

**PUBLIC SCHOOL CAPITAL OUTLAY COUNCIL MEETING
MINUTES
October 11, 2018
STATE CAPITOL BUILDING, ROOM 307
SANTA FE, NEW MEXICO**

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

Members Absent: Mr. Pat McMurray, CID (no designee)

1. **Call to Order** – Chair Abbey called the meeting to order at 8:34 A.M.
 - a. **Approval of Agenda** – Chair Abbey asked if there was any objection to the agenda presented; as there was none the agenda was unanimously adopted.
 - b. **Approval of Minutes (September 19, 2018)** – Mr. Guillen moved for Council approval of the September 19, 2018 minutes subject to technical corrections. Mr. Peralta seconded and the minutes were unanimously adopted.
 - c. **Correspondence** – None.
2. **Public Comment** – Mr. Abbey had audience members and staff introduce themselves.
3. **PSCOC Financial Plan**
 - a. **PSCOC Financial Plan**

Ms. Irion reviewed the changes to the financial plan since the last meeting: standards-based awards were awarded for \$13.2M, systems-based awards were awarded for \$14.7M. Lease assistance increased \$705K based upon Council action during the 9/19/18 meeting to award based upon the prior year funding amount of \$736.25 per MEM and adjusted for the 80/120 counts; the adjusted amount reflected within the financial plan is \$15.7M. Farmington Country Club ES was awarded additional funding of \$1.6M, however it was split with the district 50/50 and results in an increase of \$804,740 to the state share. Gallup Thoreau ES was awarded \$13.6M and BDCP for Category 2 (Equipment) was awarded \$223,000; total awards since the last meeting were slightly over \$58.0M. The FY18 emergency reserve for contingency balance of approximately \$900K was added to the carry forward balance which was adjusted to \$43.2M. The SB-9 allocation increased \$407K per PED. Originally set at \$17.8M, it is now \$18.2M. Security Program awards, originally listed at \$10.0M (\$6.0M in HB306 and \$4.0M in SB236) was increased to the full \$16.0M allocation. Estimates for the awards scenarios have been projected in the out years. Projected ending balances are \$190.6M in FY19, \$127.1M in FY20, \$114.2M in FY21, \$136.0M in FY22 and \$178.6M in FY23. The PSCOC Fund Balance is \$254.2M following a September draw request of \$5.9M.

Ms. Carranco spoke of the AMS requested that changes be made to the financial plan to better identify the sources of funds; Ms. Irion to add identifiers to the PSCOC Financial Plan Definitions page for better clarification.

Mr. Abbey inquired as to the certifications for CID and the State Fire Marshal; Ms. Irion replied that they would come forward at the next PSCOC meeting. Mr. Abbey then asked about the status for Pre-K processes; Mr. Chamblin stated PSFA is currently working with PED and CYFD for data regarding enrollment across the state and information is to be presented to the Council in November. Mr. Abbey requested that the information be reviewed with LFC and LESC staff prior to presenting in November; Ms. Carranco requested she be included in the meeting.

b. Recertification of SSTBs

The certification is being updated to recognize the standards and systems-based awards that were awarded during the last Council meeting as well as any other projects and any additional amounts for projects. Currently, \$4.3M remains within SSTB14SB 0004. This certification will need to be updated again next month based upon the budget requests for CID and the State Fire Marshal as well as any other items that may come through.

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

- SSTB18SB 0004 in the amount of \$77,708,527; to PSCOC awarded projects totaling \$77,708,527.

Ms. Fitzgerald seconded and the motion was unanimously approved.

4. 2018-2019 Awards Cycle

a. 2018-2019 School Security Program Awards

Upon reading the Subcommittee recommendation, Mr. Guillen stated that scenario 2 would assist more applicants. Ms. Cano then proceeded to review information listed within the executive summary while noting 288 applications were received from 47 school districts and state chartered charter schools in this first year of the security program. All applications were vetted and districts were contacted for additional clarification or information. As a result, 46 award recommendations were adjusted (reduced) for reasons including removing soft costs in order to avoid a double count, requests that were outside of the intended scope of the security system program, excessive costs for the work, reimbursement of previous expenses was not allowed and the campus had a previous or current standards-based or systems-based award. Ms. Cano also spoke of the evaluation of soft costs and how, upon further review, found that allowing 30% of the total project cost may be excessive for some security types. By using a methodology of varying softs cost per security system type (20% or 30%) and applying it to the MACC in lieu of a percentage of total cost resulted in a reduction in the total estimated project cost of all applications by \$6.6M. Ms. Cano reminded members that the program contained six discretionary security system types.

Per Mr. Abbey's request Ms. Cano presented scenario 2 in detail. Scenario 2 does not require offsets for HB306 and results in 60 awards under this appropriation. Offsets are required for SB239 and allows for 163 awards. Scenario 2 is the most flexible for districts and would allow

for 222 campuses to receive funding while fully expending the \$16.0M appropriation. Mr. Guillen noted that by funding the Las Cruces projects under the systems-based program, more security projects were able to be funded. Ms. Gudgel inquired as to how the items recommended by staff aligned with the security assessments; specifically asking if there were things listed that were not included in the security assessments. Mr. Chamblin replied that in a number of cases the application did not completely align with the assessment and that it was rare that all items requested in the application were included in the third party assessment. Mr. Chamblin reiterated that the intent of the assessments was to identify major facility security risks and campus hazards but did not get into every specific detail; Ms. Gudgel stressed that the assessment and the request should tie together. Ms. Carranco acknowledged this should be something to work towards for future cycles and noted in this first year assessments were done from many vendors which made it difficult to tie together. Ms. Fitzgerald offered her thanks and appreciation to the PSFA staff for all of their work on the security program.

Mr. Abbey inquired as to the request for a local match reduction for Carrizozo; Ms. Cano replied that they were the only district that had requested a local match reduction and acknowledged that the district had recently informed staff that they would be rejecting their systems-based award as they do not have their local funds. The district did submit a statement of financial position which does indicate they have very limited funds to accommodate the work and by funding their security application under HB306 it would allow Council some flexibility to waive some of the local match. Staff has made the recommendation to approve their waiver while asking for a minimal local match of \$50,000 and waiving the remaining local match under the HB306 appropriation. Mr. Abbey suggested the award for Carrizozo be contingent upon review of their finances by the Awards Subcommittee; members agreed.

Mr. Abbey suggested that staff invite comments from the districts on how to improve the program next year; Ms. Carranco expanded the request and suggested that a “lessons learned” document be completed and that staff provide a summary to the Council on the processes and experiences. Mr. Abbey requested this be added to the December agenda.

MOTION: Make awards under the school security program to the districts and schools set out in Scenario 2 of the attached award spreadsheet on pages 12-21 of this item, for the purposes and in the amounts specified, including any special conditions contained in the award language for each school (see attached). Reimbursement of previous expenses are ineligible for funding under this program. 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.

b. 2018-2019 Small Project (Systems-Based) Capital Outlay Awards – Deferred and Amended Applications

Ms. Cano reminded members that at the last meeting six Las Cruces awards had been deferred pending the outcome of the school security applications. Based upon action just taken by the Council, these awards were not funded under the security program and are being reconsidered under the systems-based program. Ms. Gudgel expressed concern with allowing programs to apply for either a systems-based or security award and fitting them in where we want them to free up funds for other programs. Ms. Gudgel stated she had voted against the systems-based

award during the Subcommittee meeting and would likely do so again in order to remain consistent with funding security projects under the security program.

Regarding Floyd Municipal Schools, Ms. Cano stated that the \$19,000 offset presented at the last PSCOC meeting should have been \$12,000 and resulted in a \$7,000 increase in the state match and a decrease in the local match of the same amount.

Motion 1: Ms. Carranco moved for approval of the staff recommendation to amend the systems-based capital outlay award to Floyd Municipal Schools as set out on line 17 of the attached award spreadsheet to correct an error in offsets applied which affect the net state/local match. Mr. Burciaga seconded and the motion was unanimously approved with Ms. Gudgel not in attendance for the vote.

Motion 2: Awards Subcommittee recommendation to make capital outlay project awards under the systems-based capital outlay process to the districts set out on lines 20-25 of the attached award spreadsheet, for the purposes and in the amounts specified, including any special conditions contained in the award language for each school (see attached). Each allocation is intended to fully complete the project, phase, or specified purpose. Awards are subject to the 2018-2019 Additional Conditions approved by the Council on September 19, 2018. As this was a Subcommittee recommendation a second was not needed and the motion was approved 7 to 1 with Ms. Gudgel voting in the negative.

c. PSCOC Work Plan/Timeline *(informational)*

Based on member response, the December PSCOC meeting has been rescheduled for December 18th.

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

a. Albuquerque – P14-002 – Arroyo del Oso – Rescind Award

No additional discussion. District representatives, Mr. Tim Berry and Mr. Jeremy Jerge, participated via telephone.

MOTION: Rescind the balance of the 2013-2014 standards-based award to the Albuquerque Public Schools for Arroyo Del Oso ES. Any unused portion of the offset applied to the award shall be added to the district's total offset balance as reported by the Capital Outlay Bureau of PED. As this was a Subcommittee recommendation a second was not needed and the motion was approved 7 to 1 with Ms. Carranco absent from the vote.

6. Other Business

a. FY18 PSFA Annual Report *(informational)*

Mr. Chamblin referred to the annual report handout and noted it was a working draft; additional edits and corrections will be made and a final version will be presented to Council for approval in November. Mr. Abbey requested that a page be added regarding the two decades of progress the program has had regarding building conditions. A chart is to be included showing all money going in and spent by the state and what the outcomes have been based on those investments. Information on districts that were in extremely poor condition and how there have been dramatic changes over time should also be included.

b. Update on Changes to the Adequacy Standards *(informational)*

Mr. Chamblin reviewed the meeting material and stated information was being gathered from the schools and community on the existing standards as well as ideas about potential updates. PSFA is currently analyzing the feedback which will be presented to the Council at the November meeting. Staff is seeking to balance the additional costs of proposed changes with potential cost reducing changes. Three main topics have emerged from the workshops and staff analysis; IT – the current adequacy standards do not have a lot of inclusion for IT spaces beyond a computer lab. Security - the existing standards refer to security in only a couple of ways (i.e.: fencing) and is a topic that can be better addressed. Special Education - the D Level special education suite described in the existing standards has received a fair amount of input and is an area that is an evolving topic and is a top priority.

c. Discussion on Charter School Processes and Procedures *(informational)*

Ms. Carranco provided an overview of what had been discussed during the AMS Subcommittee including utilization of space at charter schools, identifying classroom space, timeline for changing the process, standardized lease requirement templates and charter school maintenance. Ms. Carranco pointed out there is a very aggressive timeline staff will be using to go out and work with the charter schools; staff will be reviewing the use of charter school spaces while also conducting forums and discussions to determine what classroom space is and how they should be looked at for charter schools. Ms. Carranco praised the PSFA staff and acknowledged that though the timeline was aggressive, staff was successful in doing the same thing with security and was confident the same could be done here.

7. Informational

a. Broadband Deficiencies Correction Program Status Report

No significant changes.

b. PSCOC Project Status Report

No significant changes.

c. Master Plan Project Status Report

Ms. Casias stated districts identified in red do not have an FMP; staff will reach out to those districts that have not applied and offer assistance.

d. Lease Assistance Status Report

Ms. Irion noted that the award letters will include a paragraph regarding procedural changes related to eligible classroom space.

e. Maintenance Program Status Report

Mr. Tillotson stated that districts are seeing the benefit of preventive maintenance versus reactive maintenance. The highest FMAR rating is a 98%. Mr. Abbey clarified that security awards were conditional on having a current PM Plan; Mr. Tillotson agreed.

f. FY18 & FY19 Budget Projections and Personnel Update

No significant changes.

8. Consideration for 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

MOTION: Ms. Carranco 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. Carranco – Yes	Mr. Burciaga – Yes	Mr. Peralta – Yes
Mr. Ortiz – Yes	Mr. McMurray – Absent	Ms. Gudgel – Yes
Ms. Fitzgerald – Yes	Mr. Guillen – Yes	Mr. Abbey – Yes

Adjourned to executive session at 10:30 a.m.

9. Reconvene to Open Session

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

Roll Call:

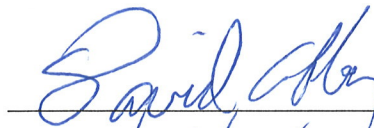
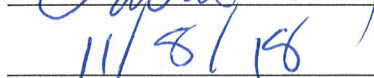
Ms. Carranco – Yes	Mr. Burciaga – Yes	Mr. Peralta – Yes
Mr. Ortiz – Yes	Mr. McMurray – Absent	Ms. Gudgel – Yes
Ms. Fitzgerald – Yes	Mr. Guillen – Yes	Mr. Abbey – Yes

Reconvened from executive session at 10:50 a.m.

No action was taken in executive session and only the scoring criteria, timeline and performance evaluation for the PSFA Director were discussed. The evaluation will occur at the next PSCOC meeting.

10. Next PSCOC Meeting – Proposed for November 8, 2018

11. Adjourn - There being no further business to come before the Council, Mr. Burciaga moved to adjourn the meeting. Ms. Gudgel seconded and the motion was unanimously approved. Meeting adjourned at 10:52 A.M.

 Chair
 Date