

**PUBLIC SCHOOL CAPITAL OUTLAY COUNCIL MEETING
MINUTES
November 9, 2020
VIDEOCONFERENCE**

Members Present: Mr. Joe Guillen, NMSBA Mr. Raúl Burciaga, LSC
Mr. David Abbey, LFC Ms. Rachel S. Gudgel, LESC
Ms. Debbie Romero, DFA Mr. Antonio Ortiz, PED
Mr. David L. Robbins, PEC Mr. Clay Bailey, CID
Mr. Victor Reyes, Office of the Governor

1. **Call to Order** – Chair Guillen called the meeting to order at 1:31 P.M.
 - a. **Approval of Agenda** – Chair Guillen noted that the executive summary would be moved to the December PSCOC agenda. Mr. Chamblin noted that the order of the items under the Consent Agenda were listed out of order, however, they were listed in the correct order in the eBook. As there were no objections to the changes noted, the agenda was unanimously approved.
 - b. **Correspondence** – None.
2. **Public Comment** – None.
3. **PSCOC Financial Plan**
 - a. **PSCOC Financial Plan**

Per Mr. Evans, there were no out-of-cycle, emergency or additional funding requests, however, a significant number would likely be coming in December. Drawing member attention to the Cash Flow Summary, Mr. Evans reiterated large annual deductions come out of the revenue that is received from Board of Finance for SB-9, Lease Payments, FMP, BDCP, Pre-K, CID/SFMO and the Operating Budget. Projecting some expenditures in FY20-FY23, reflects different levels of deficit based on the amount of fund proceeds expected. Acknowledging that there is currently a large fund balance, within a matter of years there is a negative fund balance reflected. Mr. Chamblin added that included in the meeting material was a simple table provided by PED on the school bus replacement estimates in the out-years, beginning in FY22. Mr. Abbey stated that the Board of Finance recently sold STB's and forecasts may have been updated. Mr. Abbey suggested that Mr. Evans work with Board of Finance and economists at LFC or Department of Finance to update the forecasts; Mr. Evans acknowledged that he had received the updates prior to the meeting and would adjust the forecast projections.
 - b. **Recertification of SSTBs**

Mr. Ortiz recalled that at the last meeting, the Council adopted how they would determine the SB-9 calculation. In doing the recalculation for the SB-9 amount that was already sold for \$18.4M, which was the additional amount needed, and asked if it would be included

in this recertification or if it would be in a different recertification. Mr. Chamblin replied that it would be an additional recertification and stated that the recertification was brought last month. Mr. Evans agreed that the additional amount needed for SB-9 was presented last month. Mr. Ortiz asked if the information was sent to the Board of Finance since PED will need to submit to the Capital Outlay Bureau to get the additional budgets in order for awards to go out. Mr. Evans stated he was unsure but would look into whether the Board of Finance had been informed.

MOTION: Council approval of the Awards Subcommittee recommendation to adopt the Resolution, Notification, Certification/Decertification and Resolution of unexpended bond proceeds as follows:

- SSTB18SB-0001 in the amount of (\$1,406,019) to PSCOC awarded projects totaling (\$1,406,019).

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

c. Certification of SSTB's

Mr. Evans noted that the resolution include in the meeting material was incorrect and referred members to the corrected resolution projected on the monitor. Ms. Gudgel inquired as to why the operating budget was being certified when it was not yet appropriated or had gone through the legislative process; Mr. Evans replied that after reviewing previous years, the budget for the following year had been certified in December of the year prior. Ms. Romero clarified that the resolution was different from what was included in the meeting material; Mr. Evans replied in the affirmative and noted there was a mix-up in the attached resolutions and once the error was found, the updated resolution was provided. Ms. Romero stated it would be helpful to have gotten the information prior to the meeting to allow members to review the correct information. Mr. Evans acknowledged that the back-up documentation for the certification was correct and only the resolution was incorrect in the original e-Book material. Mr. Abbey agreed with Ms. Gudgel that it was premature to certify the FY22 budget and asked if there was anything else that could be certified instead. Mr. Evans replied that he would delay the certification on the budget to the June sale if that was preferred and agreed other items could be certified instead. Ms. Romero agreed that the budget certification did not need to occur now and suggested that the item be cleaned up and resubmitted in December. Mr. Abbey proposed that authority be delegated to Mr. Guillen, Ms. Gudgel and Ms. Romero to approve once an updated resolution is provided.

Mr. Ortiz drew attention to the FY22 projects listed on the certification, acknowledged his understanding of the severance tax bond act states SB-9 comes off the top first, and recommended that staff look at the FY22 allocation to ensure it was being certified correctly. Ms. Gudgel commented that it would not be known what next year's allocation was until this years' final funded program units were determined in February. Mr. Ortiz agreed and stated that an estimate could be used.

MOTION: Adopt the November 2020 Certification and Resolution to sell SSTBs in the amount of \$82,751,461.

AMENDED MOTION: Mr. Abbey moved that authority to approve an updated resolution be delegated to Mr. Guillen, Ms. Gudgel and Ms. Romero. Ms. Gudgel seconded and the motion was unanimously approved.

4. Consent Agenda

- a. Approval of Minutes – October 13, 2020
- b. Facilities Master Plan (FMP) Awards
- c. 2020-2021 Outside of Adequacy Award Language Change – Jemez Valley Public Schools
- d. 2019-2020 BDCP Category 2 (Equipment) Award – Las Cruces School District
- e. 2020 BDCP Category 2 (Equipment) Awards
- f. 2021-2022 Preliminary wNMCI Ranking

Mr. Guillen read the items listed within the consent agenda and asked members if any item needed to be pulled for discussion; as there was none, a motion to approve was made.

MOTION: Mr. Reyes moved for Council approval of the consent agenda. Ms. Gudgel seconded and the motion was unanimously approved.

Additional Discussion: Mr. Abbey asked if the Jemez Valley school district had provided any additional detail on their wastewater treatment facility; Mr. Chamblin drew member attention to a letter from the district which included information on their two previous plants.

5. Other Business

a. Final FY20 PSFA Annual Report

Mr. Chamblin reminded members that the publication deadline is December 15 of each year. The annual report includes feedback received from Council and will be sent to the outside technical editor for final edits prior to publishing.

MOTION: Mr. Burciaga moved for Council approval of the final FY20 Public School Facilities Authority Annual Report and authorization for PSFA staff to make final edits and technical corrections prior to printing and distribution. Mr. Ortiz seconded and the motion was unanimously approved.

b. SB-9 State Match Calculations - *informational*

Mr. Chamblin reviewed information listed within the executive summary and drew attention to the concept of potential change to the calculation methodology to exclude discretionary program units from the calculation. PSFA staff is in agreement with the recommendation to exclude the discretionary program units as they are a non-uniform value in the calculation and discretionary units increase the SB-9 match, which in turn reduces the amount of state funding available for new PSCOC awards for major capital projects. Ms. Gudgel recalled that during the Awards Subcommittee, a request had been made to have a presentation made on SB-9 at the individual district level and how it was

calculated. Mr. Chamblin replied that staff is working with PED to get the calculations spreadsheet. Ms. Gudgel asked that this item be added to the December agenda. Mr. Ortiz stated he would provide the spreadsheet to PSFA staff.

c. PSFA Agency Strategic Plan - Update - *informational*

Per Mr. Chamblin, work will begin this month to update and republish the Agency strategic plan for the next 2-4 years. The current 2018-2020 strategic plan is expiring in December; the plan is to engage an outside strategic planning consultant to help the working group develop a new plan. Mr. Chamblin reviewed the timeline for development and implementation of the new plan. Mr. Guillen thanked Mr. Robbins for agreeing to participate in this process. Ms. Gudgel inquired as to who the strategic planning consultant was; Mr. Chamblin replied the Mr. Tom Sullivan, referred by Mr. Hugh Prather, would be assisting the working group steering committee in developing the new plan.

6. Informational

a. Project Status Report

Mr. Chamblin reviewed and highlighted items listed within the executive summary. There are a number of existing projects with standards-based awards that are working with PSFA to bring their out-of-cycle funding requests for design or construction to December or January. Ms. Romero sought clarification on how long projects were kept on hold while school districts try to come up with their funding. Mr. Chamblin replied that there was currently no absolute sunset or calendar limit on standards-based projects for districts to mobilize their own funding and move the project. The conversation earlier in the year was to potentially institute a hard time frame for standards-based projects for a period of years before the project would be decertified and the award withdrawn. Mr. Chamblin reiterated that there was no statutory time limit. Ms. Romero stated this impacts the large balances seen in the fund and if there was no time limit in place where they had to show progress then the money is tied up for the entire project from planning to construction. Ms. Romero suggested that the Council take a hard look at setting timelines and expectations for the districts in order to avoid having money tied up and be able to continue to spend it.

b. Quarterly Maintenance Status Report

Per Mr. Tillotson, only 32% of New Mexico school districts have a current PM Plan. Letters have gone out to 60 districts that do not have current plans; response received has been positive with 4 districts submitting updated plans and an additional 14 districts currently in process of updating. The Facility Information Management System (FIMS) reflects a reduction in the use of FIMS, which could be tied to COVID. There has also been a reduction in Maintenance Direct and Preventive Maintenance Direct while Utility Direct numbers have increase slightly. Collectively, FIMS statewide use remains above the recommended threshold of 70%. The FMAR pie chart reflects a slight increase in performance and despite many facilities not having current maintenance plans, facility condition ratings continue to go up. As updated preventive maintenance plans are received, it is anticipated that an improvement will be seen up to possibly 74% performance ratings.

Ms. Romero recalled that in the past, there had been a move to tie maintenance and receipt of an award together. While Council does not want to hold up improvements to projects, districts should be encouraged to have updated plans in place. Mr. Tillotson acknowledged there is a tie to districts receiving funding and discussion during the AMS Subcommittee was whether it was stipulated in the letters that as they come to Council for potential funding that they must have a current preventive maintenance plan and be users of FIMS. Mr. Tillotson reiterated that this was an annual update and that staff reaches out to districts to help them improve their facilities and update their plans as required.

c. High Speed Internet for Remote Learning Program - Update

Per Mr. Chamblin, PSFA is working with CES to get the IGA fully signed and executed. Staff has met with CES and selected a group of consultants that will be providing this consultative service to districts and state-chartered charter schools around the state. Videoconferences conducted with the districts and charters were used to explain the program; the response rate has been higher than initially estimated on the number of districts that would need help. With the consultants that will begin working this week, it is anticipated that the high number of districts can still be served. PSFA is coordinating with PED and DoIT to align these consultative services with the initiatives from these agencies and PSFA is completing the final scope of work for the consultants and a timeline for the program. The goal is to get disconnected students connected in January for the spring semester. Additional information will be brought to at future meeting.

7. 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 Evaluation

This item was delayed until the December PSCOC meeting.

8. Reconvene to Open Session

9. Next PSCOC Meeting - Proposed for December 14, 2020.

10. Adjourn – There being no further business to come before the Council, Mr. Ortiz moved to adjourn the meeting. Ms. Romero seconded and the motion was unanimously approved. The meeting adjourned at 2:40 p.m.



Chair

12/14/2020

Date