

**PUBLIC SCHOOL CAPITAL OUTLAY COUNCIL
MEETING MINUTES
STATE CAPITOL BUILDING ROOM 317
March 14, 2022**

Members Present: Mr. Joe Guillen, NMSBA Mr. David Robbins, PEC
 Mr. David Abbey, LFC Mr. Raul Burciaga, LCS
 Mr. Antonio Ortiz, PED Dr. Vanessa Hawker, LESC
 Ms. Ashley Leach, DFA (Virtual) Mr. Clay Bailey, CID

Members Absent: Ms. Mariana Padilla, Office of the Governor

1. **Call to Order** – Chair Guillen called the meeting to order at 1:35 P.M.
 - a. **Approval of Agenda** – Chair Guillen asked if there were any changes to the agenda as presented; as there was none, Mr. Robbins moved for Council approval of the agenda. Mr. Ortiz seconded, and **the motion was unanimously approved.**
 - b. **Correspondence** – Ms. Casias shared a letter of correspondence from Congresswoman Melanie Stansbury and summarized the statement. Ms. Stansbury indicated support for the Albuquerque Sign Language Academy. Ms. Stansbury had visited the school and was concerned about the students and spaces, and was hoping that there could be an opportunity to help improve the situation, and invited PSCOC Members an opportunity to tour the Albuquerque Sign Language Academy facilities.
2. **Public Comment** – Dr. Ken Moore, Superintendent of Alamogordo Public Schools, introduced himself and opened comment by commending the Council for their selection of the new PSFA Executive Director, along with congratulating Ms. Casias as she had taken on the new role. Mr. Moore mentioned Ms. Casias and the PSFA team had been working alongside the Alamogordo School District on their new middle school project. Mr. Moore shared his hopes for exploring new ways of developing standards for building schools along with new ways to fund schools. Mr. Moore shared his conversation that he had with New Mexico State University Alamogordo (NMSUA) about the possibility of a campus for a new high school. Mr. Moore mentioned the district had some different ideas for their middle school, and at that time, the district was planning some ideas that may cost more with price escalations. Mr. Moore said it was refreshing to see that the PSFA director explored ideas with the district as a partner. Mr. Guillen thanked Mr. Moore for attending, and for the work the district was doing to help streamline processes. Mr. Abbey asked Mr. Moore what the district had been planning with regard to extended learning for grades K-5+ and K-12+. Mr. Moore said the district was undecided, and it depended on how all the funding played out along with what the final decision PED would have on how the district was supposed to go about paying their teachers. Mr. Moore said if they went by the teacher’s preferences most of the teachers would not want to participate in that. Mr. Moore said that the district was going to pass this year.

3. PSCOC Financial Plan

a. Financial Plan

Ms. Casias introduced the new PSFA Chief Financial Officer (CFO), Brad Mathews. Mr. Mathews stated in full openness and transparency that the PSFA had been working to reconcile the Financial Plan, and mentioned that during the course of the project, the Financial Plan might reflect changes going forward in future meetings based on the information discovered in the process. Mr. Mathews reviewed the summary of the PSCOC Financial Plan changes since January 10, 2022 line-by-line, reviewed the PSCOC Fund Project Award Schedule Detail Modifications along with the PSCOC Project Fund Balance as of February 24, 2022. Mr. Mathews proceeded to highlight the PSCOC Financial Plan with the SSTB Notes for July and January, mentioning the FY21 and FY22 actuals, and FY23 for July were based on need. MR. Mathews said that the FY24 column was stated as estimates of capacity. FY25 was noted as quarter one only, Mr. Mathews said at the next PSCOC meeting there would be a full fiscal year, which would include four quarters. The FY25 Q1 revenue was \$68M to equal the uses for a comparison for the Estimated Uncommitted Balance Period Ending. Ms. Casias also noted that there were a few adjustments from recommendations made at the March 7, 2022 Awards Subcommittee Meeting. Ms. Casias clarified that the Financial Plan reflected the changes, and Mr. Mathews mentioned a follow-up summary would come later. Ms. Casias followed-up with an additional adjustment, adding a line for FY22 Awards Cycle and the FY22 Awards 2nd Round Cycle, following with a subtotal of those two line items.

Mr. Ortiz commented on the FY22 allocation for school buses and said it would be closer to \$3.3M rather than the \$12.5M, and there was also an allocation in FY 21. Mr. Ortiz requested for staff to take a look at those numbers. Ms. Casias confirmed that the PSFA would look into those numbers and report back. Mr. Guillen asked Mr. Ortiz what the figures were according to recollection, and Mr. Ortiz said that the FY22 allocation and HB285 was between \$3.4M-\$3.5M. Mr. Abbey recalled Ms. Casias' statement assuming lack of demand would cause no certification in June for a bond issue in July, and asked if it was presented at the Awards Subcommittee. Ms. Casias said that the zero in FY23 was presented to the Awards Subcommittee, and according to what was presented from Board of Finance, the PSFA thought that enough money had already been certified, and the PSFA would not need to certify any more money. Mr. Abbey recalled a higher Uncommitted Balance at the Awards Subcommittee Meeting. Mr. Mathews said yes, the Uncommitted Balance was higher, and brought up the discussion from the Awards Subcommittee that there was not an average for the FY23 Cycle Awards (line 33, column "FY24 Estimate" of \$72.4M), which was an average of the past award cycles.

Ms. Casias shared her notes from the Awards Subcommittee with Mr. Abbey. Mr. Abbey asked for clarification; Mr. Mathews had added another award in FY24 to the Financial Plan, which was not included previously, and that the \$72.4M was an estimate. Mr. Abbey brought up the awards for teacher housing, and asked what the status was on the process of developing teacher housing standards. Ms. Casias anticipated the teacher housing standards were to be completed by late spring of 2022, and the Pre-K awards along with the second round of awards for FY22 caused the teacher housing standards to get pushed back on the work plan. Mr. Abbey mentioned awards had been made for teacher housing despite not having the standards. Ms. Casias said that the awards for housing were included in existing standards-based projects for Gallup-McKinley School District and Mosquero. Mr. Abbey asked where he could find the

amounts for those projects on the Financial Plan. Mr. Mathews clarified that the amounts for the projects on the Financial Plan were estimates based on award cycles, and were not noted by project. Ms. Casias said the PSFA went through the FY23 estimates and the ranked list, and picked projects that they thought might come forward. Ms. Casias said the details were shared in January 2022, but they did not have those details to share at that moment. Mr. Abbey referenced page 223 of the eBook regarding the 2022-2023 Pre-Applications received for Standards, Systems and Pre-K. Ms. Casias clarified that the pre-applications were what the PSFA actually received, but when staff was working on the bond sale, staff had to estimate what projects were coming forward in FY23, those were two separate things. Mr. Abbey asked if the pre-applications were related to the FY22 second cycle or FY22. Ms. Casias said that the pre-applications would be for July, and indicated the awards would be made in FY23. Mr. Mathews mentioned that based on conversations with the Board of Finance that was the capacity for the December sale. Mr. Abbey clarified it was for the June sale received in July on a cash basis. Mr. Mathews concurred, and said it would be zero, and conversations with the Board of Finance determined it was \$354.3M, estimated for January FY23. Mr. Abbey revisited discussion at the Awards Subcommittee about the challenges of getting projects, and how few projects were coming through. Ms. Casias reminded the Council that January 2022 was the beginning of offering year-round awards, and since January 2022 there had been eight pre-applications in three months. Ms. Casias was hopeful that more projects would come through because the cycle would remain open year round. Mr. Guillen mentioned having the open cycle did not necessarily bring in all the projects at one particular time, rather, they would come in as they were ready to move forward, and Ms. Casias concurred. Ms. Casias mentioned she had a list of schools the PSFA had been actively working with to see if they were going to apply, and was hoping to have this prepared by July 2022. Mr. Abbey mentioned there was almost a half a billion dollar surplus of the Uncommitted Balance, and efforts to spend more money including the \$75M, for SB212. Mr. Abbey mentioned there needed to be some sort of accountability of the \$75M being spent, including a plan, a simple form, and documentation of how the funds are being spent quarterly or annually. Mr. Abbey believed there were few new projects coming in, there were no requests from Gallup-McKinley, and discussion of the formula change considering in the past several years applications were much less attractive to districts. Mr. Abbey also said that he did not see projects from the Gallup, Zuni, or Central School Districts; he expressed the need to rethink a lot of the issues including the need for the money, the funding formula change, which was predicated before the state gave away with the impact aid credit, which was a huge benefit to districts that asked for no credit, and now their need for funding is less and that was the basis for changing the formula, and it seemed to be even more less of a need for those districts. Mr. Abbey suggested the Council and staff to be more proactive, and to rethink on how the PSCOC and the PSFA conduct business. Mr. Abbey said legislative staff had been meeting with the Task Force, and mentioned Representative Romero was going to be the Chair of the Task Force for 2022. A bill that passed did away with the Impact Aid credit, which would rethink the formula, but not until 2024. Mr. Abbey believed that was too long considering the amount of money available, and thought it was unprecedented to certify the need for a bond. Mr. Abbey believed that had never happened. Mr. Abbey said it could change, and that it needed to be revisited in May or June of 2022. Mr. Abbey questioned who would use the funds if the PSFA and the districts did not use the funds.

Mr. Guillen shared a conversation that he had with Ms. Casias about discussions held at the Awards Subcommittee. Mr. Guillen suggested that all of the proposed changes should be discussed with the Council so all members would be in agreement beforehand, and then formally submit the changes to the Task Force. Mr. Guillen stated that the primary issue was the state-local match, and many local communities had been having difficulty passing bonds, along with the increasing cost of projects. Mr. Abbey brought up waivers, stated that almost all of the business coming to the Council were districts that improve their match by applying for a waiver. Mr. Abbey shared examples from Tularosa, Carrizozo and Corona school districts, which resulted in equity issues causing ineligibility and/or waiver requests. Mr. Ortiz commented on feedback that was presented to the Council and Task Force from school districts requesting that the Council and State should consider developing a program that could possibly fund above adequacy items.

b. Bond Reconciliation Summary

Ms. Romero (PSFA consultant) reviewed findings and presented the Bond Reconciliation Summary. Ms. Romero reviewed missing projects from the Bond Recertification Reconciliation Worksheets, which caused bond tracking discrepancies and occasional inaccurate bond balances. Ms. Romero said that Bond Recertification Reconciliation Worksheets and Resolutions were not presented to the Board of Finance; the Council approved them, but they were never sent over to Board of Finance. Some project offsets were not reflected on the recertifications which caused inaccurate bond balances, as well as projects that were rescinded, but were never reflected on the recertifications. Some projects were under certified or over-certified. Ms. Romero mentioned the effort was collaborative work between Mr. Daniel Juarez (PSFA Senior Project Coordinator), and Mr. Nick Gonzalez from the Board of Finance, and their work had been pivotal in the reconciliation process. Ms. Romero described the process of reconciliation and development of more accurate readings on the Financial Plan.

Ms. Romero shared other differences from the preliminary awards to what was actually awarded, and no recertification was completed after they were awarded. One bond was over-certified along with multiple projects that were certified multiple times. The reconciliation process created an overall favorable change of \$24M. Mr. Burciaga shared appreciation for the summary of the findings, and asked if they had any recommendations. Ms. Casias shared the plan to create/streamline/document internal processes, and continue close internal collaboration to ensure the PSFA and the Board of Finance work together. This is to include monthly reconciliation processes, internal spreadsheets with SHARE and the Board of Finance, separation of duties for double checks, a PSFA internal tracking program (eBuilder) integration with SHARE, as well as certifications and recertifications to be sent to the Board of Finance in a timely manner. Additionally, Ms. Casias mentioned that in addition to Mr. Mathews joining PSFA as the new CFO, Ms. Romero was offered a position to support the finance department at the PSFA.

Mr. Abbey asked where the \$24M was noted on the financial plan, and asked how it would be presented in the next meeting. Ms. Romero said they were going to review the detail of the recertifications and what the \$24M included, and it would reflect each individual line item on the financial plan. Mr. Abbey stated that it wouldn't be obvious to see a \$24M gain in the Financial Plan; the accounts were reconciled in SHARE, not necessarily in the financial plan.

Ms. Romero clarified that the bonds were reconciled from the funding source at Board of Finance, and mentioned the inaccurate balances were trued up in the financial plan as well as in each recertifications that would make up the \$24M. Mr. Guillen said the amounts would be spread out over several fiscal years, and as the total would amount to that much it would consist of several chunks of money from different fiscal years, and Ms. Romero agreed. Mr. Abbey asked when the reconciled adjustments would be updated into the financial plan, and Ms. Casias said that they would have that done by July 1, 2022.

Mr. Abbey suggested a reconciliation worksheet be provided for Council to review monthly. Ms. Romero mentioned that the finance group had a spreadsheet that they could present to the Council, and that the reconciliation worksheet was per bond. Ms. Romero also mentioned triple checking documentation; bond reconciliation worksheet, a high level record of every single bond outstanding that matches the Board of Finance along with a spreadsheet that included A-codes. Mr. Abbey asked what the S-Codes were, and Ms. Casias and Ms. Romero clarified that the S-Codes were project numbers used within eBuilder, which were the same numbers used as account numbers within SHARE and the bond series so it can be traced to the financial system, internal tracking system (eBuilder) as well as the funding source (bond sale) so everything is tied together. Mr. Abbey brought up a question he had asked at a previous meeting about why the auditor did not find these issues, and Ms. Romero replied that the audit findings indicated that there was no complete reconciliation.

c. SSTBs for Certification and Decertification

Mr. Abbey reviewed the potential motion and executive summary. Ms. Romero reviewed the culmination of recertifications based on the reconciliations by presenting the first bond series, SSTB15A 17-001 A74, which had three projects that needed to be trued up to the actual award and create an audit trail. Ms. Romero said when an actual award was made, a recertification needed to occur for each particular project. Ms. Romero said that was not completed for the three stated projects, so it did not impact the bond balance because it was already earmarked. Ms. Romero said the Board of Finance requested these details for each project, and continued to brief each of the Resolutions, Notifications and Certifications. Mr. Guillen asked if any of the districts had any involvement, and Ms. Romero said no, and that this was a result of the lack of the PSFA's financial reconciliation. Mr. Abbey questioned the accuracy of numbers presented, and Ms. Romero did not have the answer at that moment and offered to follow-up with the specifics at a later time. Mr. Abbey verified with Ms. Romero that everything reported was developed in agreement with the Board of Finance, and Ms. Romero concurred. Ms. Leach shared the workflow process the Board of Finance and the PSFA initiated together by reviewing historical recertifications that the Board of Finance identified potential issues with, and tracked those through time to identify what changed, and verified that those were reflected in the most recent recertifications. Ms. Leach also described Ms. Romero's further verification by pulling historical recertification items that were approved by the PSCOC, but did not come to the Board of Finance and tracked all of that information while working one-on-one with a dedicated individual, Mr. Nick Gonzalez, from the Board of Finance to confirm the accuracy of information that was presented to the Council. Mr. Abbey asked if the Board of Finance had to approve the Recertifications. Ms. Leach clarified to Mr. Abbey that the Board of Finance approved any recertification that would either increase the funding of a particular project or that was originally identified on a certification. If additional funding was needed for a project that was originally certified, then yes. If there is a new project that was added to a bond series that

was not originally certified, then it must go through the Board of Finance. Ms. Leach mentioned the discussion the Board of Finance had with the PSFA staff about the benefits of decertifying funding from a tracking standpoint; the decertification does not necessarily have to come to the Board of Finance, but it is good practice for staff to decertify and note the funds are available for another use. Mr. Abbey asked Ms. Leach about the specific documents presented and if she knew which ones should be taken to the Board of Finance. Ms. Leach confirmed the Board of Finance would be able to determine what would be reflected in an amending resolution from what Ms. Romero had presented so far. Mr. Abbey asked Ms. Leach if she viewed that as fairly routine, and Ms. Leach confirmed that what Ms. Romero brought forward was routine, and it was not occurring the way it should have been the past few years, though prior to that it was very routine. Ms. Leach said that the reconciliation spreadsheets that go with the recertifications are what the Board of Finance would use to confirm the movement or whether something required Board of Finance approval or not. Ms. Leach commended Ms. Romero and her team's work to clean up everything, because the issue was that recertifications were occurring through PSCOC, but not through the Board of Finance as needed. Ms. Leach said the Board of Finance did not have any measures to flag when something requires a recertification without just the recertification itself being sent by the PSFA staff. Ms. Leach mentioned that by sitting on the Council it is easier for herself to identify what needs to go to the Board of Finance, but prior to that there was not a mechanism to trigger that a recertification needed to go to the Board of Finance. Ms. Leach believed that the continued work from Ms. Romero and also the Board of Finance working closely with the PSFA staff to develop a second back check method with recertifications should be a good path moving forward.

MOTION: Mr. Guillen moved for Council approval to adopt the Resolution, Notification, Certification/Decertification and Resolution of unexpended bond proceeded as follows:

1. SSTB15A 17-001 A74
2. STB18SB0004 A81
3. SSTB18SD 0001 A82
4. SSTB19SB 001 A91
5. SSTB19SD0004 A92
6. SSTB20SB E003 A01
7. SSTB20SD 0002 A03
8. SSTB21SB 001 A02

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

4. Consent Agenda

- a. **January 10th, 2022 PSCOC Meeting Minutes***
- b. **2021-2022 2nd Round Pre-K Awards***
- c. **FY22 Lease Assistance – Tierra Adentro – New Award***
- d. **FY22 Lease Assistance Award Adjustments***
- e. **S20-009 Clovis (Barry ES) – Out Year Design Phase Funding***
- f. **S22-002 House Combined – Request for Increase in State Share***
- g. **P22-002 Mosquero Combined Campus – Teacher Housing Design Phase Funding***
- h. **BDCP – 2021- Cat 2 (Network Equipment) Awards***
- i. **PSFA Employee Handbook***

Mr. Guillen reviewed the items listed on the consent agenda and asked members if any item needed to be pulled for discussion; Mr. Abbey made a few comments, stating a correction to broadband was an increase of \$24K, with a total of \$415K state match. Also, Mr. Abbey commented on Pre-K, noting that Rio Rancho Shining Stars applied and then backed out because they couldn't afford their offset. Rio Rancho had a waiting list with hundreds to participate in Pre-K, and this was a high priority for the state to boost participation in Pre-K. Mr. Abbey mentioned that this was another example proving something is wrong, and the state has the money available and the school is not participating. Mr. Guillen said he had always been against the offsets, but they did serve a purpose, and said it was time to look and see if offsets are no longer valid.

MOTION: Mr. Burciaga moved for Council approval of the consent agenda. Dr. Hawker seconded and **the motion was unanimously approved.**

5. Awards Cycle

a. 2022-2023 Pre-Application Received for Standards, Systems, and Pre-K

Ms. Ramos (PSFA Programs Manager) reviewed the executive summary for the 2022-2023 Pre-Applications Received for Standards, Systems and Pre-K. Ms. Ramos mentioned the final ranking and the applications were released on January 11, 2022. Beginning in 2022, the application process had changed, resulting in the applications remaining open throughout the entire year to allow districts to apply at any time. The pre-application process changed to require the districts submit a letter of intent, and following that the PSFA will work with districts on final applications. Ms. Ramos reviewed the eligibility requirements in detail for all project types, and also proceeded to review all of the pre-applications received from the following districts: Farmington – Heights MS and Mesa Verde ES – Standards-based; Albuquerque Sign Language Academy - Standards-Based; Springer MS/HS Combined school – Roofing; Tularosa ES – HVAC; Tularosa HS - Demolition of a building; Farmington – Preschool Academy East; NMSBVI – Albuquerque Preschool. Ms. Ramos shared application data along with the school district letters of intent. Ms. Ramos mentioned the PSFA was talking with several other school districts, and anticipated additional applications in the near future.

Mr. Abbey asked how a waiver would work for Albuquerque Sign Language Academy (ASLA), and Ms. Ramos mentioned the PSFA had been informed that ASLA is a part of the APS Bond, and research was being conducted on the scenario. Mr. Abbey said ordinarily they consider waivers for districts if they qualify by statute, which Albuquerque Public Schools did not qualify. Mr. Guillen mentioned it had been known all along the scenario is unique and it was something to look further into. Mr. Guillen also brought up the additional resources that were going to be made available to charter schools through legislation in 2022, and it may be something to figure in the calculation. Dr. Hawker asked if a charter school had requested a waiver in the past, and Ms. Ramos replied that ASLA had requested multiple waivers with the same application, though previously the PSFA was not aware that they were a part of the APS Bond. Ms. Casias replied to Dr. Hawker confirming that was the first time a charter school requested a waiver. Mr. Robbins asked if APS indicated how much is in and the timing of the bond. Ms. Ramos replied the PSFA received a packet with information stating that it was a

small fraction of the APS Bond. Mr. Rick Martinez spoke on behalf of the ASLA and stated that the school was a state charter school, and few years ago APS reached out to various charter schools throughout Albuquerque to ask them to join in the Levy and some did; ASLA received a small portion from that Levy. Mr. Martinez said the reason for the waiver request was because APS Local match is 77% and considering a state charter school like ASLA would not be able to go to the bond market and it hampers the school, and the school needs were extreme. Mr. Martinez shared kudos to the staff at PSFA, and they had been looking at all the laws, statutes and waiver abilities. Mr. Martinez mentioned set-backs, and in the past, ASLA had received a couple appropriations to get the school through planning and design phase anticipated to be complete by the summer 2022; after an RFP went out a contractor was selected, and Mr. Martinez said construction could start summer 2022. Mr. Martinez said ASLA would not be able to move forward without funding assistance, such as a waiver. Dr. Hawker asked Mr. Martinez how many students were currently attending ASLA, and Mr. Martinez said there were 116 students and 60 students were on the waiting list; students come from across Albuquerque, Rio Rancho, Bernalillo and Los Lunas region. Mr. Martinez shared appreciation for the consideration. Mr. Robbins said regarding standards that districts will account for because districts can get additional SEG for operating cost when there is a high special education population, but there is no additional lease assistance. That is one thing to consider when there is a school that is at 60-70% on an IEP and roughly 60-70% of those students have severe hearing deficits, and they need adequate space. Mr. Robbins said that the charter schools do not have the capital resources even with the changes that the legislature made. Mr. Robbins said that was one of the gaps in the funding formula within the PSCOC rules on how to account for students. Mr. Robbins shared suggestions to find more ways within the law, and stated that if the law did not permit it, the Council would need to work with the legislature to change the law to allow the school to do more so students would not have to result to attending schools in other cities as the only other alternative. Mr. Martinez said that APS would send a lot of their students to the ASLA campus and most of the teachers at ASLA were sign language interns from UNM, which many of the interns eventually became teachers at ASLA.

Mr. Guillen reviewed the schedule and timeline for awards, and Ms. Ramos clarified the work plan timeline, and stated that the systems-based awards would occur quarterly (April, July, October, January) and the standards-based and Pre-K would occur bi-annually (July, January). Ms. Ramos said that the systems-based awards would come in April including Tularosa and potentially Springer school districts.

6. Out-of-cycle Funding /Award Language Requests
a. P21-002 Carrizozo Combined Campus – Request for Waiver of Design Phase Local Match*

Mr. Abbey reviewed the potential motion for the Carrizozo Combined Campus request for a waiver of the design phase local match. Ms. Casias stated that the district requested a waiver for \$3.3M of the local match for the previously awarded design phase funding; staff recommended granting the waiver for their local match for an increase of \$3.3 in the state match for the design phase. Ms. Casias said the reason the PSFA supported this waiver was because the district met the criteria for a waiver for their local match. In January 2022, the PSCOC

awarded the design phase funding with a state match of \$214,315 and a local match of \$3.3M. Mr. Cody Patterson, Superintendent of Carrizozo Public Schools, and Mr. Zach Kirchgessner, Business Manager with K12 Accounting, thanked the Council for having them. Mr. Patterson introduced himself as the new Superintendent at Carrizozo since July 2021, and mentioned the inheritance of a lot of items that were in crisis management. Mr. Patterson mentioned Carrizozo had buildings that have outlived their lifespan, and when the FMP was completed in fall 2021, and indicated the existing buildings would cost 85%+ to bring the building up to standards as it would cost to tear down and build new. Mr. Patterson stated the long list of issues and challenges including failed HVAC systems, failed fire alarm systems, outdated activity bus. Mr. Patterson mentioned that as a small district, their ability to raise the funds to meet the local match was very challenging. Mr. Kirchgessner shared the significant challenges including recurring maintenance costs to maintain the facility, and the fact that during the construction phase the school would need to maintain their HVAC systems. The current FMP estimated \$2.8M to replace those systems if they were to fail. Mr. Kirchgessner stated the school district's bonding capacity was at the limit that the district could reach before the tax rate would have to increase within the community, and that had been a selling point with the bond elections. Mr. Kirchgessner shared concern that if the district went out for a larger amount that bond election may not pass, therefore the most that could be issued would be \$800K before they would run into an issue with an increase in tax rates. Mr. Patterson also mentioned the district had just passed a bond for \$600K in November 2021 that was spent on maintaining the building, including three different water breaks at the school. Mr. Kirchgessner shared concern with the costs to maintain the facility during the construction phase of the project, and the district would like to hold onto their operational and SB9 funds at their disposal; the district is also in need of a new activity bus. Mr. Guillen asked if the district was supportive of the contingency that the subcommittee recommended. Mr. Patterson said yes, the district can go for a bond in 2023 and \$800K is what they can do without raising the taxes, which would increase the likelihood of passing the bond. Mr. Robbins asked what the total mill levy tax rate was in Carrizozo, and Mr. Patterson said Carrizozo was a 7, and Mr. Robbins said that would be the minimum. Mr. Abbey said that the Council had never granted a waiver unless the district had used all of their bonding capacity and Mr. Abbey said that was the intent of the motion. Mr. Patterson said they could go for it and mentioned that their hopes were that the ability to pass it increases if they are able to do the other and then they would have the money, but if it didn't pass it causes a lot of "ifs" and "ands." Mr. Abbey said that the motion requested the district to tax themselves in effect \$1M over the years to get \$35M. Mr. Abbey asked Ms. Casias if the Council had ever granted a waiver for districts that were less than 100% bonding capacity. Ms. Casias agreed to bring that information to the April 2022 Meeting. Mr. Abbey brought up what was requested at the Awards Subcommittee was for the PSFA to present a waiver policy. Mr. Abbey thought that there shouldn't be any more waivers until there is a policy in place. Mr. Patterson said that they could push for the bonds and look into raising the tax rate in 2023. Mr. Patterson said that because of the pipes bursting the district was waiting to hear back from insurance about possible insurance money that could reach \$1M. Mr. Abbey said that the capacity was \$1.3M, and said that was not a lot to ask to raise to get \$35M in return. Mr. Guillen said as the Council looked at changing some items, it was important that the previous project and the new project gets looked at as there would be some new ground and consider flexibility to do what is best for the students and the district. Mr. Abbey brought up Corona school district and said that they were in a similar position considering equity. Mr. Robbins recapped the conversation saying that the Superintendent Mr. Patterson thought that if the district gets \$800K from a source to get the

waiver, though Mr. Robbins suggested that the district could use the \$800K for other needs. Mr. Robbins reviewed that Mr. Abbey meant the state and the Council expects the citizens to contribute a fair amount at least a 7 Mill Levy to full bond capacity, and it wouldn't increase taxes beyond 7 Mills in order to get over \$30M. Mr. Robbins fully agreed with Mr. Abbey's thoughts and opinions on the discussion.

MOTION: Council approval to amend the current Standards-based award for Carrizozo Municipal Schools for the Combined Campus to include a waiver of the \$3,357,607 local match for the previously awarded design phase funding. The revised project funding for the Carrizozo Combined Campus shall be a state match of \$3,571,922 (100%) and a local match of \$00.00 (0%). Approval is contingent upon the district utilizing the district's available bonding capacity prior to returning to the PSCOC for out-of-cycle Construction phase funding. As this was a Subcommittee recommendation a second was not needed and **the motion was unanimously approved.**

7. Other Business

a. BDCP – Adoption of Statewide Technology Infrastructure Network Guidelines*

Mr. Robbins reviewed the potential motion for the BDCP Adoption of the Statewide Technology Infrastructure Network Guidelines. Ms. Casias reviewed that the draft guidelines were shared with the Council for initial review on January 14, 2022. Ms. Casias shared an updated version of the guidelines based on SB144, and shared key points on the guidelines were technology neutral, minimum requirements are set for the Statewide Infrastructure Education Network, and the guidelines would be reviewed at least annually. Mr. Burciaga mentioned he was not present at the AMS Subcommittee Meeting on March 7, 2022, and shared concerns about the guidelines with respect to what was an expansion to what the Council could really do. He continued to recite portions of the text with a detailed list of items to be revised within the guidelines, and requested staff to edit various paragraphs and sections as some of the verbiage was vague and beyond the scope. Mr. Robbins agreed with Mr. Burciaga, and mentioned that the guidelines should specifically state only what the network is supposed to do based upon the legislative authority the PSCOC had been granted. Mr. Viorica agreed with the statements about funding from the PSCOC should not be utilized for the aspirational goals that were included. Mr. Viorica stated opinion that the Council should signal an openness to collaboration with other efforts utilizing federal and other state funding. Mr. Viorica spoke further on the other elements that could feed into the foundation that would be established by the SEN, specifically for public schools, and potential awards coming from the Council would slowly utilize that.

Mr. Viorica said it would make no sense in that type of work to create a node for schools and then create a node for higher education; it only makes sense to combine all of those nodes together. Mr. Viorica said there were already some currently funded efforts in place to assist with the SEN effort. There are current nodes located at higher education institutions and they already submitted budgetary requests to the Higher Education Department for needed upgrades to bring the nodes up to specifications, so the nodes are ready to house the equipment to connect the public schools and students. Mr. Viorica believed these aspirational items were signals to others in the state and this work could be leveraged for other aspects in relation to broadband if additional funding was available for those specific purposes. Ms. Casias agreed, and said that staff will capture the revisions so the guidelines adhere with SB144, and share the updated

guidelines with the Council to make sure the changes are captured. Ms. Casias said that Mr. Viorica will continue to have conversations about the aspirational items in future meetings.

Mr. Burciaga suggested that it would be okay to add a qualifying statement to the guidelines stating: *“based on appropriate jurisdiction this may allow for collaboration with other public/private entities providing that funding that is specific to purposes of SB144 is limited to public schools K-12, etc.”* Mr. Guillen agreed with Mr. Burciaga’s suggestion. Dr. Hawker also agreed with Mr. Burciaga’s comments on the guidelines for public education, and said that the Council’s place was to serve the public school students of New Mexico. Dr. Hawker fully supported having a statement at the end of the guidelines affirming that the PSCOC would be open for discussions of collaboration. Mr. Robbins suggested amending the motion, and to take aspirational items out and note them as a footnote so it shows desire to work with other entities, but to include aspirational items in order to achieve economies of scale for cost of service and to rethink the network to collaborate with non-public school entities.

MOTION: Adoption of Statewide Education Technology Network Guidelines for a Statewide Education Technology Network.

AMENDED MOTION: Mr. Robbins moved for adoption of Statewide Education Technology Network Guidelines as amended and mentioned by Mr. Burciaga for a Statewide Education Technology Network, and to achieve economies of scale for cost of service to the network. The PSCOC may collaborate with non-public school entities in the future. Per Mr. Burciaga’s statements, the following revisions to the guidelines were as noted:

1. Exhibit “A” *“Guidelines for the PSCOC Statewide Education Network, Background:*
REMOVE THE FOLLOWING FROM THE THIRD PARAGRAPH:
“..serve as a foundation for other New Mexico Broadband efforts by providing a backbone for high speed internet service which not only supports student and teachers in rural underserved areas, but supports economic development, rural public health, telehealth and agricultural industry.”
2. Exhibit “A” *“Guidelines for the PSCOC Statewide Education Network, Goals:*
CHANGE THE FOLLOWING FROM THE FIRST BULLET POINT:
Remove “all educational” (too broad) and replace with “K-12” or “Public School”
3. Exhibit “A” *“Guidelines for the PSCOC Statewide Education Network, Goals:*
CHANGE THE FOLLOWING FROM THE THIRD BULLET POINT:
Change “all NM Students and educators” to “NM public schools K-12”
4. Exhibit “A” *“Guidelines for the PSCOC Statewide Education Network, General Guidelines:*
REMOVE THE FOLLOWING FROM THE FIRST BULLET POINT:
“Tribal,”

5. Exhibit “A” “Guidelines for the PSCOC Statewide Education Network, General Guidelines:
CHANGE THE FOLLOWING FROM THE FIRST BULLET POINT:
“Multi-agency collaboration” to “NM public schools K-12”
6. Exhibit “A” “Guidelines for the PSCOC Statewide Education Network, Technical Specifications:
REMOVE #4 from the Technical Specifications:
“Additional members may be added to the network by adding last mile connectivity to new participating members.”
7. Exhibit “A” “Guidelines for the PSCOC Statewide Education Network, Technical Specifications:
CLARIFY #7 & #8 from the Technical Specifications:
Provide definitions describing “Network Jitter” and “Packet Loss Rate Commitment”
8. Exhibit “A” “Guidelines for the PSCOC Statewide Education Network, Prioritization of Projects:
CLARIFY #2:
Define “school” as public, district, charter, etc.

Mr. Abbey seconded and the motion was unanimously approved.

b. BDCP – Phase 1 of Statewide Education Technology Network Infrastructure*

Mr. Abbey reviewed the potential motion and Awards Subcommittee recommendation of Phase 1 of the Statewide Education Technology Network Infrastructure. Mr. Viorica shared quick-points about the negotiations and participants. With the Phase 1 pilot there were 56 schools that received proposals; only 41 received viable proposals from the private industry. Mr. Viorica said that the contracts would be brought back to the Council for final approval once they were negotiated, and the typical term for the contracts were three years as the industry standard.

Mr. Viorica presented a map that depicted how the Statewide Education Network (SEN) would be structured and described each aspect of the connections and how they worked together with future phases and how they needed to be spread out across the state in order to be close enough to the schools in order to be viable from a technical perspective. Mr. Viorica said all the nodes would be interconnected and utilize the same solution in order to function properly. Related to a previous conversation, Mr. Viorica mentioned a project funded with Governor’s Emergency Education Relief Fund (GEER) money with a collaboration between PED, Early Childhood Education Department and the Higher Education Department with funding already in place and all that effort would hinge the Gallup aggregation hub that was located at UNM Gallup. All of those efforts would depend on the Gallup node being created. Mr. Viorica estimated the cost for one year of service for the Phase 1 of service would cost approximately \$3M plus tax. Mr. Viorica said there was no infrastructure owned by the state, which is why the cost was relatively modest. Considering the number of steps and overall timing, Mr. Viorica said that it would be difficult to submit an E-Rate application in the current year, though the BDCP will attempt to submit an E-Rate application.

Mr. Viorica said it was difficult to compare the current post E-Rate cost of the internet for schools with a different service through the SEN pilot without E-Rate, and that was the reason why Mr. Viorica did not think the schools were going to be able to pay a share in the current year. Mr. Viorica's team was ready to present models where the schools would have a modest participation in the overall cost share for subsequent E-Rate funded project years. Mr. Viorica shared the potential PSFA staff increase by filling positions for a Project Manager (existing position), Project Coordinator/Financial Specialist (new position), Contract Administrator (new position), and a Broadband Attorney (contracted). Mr. Viorica mentioned contemplation of sharing the position/services with the Office of Broadband that was also currently looking to hire the same type of position. Mr. Viorica mentioned that BDCP was coordinating and working closely with the Office of Broadband with all of their work and future work associated with broadband throughout the state of New Mexico. Mr. Viorica believed these new staffing positions were necessary because the SEN work related to SB144 was a full program in addition to current broadband projects that were expected to continue (Cat 1 & Cat 2) that the Council had already been funding for the last seven years. Ms. Casias presented the background that had been previously shared, and those positions were what the PSFA thought were needed to be successful, and the PSFA was not asking for any new positions; rather, they were just moving staff around internally. Also, Ms. Casias said that the PSFA needed to collaborate with the Office of Broadband and suggested that the Office of Broadband should take on more involvement with Phase 2 of the SEN, as it was essential.

Ms. Casias also mentioned the Anti-Donation Clause, and previously the PSFA thought they would own the fiber, though through the RFP process the PSFA discovered that the PSFA would not own fiber, and that was why the cost was going to be more reasonable. Mr. Viorica closed the presentation with next steps of negotiations, developing requirements for work to make all the components coming together (network management), completing the negotiations (contracting and starting the implementation of Phase 1), as well as developing an E-Rate eligible procurement for Phase 2 to add more schools to the SEN next year, and possibly many years after, which would make the cost even more affordable as more schools share into the SEN. Dr. Hawker disclosed that she had relatives that were staff and students at Mountain Mahogany Community School. Ms. Casias shared the RFP Timeline and Pertinent Dates that Mr. Abbey requested. Mr. Abbey thanked Chair Guillen, Mr. Robbins and Ms. Casias for working with staff to clarify and define the infrastructure. Mr. Abbey mentioned there would be another RFP in the summer of 2022. Mr. Abbey requested to push hard on cost sharing and commended Mr. Viorica for defining the guidelines of cost sharing. Mr. Guillen echoed the comments Mr. Abbey shared.

MOTION: Mr. Guillen moved for Council approval of the Awards Subcommittee recommendation to allow PSFA staff to accept the highest ranked Offerors' proposals, and enter into contract negotiations for the backbone, last mile and commodity services. As this was a Subcommittee recommendation a second was not needed and **the motion was unanimously approved.**

8. Informational

a. PSFA Process Improvements Update

Ms. Casias reviewed the timeline with the process improvements update. The Council gave direction to the PSFA to hire an external vendor; the PSFA hired PM Solutions as an external vendor, represented by Ms. Felicia Ortiz, to assess the PSFA along with consulting with school districts, contractors and architects. In summary, the stakeholders requested simplification, consistency, expediency of projects, and reduction on time frames of reviews and approvals, removal of redundancies, stakeholder training regarding the PSFA and the PSCOC, and staff training. Another comment requested were a policy changes, including potential updates to the adequacy standards, how offsets are addressed, and the state-local match formula. Ms. Casias said that the PSFA planned to meet with the architects and contractors semi-annually, and the school districts quarterly. The stakeholder groups requested to meet together collectively in the future. Mr. Guillen was glad to hear the efforts were moving forward. Mr. Abbey requested to add “waivers” to the policy changes, and Ms. Casias responded that would be addressed.

b. Unrestrictive Revenue Update

Ms. Casias reviewed the timeline for the Unrestrictive Revenue update and mentioned that in October 2021, the Council tasked the PSFA to facilitate meetings with various districts regarding a definition for Unrestricted Revenue (URR). On March 1, 2022 the PSFA received a potential definition, and the confusion was to define what URR could or couldn't be used for. The definition talked about use of capital expenditures and how they were defined as not budgeted as operational expenditures, expenditures made on a building constructed prior to PSFA adequacy standards and projects the PSCOC will not fund. Ms. Casias mentioned another meeting was scheduled for the week of March 28, 2022. Ms. Casias would report back at the Subcommittee meeting in April 2022. Mr. Abbey asked Ms. Casias if the attendees were from an ad-hoc group not including formal appointees, and Ms. Casias responded in the affirmative.

Mr. Abbey said this project addresses the policy issues regarding how offsets are addressed with the state-local match, and shared concern that this must be addressed. Mr. Guillen said that was more of a policy issue, and Mr. Abbey agreed. Streamlining policy needed to happen, and Mr. Guillen said that the Council needed to come together to discuss before it is presented, and also would like to hear the feelings and support from the school districts in particular as well. Mr. Abbey said that policy issues needed to be addressed specifically rather than under the process improvement updates. Mr. Guillen said a discussion must happen at the next meeting to have guidance to provide and go out to the community. Mr. Ortiz asked who would be responsible for coming up with the definition of the URR because when the definition is established it is going to have a huge effect on how to calculate the offsets for the Impact Aid school districts. Mr. Guillen was also not clear on how the definition was being used and for what purpose. Ms. Casias said that purpose of the unrestricted revenue definition was to talk about the unrestricted revenue now that it was going into the formula with the assessed land valuation and adding in the unrestricted revenue that could be used for capital expenditures so it will give a source of funding to certain districts.

Ms. Casias said that she was hearing that the policy should be separated from the process improvements efforts. Ms. Casias proposed that she could inform the Council what items could be approved for the Task Force, and at that time create a committee of appointed persons, and

then figure out who would have the definition for the unrestricted revenue. Mr. Guillen said they would need to talk about all of that. Mr. Robbins asked for clarification, saying that the unrestricted revenue definition was to provide a source of funding, and asked if it was a “source of funding” or “source for offsetting necessary district funding.” Ms. Casias said that was one of the questions going around, and Ms. Casias believed it was a source of funding, and the school districts were concerned that it would be used as an offset. Mr. Robbins said if the district is using funding from some source for non-PSFA/PSCOC approved school projects, the district could use other funding for non-school projects to cover their offsets. Ms. Casias clarified that if the unrestricted revenue was used for a non-PSCOC funded project it would not count as an offset if the district came forward for a project, which Ms. Casias believed was different from what Mr. Robbins was saying. Ms. Casias said that it was only the unrestricted revenue that districts were not wanting to be an offset if it was being used for an educational purpose. Mr. Robbins believed that this would require a fuller discussion.

c. FY21 Audit Report

Ms. Casias shared highlights from the FY21 Audit Report stating the key points and details of each finding along with details of the solutions to each finding. Mr. Robbins mentioned the AMS Subcommittee reviewed the FY21 Audit Report; Mr. Robbins was a part of the exit interview and was aware of what the findings were, which brought about the reconciliation process that came afterwards. Dr. Hawker asked about the company that was hired to perform the audit, and asked if it was their first time completing an audit for the PSFA. Mr. Robbins said no, that the firm had completed audits for the PSFA for the last three years.

d. Project Status Report

This agenda item was not covered during the Council Meeting.

e. Legislative Session Update

This agenda item was not covered during the Council Meeting.

f. Semi-Annual HR Staffing Report

Ms. Casias presented the Semi-Annual HR Staffing Report. Mr. Abbey asked if the 20% vacancy rate would change going forward, and Ms. Casias believed that the vacancy rate could decrease. There were fourteen total staff separations, and the PSFA was aggressively looking to hire staff. Ms. Casias was optimistic that the agency will be aggressively hiring. Dr. Hawker asked if the vacancies were across the board or if they were targeted in certain disciplines. Ms. Casias said most of the vacancies were in the construction project manager positions. Mr. Bailey asked if part of it was due to wages or retirement. Ms. Casias said that most of the construction managers the PSFA lost were due to job opportunities at schools districts and/or because of higher pay. Mr. Robbins said that this was discussed at the AMS Subcommittee and that since the PSFA is not an executive agency, the PSFA was unable to use the State Personnel Office (SPO) applications and.

g. BDCP – Review of Broadband Technology Options for a Statewide Education Technology Network Infrastructure

This agenda item was not covered during the Council Meeting.

h. Quarterly Maintenance Report

Mr. Tillotson provided a detailed presentation of the key points of each maintenance category including Preventive Maintenance Plan Status, Facility Information Management Systems, and Facility Maintenance Assessment Report and Meaningful Maintenance Metrics.

9. Next PSCOC Meeting - Proposed for April 25, 2022.

10. Adjourn – There being no further business to come before the Council, Mr. Robbins moved to adjourn the meeting. Ms. Ortiz seconded, and **the motion was unanimously approved.** The meeting adjourned at 4:17 P.M.

 Chair

5/2/22 Date