

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

Discussion: Mr. Viorica stated the first motion asking Council to committing \$110,166 does not change the financial plan as the amount is already accounted for in the original amount budgeted for Broadband.

The second motion is a revision of a previously approved budget. Universal Service Administrative Company (USAC) is requesting that the letters of award include the exact “not to exceed” amounts. These projects will need to be brought back to Council for final approval once approval letters are received from USAC. Mr. Abbey suggested it go back to the Awards Subcommittee in January. Ms. Gudgel asked if the \$803,015 being freed up in the Broadband Program will be available for other projects or if it was available for reversion; Mr. Viorica replied it would be available for reversion. Ms. Gudgel clarified Council was reducing the awards for the districts listed in the handout; Ms. Cano replied the staff recommendation does not change the financial plan; the only thing changing is the budgetary up-to awards made at the March meeting and is not the final award. Once the Funding Commitment Decision Letters (FCDLs) are received, staff will request Council take formal final action on the reversion.

MOTION 1: Council approval of the Awards Subcommittee recommendation to make Broadband Deficiencies Correction Program (BDGP) awards of actual E-rate approved project

amounts to provide the state match for application funding year 2016 for Category 1 to Hondo Schools for a total of \$1,750, and for Category 2 to Rio Rancho, Santa Fe, and Silver for a total of \$108,416 as listed 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. Each allocation is intended to fully complete the project, phase, or specified purpose. Since this was a Subcommittee recommendation a second is not required. Motion carried.

MOTION 2: Ms. Kelly moved for Council approval of the staff recommendation to adjust the Category 1 awards to the special construction funding request amount in the E-rate Form 471 application for each district, for a total of \$1,038,425 as listed in the Revised State Match column of the attached award spreadsheets for the purposes and up to the amounts specified. Mr. Guillen seconded. Motion carried.

8. Other Business

a. Charter Lease Assistance (*informational*)

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

A work group meeting has been scheduled for the first week in January and items listed in the executive summary will be reviewed and discussed.

b. PSFA Budget Reduction – FY17 and FY18 (*informational*)

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

It was requested during Subcommittee that a plan be presented on how the 5.5% savings within the FY17 budget could be recognized. Calculated, the 5.5% amounts to \$332,200. When deducted from the original submitted budget of \$6,039,000 the revised budget amounts to \$5,707,000. The double fill for the Executive Director position has been included. An updated organizational chart including vacant positions was presented per Subcommittee request. Ms. Gudgel asked how many weeks were assumed for double fill; Ms. Irion replied 2 months noting conservative amounts were used and a similar salary was assumed. Ms. Kelly reminded members the projection was tentative.

Pointing out that the FY18 budget is \$5.5 million not \$5.7 million, Mr. Abbey stated additional work remained and Ms. Irion agreed. Ms. Gudgel stated during the Awards Subcommittee Mr. Gorrell had asked if members wanted to consider changing that and the response was no. Mr. Abbey sought clarification on what the FY18 request was; Ms. Irion replied the FY18 request is flat at \$6,039,000. Mr. Abbey suggested revisiting this in January. Per Ms. Kelly, as discussed during AMS, the FY18 budget request should be flat based on the \$5.7 million which takes into consideration the 5.5% reduction.

c. Succession Plan for PSFA Director

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

Ms. Sawyer reviewed the updated timeline. Mr. Gorrell clarified his last working day is June 30th, not May 31st. Ms. Clarke requested that “recommended” be struck from the 2/3/2017 description as Council will receive all resumes, not only those that are recommended. Ms.

Sawyer stated interview questions will be finalized by December 30th and will be submitted to Council for final approval. Mr. Gorrell has provided information as to a job description. Mr. Abbey stated when the job description was ready for circulation he was prepared to delegate approval to the AMS Chair, subject to all members having the opportunity to comment. Ms. Gudgel asked if there is a terminal leave payout to be considered, Mr. Abbey stated it needs to be included in the budget projections consistent with the June 30th date.

MOTION: Council approval of the AMS Subcommittee recommendation to adopt the Succession Plan Timeline as presented on page 1 of this item.

AMENDED MOTION: Mr. Abbey moved for Council approval to adopt the Succession Plan Timeline noting Mr. Gorrell's last working day shall be June 30th and delegating final approval of the job description to the AMS Subcommittee Chair following member comment. As there was no objection, the motion carried.

d. Evaluation Form for PSFA Director

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

MOTION: Council approval of the AMS Subcommittee recommendation to adopt the Performance Evaluation form for the PSFA Director. Since this was a Subcommittee recommendation a second is not required. Motion carried.

e. CID Performance Measures (*informational*)

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

9. Informational

a. Broadband Deficiencies Correction Program Status Report

This item was not presented.

b. PSCOC Project Status Report

This item was not presented.

c. Master Plan Project Status Report

This item was not presented.

d. Lease Assistance Status Report

This item was not presented.

e. Maintenance Program Status Report

This item was not presented.

f. Development of Teacherage Award Criteria/Application

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

Council had requested that staff research which districts might need teacherages. Mr. Jerge stated a survey will be sent to all districts to assist in establishing criterion for evaluation of

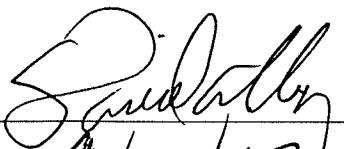
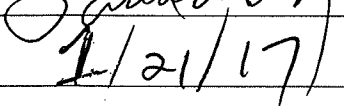
proposed teacherages; the results of which will be brought to Council at a future meeting. Ms. Gudgel clarified the survey would be sent to all school districts regardless of location or rural status; Mr. Jerge replied in the affirmative.

g. Revised Funding Formula Scenario

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

Per Mr. Gorrell, Senator Stewart had request staff continue to work on this. Ms. McEuen reviewed the changes made in response to the Bureau of Business and Economic Research (BBER) survey that was done on how to adjust for rural versus urban districts. Information from the US Census Department was utilized and the state share percentages was weighted to accommodate. Mr. Gorrell stated three options were created: one looked at what the state share would need to be if the square footage was left as is throughout the state and tends to be approximately 41% higher than ideal for adequacy standards. The second looked at the state participating only to adequacy with no other adjustments made. This option reduced the state share to about 14%. The third option began to revise and add adjustment factors. Referring to the spreadsheet, Ms. Gudgel asked why there would be a proposed match above 100%, Ms. McEuen stated that it was an error based on how the formula worked and would need a hard key change. Mr. Abbey inquired as to the Local Priority Incentive; Ms. McEuen replied 5% was added to the state share and is for any district to recognize priorities within their district. Mr. Gorrell stated if the district has less than 105% of local capacity after calculations are made 5% would be added so everyone could go 5% above adequacy. Mr. Gorrell reminded Council numbers are still being played with and feedback is appreciated. Ms. McEuen reviewed the districts that received the largest increases to the state share, the districts with the largest reduction to their state share, and noted there were two districts whose state and local share had no change. Mr. Abbey requested the spreadsheet be posted on the PSFA website.

10. Adjourn There being no further business to come before the Council, Ms. Gudgel moved to adjourn the meeting. Mr. McMurray seconded. Motion carried. Meeting adjourned at 12:33 p.m.

 Chair
 Date