

**PUBLIC SCHOOL CAPITAL OUTLAY COUNCIL MEETING
MINUTES
May 8, 2018
STATE CAPITOL BUILDING, ROOM 321
SANTA FE, NEW MEXICO**

Members Present: Mr. David Abbey, LFC Mr. Pat McMurray, RLD
 Mr. Raul Burciaga, LCS Mr. Joe Guillen, NMSBA
 Mr. Gilbert Peralta, PEC Mr. Antonio Ortiz, PED
 Ms. Nina Carranco, DFA Ms. Rachel Gudgel, LESC
 Ms. Sara Fitzgerald, Office of the Governor

1. **Call to Order** – Chair Abbey called the meeting to order at 8:31 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 unanimously approved.
 - b. **Approval of Minutes (April 12, 2018)** – Ms. Gudgel moved for Council approval of the April 12, 2018 minutes subject to technical corrections. Ms. Carranco seconded and the motion was unanimously approved.
 - c. **Correspondence** – Mr. Abbey acknowledged the letter from Mr. Robert Romero, Acting Director of Construction Industries Division naming Mr. Pat McMurray, Deputy Superintendent, Regulation and Licensing Department to serve as the PSCOC designee.
2. **Public Comment** – Mr. Abbey had guests and staff introduce themselves.
3. **PSCOC Financial Plan**

Ms. Irion reviewed the changes to the financial plan since the last meeting: there were no awards made since the last meeting. Due to district readiness, the following projects were moved out one or two quarters: NMSBVI Quimby Gymnasium, NMSBVI Sacramento Dormitory, Gallup Thoreau ES, NMSBVI Garrett Dormitory, Espanola Abiquiu ES and Roswell Del Norte ES. Alamogordo Heights Oregon Combined ES is listed on the agenda for Council action which will adjust the financial plan favorably by \$13,457. Estimates for security were added to the financial plan; HB306 is for a \$6.0M appropriation and SB239 is up to \$10.0M per year in FY19-22. Comments received regarding security after the subcommittee meetings results in the following financial plan adjustments: FY19 has been adjusted to \$10.0M, the FY20 estimate is \$10.0M and the FY21-22 estimate is \$5.0M. These amounts are subject to change based upon the need yet to be determined by the applications. Based upon the adjustments made to allocate dollars for security, the respective award cycles are offset by the same amounts. Revenue projections are anticipated from Board of Finance and the financial plan will be updated once received. Estimated uncommitted balances are \$41.3M for FY18 and flat to budget in FY19-22. The PSCOC Fund Balance is \$204,255,834 following a draw request of \$7,148,539 for May expenditures.

4. 2018-2019 Awards Cycle

a. Adoption of Revised Award Cycle Timeline / Scheduling of Pre-Applications Review & Final Funding Pool

Ms. Cano reviewed in detail the proposed changes which will allow for an 8 week acceleration of the timeline. Discussion occurred regarding the request for a special called Awards Subcommittee or PSCOC meeting in order to review pre-applications and make a determination of the final funding pool. Ms. Cano reiterated that a special called PSCOC meeting would be advantageous to the security program at which time additional information and potential guidelines and scoring criteria could be heard and adopted by the Council. Mr. Chamblin will bring a draft schedule, application, scoring criteria and program structure to the special called meeting. Mr. Abbey confirmed with Mr. Chamblin that the process could be brought in sync with the systems and standards-based programs; Mr. Chamblin replied in the affirmative. Mr. Abbey requested that the May 22nd and August 20th meetings be scheduled. Mr. Burciaga indicated he had a conflict on May 22nd and a designee would be sent in his place.

MOTION: Council approval of the Awards Subcommittee recommendation to adopt the revised 2018-2019 award cycle timeline. Review of the 2018-2019 capital funding pre-applications and determination of a final funding pool will be completed at a special (Awards Subcommittee/PSCOC) meeting in May 2018. As this was a Subcommittee recommendation a second was not needed and the motion was unanimously approved.

b. 2018-2019 Lease Assistance Award Application

Ms. Irion reviewed in detail the proposed revisions to the lease assistance application. While speaking of the land lease reimbursement, Ms. Irion requested that Mr. Avila clarify what land to building ratio is. Mr. Avila replied that the standard for how much land is needed for a certain type of development is a 2-to-1 ratio. Ms. Irion reiterated this would be slightly different for each site. Mr. Ortiz questioned the verbiage “...reimbursement awards will decrease up to 20% from prior years.” Ms. Gudgel reiterated discussion had occurred over the last two years and last year reimbursement was held flat with the understanding the amount would be decreased this year. Mr. Guillen added that the correction to the square footage indicates a reduction of approximately 20% already. Ms. Gudgel suggested that verbiage in the lease assistance letter be changed to “...reimbursement awards may decrease up to an average of 20% from FY18 awards”; members agreed with the suggested change. Ms. Irion noted that various scenarios would be brought to the July Council meeting based on the current rate of \$736.25 per MEM, adjusted for CPI and what has been calculated for the gross square footages and any other dollar amounts. In July, Council will make a recommendation for the amount of the awards based upon the scenarios brought forth. Ms. Gudgel inquired if calculations had been done on how the land lease impacts the dollar amounts and asked to see the analysis; Ms. Irion replied it would be provided.

MOTION: Council approval of the Awards Subcommittee recommendation to authorize the release of the 2018-2019 lease assistance application, applicable certification forms and conflict of interest questionnaire that will include sufficient lease information to facilitate PSCOC staff analysis. Applications are due June 8, 2018 and tentative awards will occur at the July 2018 PSCOC meeting. As this was a Subcommittee recommendation a second was not needed and the motion was unanimously approved.

5. Out-of-Cycle Funding/Additional Funding/Emergency Funding/Award Language Requests
a. Alamogordo – P15-001 – New Combined ES – Construction Funding

The request for construction funding is based on actual proposals. Staff worked closely with the district to bring the project budget within the out-year estimate approved by Council in April 2016. The district's preventive maintenance (PM) plan is current and rated outstanding; their use of FIMS products is very good and their PM completion rate has been above the recommended threshold of 90% for four straight quarters. Ms. Casias noted that PSFA supports the current design for 450 students. Mr. Vance Lee, Executive Director-Support Services, stated the district averages over 80% on their FMAR and may qualify for up to a 5% reduction in local share pursuant to statute. Referring to the recently passed Department of Defense Budget Act, Mr. Abbey stated it included funding for schools that were defense impacted and asked if Mr. Lee had any additional information; Mr. Lee replied that the rankings list would be released in July and the district would find out then where their schools fell. Mr. Lee added that the initial report indicated all schools on base fell within the 1-4 ranking.

MOTION: Council approval of the Awards Subcommittee recommendation to amend the 2013-2014 standards-based award to the Alamogordo Public Schools for the New Combined Elementary School (Sunset Hills ES) to include construction to adequacy for 450 students, grades K-5, with an increase in the state share amount of \$11,703,208 (65%), and a corresponding increase in the local share amount of \$6,301,726 (35%). As this was a Subcommittee recommendation a second was not needed and the motion was unanimously approved.

b. Capitan – P13-003 – Capitan ES/MS/HS – Award Language Change & Advance Repayment

This was a two phase project; the first phase was to complete the middle school/high school. Construction funding for that portion of the work also included design funding for renovation of the existing middle school and is the amount requested to rescind in part one of the motion; there is also \$1.0M in the out-year estimate that would also go away. The district is in process of updating their FMP and has reassessed the direction for the existing elementary school. The intent is to now retain the existing elementary school since the district has put various updates into it. The district is requesting to rescind all uncommitted funds tied to the project award and revert them to the PSCOC fund for reallocation; doing so would also allow the elementary school to fall back into the ranking. The remaining middle school will be utilized for district offices, middle school/high school vocational space and head start program. Regarding repayment, following the August 2017 bond election, the initial repayment plan as presented to the Awards Subcommittee indicated payments of \$250,000 per year from July 2018 to 2044; the terms were reviewed as unacceptable. The district has submitted a new repayment plan beginning with a \$500,000 payment commencing on June 30, 2018 until the full amount is repaid or until such time that a bond passes and the district is able to make a total repayment.

Mr. Sean Wooten, Superintendent, and Ms. Kimberly Stone, Chief Financial Auditor, represented the district. Mr. Wooten stated the \$500,000 would be taken from their SB9 funds and acknowledging the district share is 90% mentioned the possibility of requesting a \$1.0M forgiveness to the districts \$5.3M. Mr. Guillen stated with the passage of a bond Council would

be in a better position to look at some type of forgiveness based on the finances at that time; Mr. Abbey agreed.

MOTION: PART 1 - RESCIND PORTION OF AWARD: Council approval of the Awards Subcommittee recommendation to rescind the portion of the standards-based award to the Capitan Municipal Schools to complete design for renovations/additions to adequacy at Capitan Middle School for 206 elementary students, grades K-5, with a reduction in the state share amount of \$57,338 (10%), and a corresponding decrease in the local share amount of \$516,048 (90%). The Capitan Elementary School facility shall be re-ranked based upon its current condition.

PART 2 - ADVANCE REPAYMENT PLAN: Council approval of the Awards Subcommittee recommendation to accept the district's proposed repayment plan of \$500,000 for fiscal years 2018-2020, with the first payment made on or before June 30, 2018, and a balloon payment in fiscal year 2021 based on a successful bond election.

As this was a Subcommittee recommendation a second was not needed and the motion was unanimously approved.

- c. **Cloudcroft – E15-002 – Cloudcroft HS Emergency – Extension of Advance Repayment**
Mr. Guillen stated that Council had approved an emergency advance in 2014 and to date, slightly more than \$9,000 has been spent. The emergency does not appear to be there at this point, and work being proposed will be completed next year. The district's finances look good and it appears they could handle the project without an advance. Ms. Gudgel confirmed that year-end balances were considered when making the recommendation to rescind the emergency award.

Mr. Sergio Castanon, Interim Superintendent, apologized for the slow progress of the project and reiterated the district would make repayment as Council indicates. Mr. Avila stated the district is proposing repayment of \$125,447.75 per year beginning in 2020 resulting in a total of \$501,791 repaid in four years. Mr. Abbey felt the district should explain why, despite their cash position, their other needs were paramount to the repairs and suggested taking it back to the Awards Subcommittee. Ms. Gudgel sought clarification that the district didn't want to use their bond money to pay for something that was in the past, however a four year repayment schedule anticipates using bond money to repay it; Mr. Castanon replied it would lessen the pain of using all of the bond funds for repayment. Mr. McMurray reminded members this had originally been an emergency request and in four years the district has not taken care of the emergency and only \$9,000 has been spent. Ms. Gudgel inquired about a possible two-year repayment plan; Mr. Castanon replied the district would be happy to reduce the time for repayment to two years. Mr. Abbey asked if the district would pay half on June 30, 2019 and half on June 30, 2020; Mr. Castanon replied in the affirmative.

MOTION: The district is encouraged to cancel the emergency request as it does not appear that there is a need for the emergency award based upon the district's state of financial position. The Council recommends that the district proceed with the repairs with their own funds as scheduled.

AMENDED MOTION: Ms. Gudgel moved for Council to continue the advance with a repayment schedule of \$250,000 by June 30, 2019 and \$250,000 by June 30, 2020. Mr. Guillen seconded. The motion was approved 8-to-1 with Mr. McMurray voting in the negative.

d. Systems Awards – Potential Additional Funding for Cost Escalation *(informational)*

Information has been received from three school districts who have received systems funding. The districts are reporting that there are cost increases in three different areas: material costs, wage rates and code driven requirements. Information within the meeting material was reviewed.

e. West Las Vegas – P13-009 – West Las Vegas MS – Award Language Change

The district and PSFA have worked collaboratively on a proposed reimbursement plan for the funds expended to construct the new gym. The basis of the proposed reimbursement is hinged on the PSCOC participation in the renovation of the existing gym to adequacy. The cost differential between the new gym to adequacy and the renovation of the existing gym was \$691,779 of which the state share is \$481,547. The district is proposing to repay the state share. Mr. Christopher Gutierrez, Superintendent, acknowledged that the district was willing to repay the state share in one lump sum prior to the end of the fiscal year.

MOTION: Council approval of the Awards Subcommittee recommendation to approve the request and proposed reimbursement from the West Las Vegas Public Schools to retain the existing middle school gymnasium and adjacent six classrooms in lieu of demolition. Approval is contingent upon the district making repayment on or before June 30, 2018. The district may opt to keep these facilities for other non-educational uses, contingent upon the district maintaining and fully funding these facilities, including any additional costs to the current project for retaining these facilities, and will not seek future funding from the PSCOC for this facility. As this was a Subcommittee recommendation a second was not needed and the motion was unanimously approved with Mr. Burciaga not in attendance for the vote.

f. Broadband Deficiencies Correction Program – 2017 Category 2 (Equipment) Awards

Awards are for network equipment upgrades at 17 schools. The budgets for these award were approved in 2017 and this is the final award for those. The awards relate to approximately \$300,000 worth of upgrades, the state share is approximately \$20,000. The award includes a 20% contingency however it is not expected to be needed and unused funding would revert for reallocation. Mr. Abbey spoke of a legislator who was interested in using broadband for pre-k and requested that PSFA staff work with the Public School Capital Outlay Task Force on E-rate for pre-k and how to take advantage of the match; Mr. Chamblin and Mr. Viorica agreed to do so.

MOTION: Council approval of the Awards Subcommittee recommendation to make Broadband Deficiencies Correction Program (BDCP) Category 2 final awards of E-rate project amounts to provide the state match to 2 districts/schools, for a total of \$23,708 as listed in column K of the award spreadsheet on page 2 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. As this was a Subcommittee recommendation a second was not needed and the motion was unanimously approved.

g. NMSBVI – P13-015 – NMSBVI Site Improvements – Award Language Change

Per Mr. Guillen, there was concern during the Awards Subcommittee about the expiration date of the appropriation and asked if staff had followed up; Mr. Avila replied that information received from the Board of Finance indicates the appropriation was expended. As listed on the executive summary, the local share of \$1,486,180 was expended however, there is a balance of the state share remaining on the project of \$777,081. The New Mexico School for the Blind and Visually Impaired (NMSBVI) is requesting to utilize unencumbered funds for the replacement of existing lighting and two parking lots whose conditions pose a safety and liability concern. Originally, three parking lots had been presented to the Awards Subcommittee, however, the third parking lot would not occur until completion of the existing Quimby Gymnasium renovations which would not be until 2020 or 2021. Ms. Gudgel noted this project is a 50/50 match and inquired as to how there was a state share balance yet the local share balance was zero. Ms. Carranco questioned if the full \$2.9M was appropriated by the school; Ms. Irion replied that NMSBVI asked the legislature for the total amount of what the project was going to cost; they did not ask for just their local share and when the appropriation was written, it was written for the total amount. Under the statute for special schools, we have a 50/50 match and at the time of the appropriation, it was appropriated for the full cost of the project, not for the 50% local share. Ms. Carranco then questioned if Council has an obligation to spend our 50% share in 4 years since the appropriation was to be expended in years 2013 – 2017. Ms. Gudgel added that it seems with a direct legislative appropriation of the full amount, they should have functioned under that timeline and Council didn't need to make an award for 50%, under that premise, the \$777K should return to the fund and they can reapply for an award to do the projects under a new project schedule. Ms. Carranco sought clarification on why the school was not present; Ms. Diaz stated it was due to a miscommunication between staff and the school.

MOTION: Council approval to amend the 2012-2013 standards-based award to the NM School for the Blind and Visually Impaired (NMSBVI) to include replacement of two campus parking lots and remaining existing site lighting. No additional funding is needed at this time; funding to complete the work is available through the existing award.

SUBSTITUTE MOTION: Ms. Gudgel moved for Council approval to table this item until the next PSCOC meeting, Ms. Carranco seconded and the motion was unanimously approved.

6. Other Business

a. Recertification of SSTBs

Ms. Irion presented the information listed within the executive summary.

MOTION: Ms. Gudgel moved for Council approval to adopt the Resolution, Notification, and Certification amendment for reauthorization of unexpended bond proceeds as follows:

- SSTB15SB 0001 in the amount of \$2,680,000 and SSTB13SB 0003 in the amount of \$2,400,000 to PSCOC awards projects totaling \$5,080,000.

Mr. Peralta seconded and the motion as unanimously approved.

b. 2018-2020 PSFA Strategic Plan

Mr. Chamblin reviewed the strategic plan found within the meeting material. It was noted each group would be developing a list of action items associated with each goal. The document will

be published on the agency website; feedback will be requested from the districts. Mr. McMurray stated this was a move in the right direction, that it was put into a format that could be implemented and districts could see what needs to be done and what PSFA is striving to accomplish. Mr. Abbey asked if there was an action plan to accompany it; Mr. Chamblin replied in the affirmative stating each manager has worked with their staff to formulate a list of action items they will be able to do.

MOTION: Council approval of the Awards Subcommittee recommendation to approve the 2018-2020 PSFA Strategic Plan. As this was a Subcommittee recommendation a second was not needed and the motion was unanimously approved with Mr. Burciaga not present for the vote.

c. Participation in Furniture, Fixtures, and Equipment (FF&E) to Adequacy

It is staff's desire to clarify and establish PSCOC funding participation in furniture, fixtures & equipment. Currently, furniture proposals for elementary, combined, middle and high schools are reviewed by staff and an assessment is done on the existing furniture to determine what percentage can be incorporated into the renovation or new build. Establishing a participation level will streamline processes which is in conjunction with our strategic plan. Mr. Avila reviewed the scenarios presented in the meeting material and noted that of the three methodologies, the average percent of MACC resulted in the least variance. Per Mr. Avila, schools and design professionals view this as an improvement in terms of selecting a methodology; it would also help districts be more prudent with funds as they would be responsible to ensure they had all the furnishings needed for their facility. Ms. Gudgel commented that the averages listed on the spreadsheets differ with what staff would like them adjusted to and suggested it would be helpful if the adjusted numbers were presented to see what it would look like at the different percentages; Mr. Avila agreed and noted he did do the calculations and found there was very little variance. Mr. McMurray agreed that giving a set amount for schools to pick the items they need for their educational program was good but reiterated that tying it to the MACC can be volatile. Mr. Avila reminded members of an FF&E item presented a few months prior where a school wanted leather furnishings costing twice as much as fabric covered furnishings and reiterated the chosen methodology would prevent that issue. Mr. Guillen suggested moving forward with the percentage of MACC, allowing for justification of additional costs if necessary. Ms. Carranco proposed reviewing this item every two years. Ms. Gudgel inquired as to the limited number of data sets available for the combined, middle and high schools; Mr. Avila replied information was limited as not many new high schools have been constructed.

MOTION: Council approval of the AMS Subcommittee recommendation for approval to use the average percentage (%) of the Maximum Allowable Construction Cost (MACC) as the preferred methodology when determining participation in furniture, fixtures equipment (FF&E).

AMENDED MOTION: Ms. Carranco moved for Council approval to use the average percentage (%) of the Maximum Allowable Construction Cost (MACC) as the preferred methodology when determining participation in furniture, fixtures equipment (FF&E).

Instituting a percentage of the MACC for elementary schools at 2.5%, combined schools at 1.5%, middle schools at 1.5% and high schools at 3.0%. PSCOC and PSFA will review the data set and methodology within 2 years of adoption; and allowing for schools and school districts the come forward with requests to review the determination of FF&E. Mr. Guillen seconded and the motion was unanimously approved.

d. Participation in Landscaping to Adequacy

Council currently participating in erosion control to adequacy; in some cases participation in site stabilization is also done. Regarding the elevation and placement of a building, it is typically elevated one foot above adjacent grade and includes a positive slope away from the building to ensure proper drainage. Additionally, participation to adequacy includes play/track fields, playgrounds, hard surface areas and additional landscape in the front of the building. Minimal landscaping includes trees, shrubs, and gravel or native grass seeding. Mr. Abbey asked Mr. Avila what the staff recommends; Mr. Avila replied the recommendation would be to use the percentage of the Maximum Allowable Construction Cost (MACC) at 2.5% for elementary schools and 4.0% for middle and high schools.

MOTION: No Subcommittee recommendation; deferred to the full Council for discussion.

Council agreed to wait on this and continue to look at landscaping on an individual basis to ensure schools have the needed landscaping for irrigation and to allow the data set to be built up which would allow Council to make a better determination in the future.

e. Disposition of Assets – Vehicle

Ms. Gudgel asked why the agency was disposing of a vehicle that it owned; Ms. Irion replied the vehicle had high mileage and maintenance concerns and reminded members during the budget for FY19 PSFAs fleet of vehicles was being reduced by two. Ms. Gudgel asked that the mileage be sent to her; Ms. Irion agreed to do so.

MOTION: Council approval of the Awards Subcommittee recommendation to dispose of one (1) 2010 Ford vehicle from PSFA in accordance with Section 13-6-1 NMSA 1978. As this was a Subcommittee recommendation a second was not needed and the motion was unanimously approved.

f. Strategy to Determine Pre-K Projected Capacity/Capital Needs (*informational*)

Ms. Casias reminded members that PSFA had been tasked with determining how many pre-k classrooms are currently available and how many may be needed in the future based on the number of eligible students. PSFA staff worked with LESC and PED staff to determine the number of students that are eligible; facility master plans on file are currently being reviewed as well. Costs will be added to the needed classrooms/renovations and an update will be brought back to the Council. Ms. Gudgel added when looking at 3&4 year old programs and how many pre-k kids there were versus kindergarten they assumed approximately 817 classrooms would be needed to serve the number of students which then posed the question on whether that number of classrooms existed. Ms. Gudgel clarified only for schools eligible for state funded pre-k that were looked at.

g. School Security Discussion *(informational)*

Staff is seeking input on the funding participation structure and the program eligibility. Drawing attention to the funding participation options, Mr. Chamblin reiterated option one applied state and local matches as well as available offsets to all available funds. Option two, favored by both subcommittees, preserves the flexibility of the house bill funding versus the senate bill which requires that state and local matches as well as offsets be applied. Staff are also requesting that Council prescribe the limits of funding eligibility; clarifying what the state will and will not participate in. Regarding program eligibility, Mr. Guillen stated the Subcommittee had agreed the last four items on the list should not be considered as eligible. Per Mr. McMurray, the Subcommittee also agreed that the first two items should be looked at on a site-by-site basis. Ms. Fitzgerald asked if there were other options to help schools get the best possible price; Mr. Chamblin replied that during the recent workshops, PSFA offered to review and vet proposed prices, especially for technology related items as there is a wide variance across the state. Mr. Guillen stated it may require working through the Cooperative Education Services (CES) buying program; GSD also maintains a price list. Mr. Chamblin noted that the final proposed program structure and application criteria would be presented at the special called May 22nd Council meeting. Mr. Chamblin highlighted that the draft letter gives districts notification that in order to participate in the security program they must have a formal security assessment done of their applicant campuses. Suggested edits were proposed and Mr. Chamblin agreed to work with Ms. Gudgel on the proper verbiage.

7. Informational

a. Broadband Deficiencies Correction Program Status Report

Mr. Chamblin acknowledged there is a need to determine how to transition BDCP into a permanent program following the cap removal under SB64 as well as keeping up with ongoing major equipment replacement and how to optimize the statewide connectivity in schools.

b. PSCOC Project Status Report

No significant changes.

c. Master Plan Project Status Report

Upon deciding to use CES for their FMP, Capitan Municipal Schools which disqualified from funding. Their FMP award amount was \$2,961 and staff is recommending it be rescinded. Cariños Charter School has self-reported that they intend to close. Their FMP award was \$14,805, of which there is a remaining balance of \$5,655. It is recommended that the award also be rescinded. Mr. Guillen inquired as to why the use of CES would disqualify Capitan; Ms. Cano replied it has been PSFAs stance that if they procure professional services we cannot participate because it violates the code under the use of existing agreements which identifies services and items of tangible personal property and excludes procurement of professional services through existing agreements. Mr. Guillen suggested Capitan be discussed at the Awards Subcommittee; Ms. Carranco stated the issue as a whole can be discussed at the AMS Subcommittee. Mr. McMurray stated additional information needed to be provided and a recommendation could be made after.

d. Lease Assistance Status Report

No significant changes.

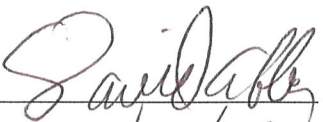
e. Maintenance Program Status Report

Mr. Tillotson noted there were no significant changes with the exception of the FMAR. For the first time ever, the state-wide average of 71.624% qualified as a satisfactory performance rating; the number was 72.56% in April which was a slight decline due to a lot of schools being done within the last 60 days. Districts are being contacted and PSFA is working with them to help them progress their FIMS program, FMAR findings or improving their preventive maintenance programs. Mr. McMurray inquired about the 5% decrease in district participation for funding and asked when it would happen and how it would be implemented. Would it occur with the next award? Ms. Carranco replied the AMS Subcommittee had discussed the policy and part of the concern was understanding the long term financial impact of such a policy and suggested AMS should further discuss for better understanding of how often it could occur and the impact to the fund. Ms. Gudgel reminded members the “up to 5% reduction” was listed in statute as part of the local and state match calculation. Ms. Gudgel suggested a threshold would need to be considered.

f. FY18 Budget Projections and Personnel Update

The agency attorney will start May 21st. The Central Facilities Coordinator position will be held open and the agency is being restructured internally to accommodate the change. Ms. Casias has also been named Deputy Director. The 2% statewide compensation increase was discussed with AMS and leadership will follow the recommendation from DFA and do the 2% across the board, in large part to offset the 4% increase in healthcare and insurance costs. Additional modest increases are being considered for exemplary employee performance for those absorbing tasks originally done by someone else.

7. **Next PSCOC Meeting** – There will be a special called PSCOC meeting on May 22nd for purposes of reviewing the 2018-2019 capital funding pre-applications and determining a final funding pool. The next regularly scheduled PSCOC meeting will be June 14th.
8. **Adjourn** - There being no further business to come before the Council, Ms. Gudgel moved to adjourn the meeting. Ms. Carranco seconded and the motion passed unanimously with Mr. Burciaga not in attendance for the vote. Meeting adjourned at 11:54 A.M.

 Chair
 6/14/18 Date