

**PUBLIC SCHOOL CAPITAL OUTLAY COUNCIL MEETING
MINUTES
November 8, 2018
STATE CAPITOL BUILDING, ROOM 307
SANTA FE, NEW MEXICO**

Members Present: Mr. David Abbey, LFC Mr. Pat McMurray, CID
 Mr. Raúl Burciaga, LCS Mr. Antonio Ortiz, PED
 Mr. Joe Guillen, NMSBA Mr. Gilbert Peralta, PEC (arrived at 8:49)
 Ms. Rachel Gudgel, LESC Ms. Nina Carranco, DFA
 Ms. Sara Fitzgerald, Office of the Governor

1. **Call to Order** – Chair Abbey called the meeting to order at 8:32 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 (October 11, 2018)** – Mr. Guillen moved for Council approval of the October 11, 2018 minutes subject to technical corrections. Mr. McMurray seconded and the minutes were unanimously adopted.
 - c. **Correspondence** – Mr. Chamblin drew attention to the letter from Bond Wilson Technical Center regarding the repurposing of the Grace B. Wilson ES.
2. **Public Comment** –Representatives from the Central Consolidated School District Ms. Candice Thompson, Director of Operations and Ms. Terrian Benn, Interim Superintendent as well as Mr. Milo McMinn, Coordinator of Bond Wilson Technical Center were in attendance and provided an update to the Council. Members were reminded that the Grace B. Wilson ES was repurposed into a technical center. The school has industry partners such as Raytheon, Arizona Public Service (power plant), North American Coal, Navajo Transitional Energy Company and Navajo Technical University as well as San Juan College and Ft. Lewis College. New classes have been instituted i.e.: a drone class, a 21st employability course, 3-D printing, a Raytheon designed aerospace course and occupations in mining courses. Internships and mentorships are being conducted with local businesses; there is hope that apprenticeships will follow and that future entrepreneurs are created for not only the Navajo Nation but also the northwest corner of New Mexico. The district has also looked at grant funding, and were recently awarded \$110,000. Also Hewlett Packard, the schools computer science partner, donated \$1.4M in computers. Mr. McMurray praised the school for their use of the facility and for partnering with industry. Mr. Guillen also praised the school for their success in thinking outside of the box and taking advantage of the partnerships being developed. Ms. Gudgel asked if the school had looked at the computer science standards recently released by PED; Mr. McMinn replied in the affirmative and stated they were also working with the Navajo Technical University computer science program. Mr. Abbey requested that the Council be kept informed of the changes in property tax valuation and how it affects the district.

Audience members and staff were then asked to introduce themselves.

3. PSCOC Financial Plan

a. PSCOC Financial Plan

Ms. Irion reviewed the changes to the financial plan since the last meeting: security awards for \$16.0M; Las Cruces systems-based awards for \$1.0M and a systems-based award adjustment for Floyd Combined Schools, due to an off-set adjustment increase in the state share amount of \$7K; total awards made since the last meeting were slightly more than \$17.0M. Operating reversions for FY19 recognized an additional \$200K due to an adjustment of the pre-certification of bonds in the fund balance as of June 30, 2018. Also adjusted was the FY19 operational budget; originally reported at \$5.1M the operational budget is \$5.171M and was adjusted to \$5.2M for rounding. Advance repayments reflect a move of nearly \$441K for Mesa Vista ES to FY21 as it was originally recognized in FY20. The CID/State Fire Marshal Office inspections dollar amount decreased \$80K for the CID inspections. Listed within the financial plan was \$160K for the State Fire Marshal Office; the request, pending Council approval, is now \$80K. The current PSCOC Fund Balance is \$253.8M. The updated fund balance will be \$248.3M once October draw requests of \$5.5M are processed. Estimated uncommitted balances are \$189.8M in FY19; \$126.0M in FY20; \$113.5M in FY21; \$135.4 in FY22 and \$178.0M in FY23.

Mr. Abbey challenged both staff and the Awards Subcommittee to look for additional projects, a range of items like proposed legislation, pre-K, higher award amounts, and any need staff has become aware of. Ms. Gudgel reminded members it was important to see how the awards scenarios would look as more projects may come through. Mr. Abbey asked that Mr. Ortiz provide information on school bus costs to the Awards Subcommittee.

b. Certification of SSTBs

The impending December sale proceeds will be recognized on the financial plan in January. The SSTB certification includes the remaining 2018-19 projected awards plus Q1 and Q2 of FY19 and FY20. These amounts have been included since the June 2019 sale is only projected to be \$5.6M. The certification worksheet, included in the meeting material, detailed the items and amounts being certified and was reviewed in detail. The certification of \$185.7M is an over certified amount of \$9.4M from the estimated December sale of \$176.3M. Ms. Irion reminded members that certifications are adjusted and recertified when action is taken by the Council. Ms. Carranco expressed concern with the amount being certified for lease assistance as the recent amount was over \$15.0M, and also noted that the 2018 CID and SFMO reimbursement requests were lower than originally projected; Ms. Gudgel reminded members that costs would go up based on the number of security projects recently awarded and also expressed concern over putting the discretionary items over the core functions, Mr. Abbey proposed reducing instructional materials or transportation distribution by \$10.0M and moving it to FY19 standards-based awards planning and design. Ms. Irion clarified the adjustment would be for the FY19-20 standards-based award and design.

MOTION: Adopt the Certification and Resolution to sell SSTBs subject to review by DFA Designee Carranco and Chair Abbey verifying the amounts. As this was a Subcommittee recommendation a second is not needed and the motion was unanimously approved.

c. Recertification of SSTBs

The motion was read with no additional discussion.

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:

- SSTB18SB 0004 in the amount of \$1,373,539; to PSCOC awarded projects totaling \$1,373,539.

Mr. McMurray seconded and the motion was unanimously approved.

d. FY2020 Budget Appropriation Request Revision

Ms. Irion stated if the agency was to fill all but two of its vacancies it was determined that the budget would not be able to sustain the full dollar amounts of those positions. Upon further review, staff realized that the recommendation taken to the AMS Subcommittee had been incorrectly calculated and was adjusted for an additional \$98K; going from a \$175K request to a \$274K request.

Ms. Irion reviewed the information listed within the executive summary and drew attention to the category BAR transfer option. Noting that historically e-Builder (the construction information management system) was paid out of the capital fund as project management expenditures, Ms. Irion stated the estimated costs for FY20 would be \$204K; if Council takes action, bonds can be recertified so that the expenditure can be taken out of the capital fund; statute was referenced regarding uses allowed from the fund. Ms. Carranco added that there is a limit in statute that the authority's operating budget can only be 5% of the last three years of the average of awards and reiterated there was a low three year average. Ms. Carranco then expressed concern over the agency's increasing Category 200 (Personal Services and Benefits) costs in FY19 noting the budget projections listed within the meeting material show the operating budget however the situation is very different when looking at actuals. When the appropriation request comes through to Council, there needs to be a better plan on what the year looks like for HR transactions, what it looks like for IT projects; those decisions impact what is happening with the agency and how they can function. Members were reminded to think broader about what the PSFA's plan is looking forward and ensuring they are within the requirements put forth. Mr. Abbey stated either Council or the LFC is going to bring forth proposals to change the 5% limit.

Ms. Carranco wondered why e-Builder wasn't considered a capital cost since the CID and SFMO reimbursements were. Mr. McMurray questioned whether the recommendation and the legislation should be changed before the 5% is exceeded and to handle it with a BAR in the interim; Ms. Carranco replied that if a BAR came forward and the agency was already over the statutory limit and there was no language allowing Council to do something before that, the State budget office would be unable to process the BAR and strongly advocated that Council face what is going on with the 200 category; there is an increased workload with the security awards, the scope for lease assistance has changed and there is an up-tick in standards and systems-based awards. Mr. Abbey inquired as to what the turn-over rate was; per Ms. Irion the FY18 turn-over rate was almost 13% and the current turn-over rate is almost 10%. Mr.

Abbey stated he would like to see better analysis that reflects the funding is too tight and stressed there is still some time to bring revised requests to the legislature and to ask for more BAR authority. Ms. Carranco stressed there was a real need in filling the vacant positions while acknowledging that a 10% vacancy rating is realistic and reminded members that staff had suspended taking vacations in order to get the security assessments done. Mr. Abbey suggested that Ms. Carranco work with staff on budget projections by looking at monthly and actual spending, projected spending by month and category and shortfalls by category. Ms. Carranco reiterated she was comfortable with the AMS Subcommittee recommendation and though it was the original motion and did not take into account the revisions made since the Subcommittee meeting, felt there was room within the budget to move money around especially if Council were to consider moving the e-Builder funds. Mr. Abbey stated he would not treat it as a Subcommittee motion and asked for a second to Ms. Carranco's motion. Ms. Fitzgerald seconded the motion to amend PSFA's budget request to increase personnel services and benefits by \$175,000.

MOTION: Ms. Carranco moved for Council approval to approve the PSFA request in increase FY2019-2020 Appropriation Request in the amount of \$175,000 for the 200 Category Personnel Services and Benefits. Ms. Fitzgerald seconded.

Roll Call:

Ms. Carranco – Yes	Mr. Burciaga – Yes	Mr. Peralta – Yes
Mr. Ortiz – Yes	Mr. McMurray – Yes	Ms. Gudgel – No
Ms. Fitzgerald – Yes	Mr. Guillen – Yes	Mr. Abbey – No

By a vote of 7 to 2 the budget adjustment was revised and will be submitted by Ms. Irion.

4. 2018-2019 Awards Cycle

a. 2018-2019 School Security Program Awards – Review of Carrizozo Request for Waiver of the Local Share

Mr. Chamblin stated further consideration of the award is proposed for the December meeting as staff has been working with the district to gather the additional information requested by the Awards Subcommittee. The request for the delay also allows for the district to take their offer of \$50,000 to their board for approval. Mr. Guillen reiterated the district met all of the qualifications for a waiver however there was still some concern over applying the waiver and stressed in the long term members should look at the waiver provisions and decide if Council will abide by them or not. Mr. Guillen agreed that the district should be given the additional month to come up with a proposal that may be more acceptable to the Council. Ms. Carranco clarified that the state match would go up and asked if the increase was available within the financial plan; Ms. Irion replied in the affirmative. Mr. Abbey clarified that the district met all of the qualifications for a waiver and asked if it assumed they would impose all of their bonding capacity and put it towards the project; Ms. Irion stated their remaining capacity is about 17%. Ms. Gudgel reminded members of the waiver criteria: indebted to at least 7mills, 70% free or reduced lunch, less than 50% state match requirement and MEM of less than 800. Mr. Abbey asked that the Subcommittee look at past circumstances when waivers have been given (i.e.: Chama); staff to research how waivers were applied in the past to ensure future consistency.

b. Update on the Status of Additional Requirements (PM Plan, FMP) for the 2018-2019 Awards *(informational)*

Mr. Tillotson reminded members the 2018-19 awards were contingent on districts providing a current and/or updated Preventive Maintenance (PM) Plan and current Facility Master Plan (FMP). Districts have been contacted and a good portion have plans that are underway; updates should be done within two weeks.

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

The December Awards and AMS Subcommittee meetings will be held on the same day (December 4th) and the 2019 calendar will be presented for approval at the next meeting.

5. Broadband Deficiencies Correction Program (BDCP)

a. BDCP – 2018 Category 2 (Equipment) Awards

This is a request for the state match for seven 2018 equipment projects who have received E-rate funding and are ready to move forward. These projects affect 182 facilities and have a state share of approximately \$511K. With Council approval this will bring the number of 2018 equipment projects to 28.

MOTION: Council approval of the Awards Subcommittee recommendation to make Broadband Deficiencies Correction Program (BDCP) awards of actual E-rate approved project amounts to provide the state match for application funding year 2018 for Category 2 (Equipment) upgrades to 7 districts/schools for a total of \$511,237 as listed in column L of the award spreadsheet of this agenda item. 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. BDCP – West-Central Broadband Infrastructure Consortium Procurement Support (REC5)

Mr. Guillen stated the request is for assistance to be provided to a group of districts (Magdalena, Quemado, Reserve and Socorro) that are going through the broadband application process. If approved, precedence would be set where Council would be paying for assistance to prepare applications. Services were provided by a Regional Education Cooperative (REC) and the request is for retroactive costs, website costs and meetings. Ms. Cindy Shellhorn, Reserve Independent School District Superintendent; Mr. Bill Green, Catron County Manager; Mr. Bob Simpson, Reserve Independent School District Technology Coordinator and Ms. Maria Jaramillo, Executive Director for the Central REC were introduced.

Noting that small districts and libraries have a difficult time making progress individually in securing better broadband services for their schools and organizations, and based on successful examples from neighboring states, PSFA and PED recommended joint purchases in supporting regional collaboration. The only organization willing to step forward and lead the joint procurement process was the West-Central Consortium REC. Ms. Jaramillo stated this pilot was the first consortium done in New Mexico and this piece involved procuring the vendors for the work. Ms. Jaramillo stated that the REC received a small legislative appropriation of \$103K which pays for some salaries and keeps the doors open and that the membership fees pay for the special education technical assistance but does not pay for procurement services.

Mr. Guillen questioned whether any other agency/department had been approached to finance this or if each individual entity could come up with a portion of the \$5,000; Ms. Jaramillo was unsure which entities should be paying as this was a pilot. Mr. Viorica acknowledged if construction was involved to upgrade the broadband services to the schools they would be in line with other project upgrades funded by Council. Mr. McMurray expressed his support for this effort and reiterated it was a small investment with great benefit potential. Ms. Gudgel acknowledged some fundamental problems; a lot of the work has already been done and districts appear to have cash balances (Magdalena \$600K, Socorro \$1.3M, Quemado \$224K and Reserve \$64K) where they could each contribute \$1,250 to do this work and cautioned Council about setting precedent. Ms. Carranco felt costs should not be retroactive. Ms. Jaramillo drew member attention to the handout and noted there are projected costs going forward for activities yet to be done. Mr. Abbey stated it was not efficient to have a \$5,000 request come to the Council and suggested that Mr. Chamblin work with participants on planning and design for small projects so they aren't coming forward and asking for small amounts.

MOTION: TBD

AMENDED MOTION: Mr. Ortiz moved to make a Broadband Deficiencies Correction Program (BDCP) award for \$5,000. Ms. Fitzgerald seconded and roll was called.

Roll Call:

Ms. Carranco – No	Mr. Burciaga – No	Mr. Peralta – Yes
Mr. Ortiz – Yes	Mr. McMurray – Yes	Ms. Gudgel – No
Ms. Fitzgerald – Yes	Mr. Guillen – Yes	Mr. Abbey – Yes

By a vote of 6 to 3 the motion was approved.

c. BDCP – Renewal of E-rate Central Agreement

This request is to renew the agreement for the E-rate consultant that provides assistance to all the schools that need it. This is the third, and last, renewal for this agreement under the current procurement. This specialized support has resulted in favorable outcomes for complex fiber upgrades such as Farmington, Grants and the Jemez Consortium. The renewal is supported by the partner agencies PED and DoIT.

MOTION: Council approval of the Awards Subcommittee recommendation to make a Broadband Deficiencies Correction Program (BDCP) award Not To Exceed \$212,089.69 to renew the statewide agreement to provide E-rate assistance to all New Mexico 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 E-rate program. As this was a Subcommittee recommendation a second was not needed and the motion was unanimously approved.

6. Other Business

a. FY18 PSFA Annual Report

The staff recommendation was read with no additional discussion.

MOTION: Ms. Carranco moved for Council approval of the draft FY18 PSFA Annual Report and authorize PSFA staff to make final edits and technical corrections prior to printing and distribution. Ms. Gudgel seconded and the motion was unanimously approved.

b. FY19 CID Budget & Reimbursement

The motion was read with no additional discussion.

MOTION: Council approval of the AMS Subcommittee recommendation to allocate an amount not to exceed \$250,000 to reimburse the Construction Industries Division (CID) for estimated inspection and plan review expenses for FY2019 for PSCOC funded projects. CID shall provide quarterly billings certified by the CID Director that sufficient inspections occurred to warrant at least one quarter of the authorized amount and shall include an analysis of the average turn-around time of school project permits and inspections as compared to other CID inspections. As this was a Subcommittee recommendation a second was not needed and the motion was unanimously approved.

c. FY19 State Fire Marshal Budget & Reimbursement

The motion was read with no additional discussion.

MOTION: Council approval of the AMS Subcommittee recommendation to allocate an amount not to exceed \$80,000 to reimburse the State Fire Marshal Office (SFMO) for estimated inspection and plan review expenses for FY2019 for PSCOC funded projects. SFMO shall provide quarterly billings certified by the SFMO that sufficient inspections occurred to warrant at least one quarter of the authorized amount and shall include an analysis of the average turn-around time of school project permits and inspections as compared to other SFMO inspections. As this was a Subcommittee recommendation a second was not needed and the motion was unanimously approved.

d. 2018 Ben Lujan Maintenance Achievement Awards (*informational*)

Mr. Tillotson thanked Ms. Carranco for being the keynote speaker. Five awards were presented to New Mexico school districts for their performance and twelve awards were presented to New Mexico individuals. Also presented was the Plant Manager of the Year Award.

e. Potential Pre-Kindergarten Program Expansion (*informational*)

Mr. Chamblin drew attention to the handouts provided which highlighted the work that is ongoing to try and quantify the state-wide potential for the Pre-K program; the information will also be presented to the Public School Capital Outlay Oversight Task Force. Mr. Abbey suggested that the PSFA statutes be changed to allow continued use of the funds to grow the program. Ms. Carranco suggested that a map be created reflecting the locations for CYFD Pre-K, head start and PED Pre-K which would indicated what areas of the state do not have Pre-K and would also help with prioritization; Ms. Gudgel suggested that staff coordinate with UNM as it was thought they were already working on such a map.

f. Charter School Workshop Update (*informational*)

Mr. Chamblin drew member attention to the draft presentation for the upcoming charter school meetings and highlighted the scheduled dates and locations. The information will be presented initially at the Statewide Charter Conference and expanded on for the remaining meetings. A survey will be launched the beginning of December for charters to provide input on the content. Assessments of all charter schools will take place November 2018 through January 2019. PSFA is in process of developing an on-line application for lease assistance and standardized lease templates.

7. Informational**a. Update from AMS Subcommittee**

Ms. Carranco provided an update of items discussed at the recent AMS Subcommittee meeting:

- Classroom Facilities with Poor FCI/wNMCI; PE Facilities with Good FCI/wNMCI - eleven examples were reviewed and had gym facilities been taken out of consideration two schools would have been eligible for a standards or systems-based award this year. The Subcommittee wondered whether other buildings should be looked at and reiterated it was the local entity that had decided to renovate the gym facility which resulted in a better ranking than the other buildings on the same campus.
- Exemplary Preventive Maintenance Program Criteria – information was presented to the Subcommittee on how schools could increase their FMAR, the process involved and how “exemplary” could be thought of differently i.e.: how much a school may have improved in their maintenance processes or FMAR.
- Albuquerque Sign Language Academy (ASLA) Request to Use Special Schools Adequacy Standards - the school had requested they be considered similar to the School for the Blind and the School for the Deaf – which are constitutional schools. Ms. Carranco noted that many charter schools report they serve a different type of population and Mr. Pahl of the Charter School Coalition had been asked to work with PSFA on identifying charter schools and school districts that have this need. Mr. Raphael (Rick) Martinez, Executive Director of ASLA, stated the charter school has been operating for nine years and has a program that is becoming nationally recognized for their work in reforming deaf education and special education. The school serves 100 students of which 50% are deaf, 60% are special education and 21% of the students are considered developmentally delayed with multiple disabilities. There is also a considerable waiting list of approximately 30-60 students each year.

b. Broadband Deficiencies Correction Program Status Report

Item was not presented, however there are no significant changes.

c. PSCOC Project Status Report

Item was not presented, however there are no significant changes.

d. Master Plan Project Status Report

Item was not presented, however there are no significant changes.

e. Lease Assistance Status Report

Item was not presented, however there are no significant changes.

f. Maintenance Program Status Report

Item was not presented, however there are no significant changes.

g. FY19 Budget Projections and Personnel Update

Item was not presented, however there are no significant changes.

Mr. Abbey provided a handout entitled Potential Changes to the Public School Capital Outlay Act to be presented to the Public School Capital Outlay Oversight Task Force; item to be added to the next Council agenda.

8. Election of the PSCOC Chair and Vice-Chair:

Members expressed desire to postpone the vote until after the new administration is in office. Ms. Gudgel felt it was inappropriate to make a decision when it was unknown who would be attending the meetings and who would be appointed on the executive side and made the motion to delay the decision until the new administration was in. Ms. Carranco stated a decision on the Vice-Chair would need to be made in January as Mr. McMurray would be retiring and expressed her preference to see the Council set by April as criteria for the new awards cycle would come forth at that time.

MOTION: Council approval of _____ to serve as Chair, and _____ to serve as Vice-Chair of the Public School Capital Outlay Council for Fiscal Years 2018-2019 and 2019-2020.

AMENDED MOTION: Mr. Guillen moved to extend the term of the current officers to the April 2019 meeting. Ms. Gudgel seconded and the motion was unanimously approved.

9. 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: Mr. Guillen 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. Ms. Carranco seconded.

Roll Call:

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

The motion was unanimously approved and Members adjourned to executive session at 10:59 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. Ms. Gudgel seconded.

Roll Call:

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

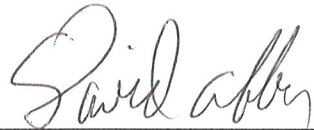
The motion was unanimously approved and Members reconvened from executive session at 11:52 a.m.

Mr. Abbey stated the format for the Director's evaluation was good and that a professional development plan was to be presented at the January meeting; it was also suggested that they be considered for all staff evaluations. It was also determined that there be quarterly meetings with the Chairs in which updates and comments can be provided to the Director.

Mr. Abbey moved for Council approval on the adjustment in compensation for the Director. Mr. Burciaga seconded and the motion was unanimously approved.

10. Next PSCOC Meeting – Proposed for December 18, 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 11:55 A.M.

 Chair
12/18/18 Date