

**NEW MEXICO PUBLIC SCHOOLS
INSURANCE AUTHORITY**



**Board Material
June 3, 2021**



New Mexico Public Schools Insurance Authority

Board of Directors Meeting

Board of Directors

Al Park, President, Governor Appointee
Chris Parrino, Vice President, NM Association of School Business Officials
Pauline Jaramillo, Secretary, NM School Boards Association
Denise Balderas, Governor Appointee
Sammy J. Quintana, Governor Appointee
Bethany Jarrell, National Education Association NM
David Martinez, Jr., National Education Association NM
Tim Crone, American Federation of Teachers NM
Ricky Williams, NM Superintendents Association
K. T. Manis, Public Education Commission
Trish Ruiz, Participating Educational Entities

Please join the meeting from your computer, tablet or smartphone.

<https://global.gotomeeting.com/join/577677165>

You can also dial in using your phone.

United States: [+1 \(872\) 240-3212](tel:+18722403212)

Access Code: 577-677-165

Join from a video-conferencing room or system.

Dial in or type: 67.217.95.2 or inroomlink.goto.com

Meeting ID: 577 677 165

Or dial directly: 577677165@67.217.95.2 or 67.217.95.2##577677165

New to GoToMeeting? Get the app now and be ready when your first meeting

starts: <https://global.gotomeeting.com/install/577677165>

Thursday, June 3, 2021

9:00 A.M.

Draft

Agenda

- | | |
|--|------------|
| 1. Call to Order | A. Park |
| 2. Roll Call | P. Vigil |
| 3. Introduction of Guests | R. Valerio |
| 4. Citizens to Address the Board (Five-Minute Limit) | A. Park |
| 5. Approval of Agenda (Action Item) | A. Park |
| 6. Approval of May 6, 2021 Minutes (Action Item) | A. Park |
| 7. Administrative Matters | |
| A. July Special Meeting | R. Valerio |

B. COVID-19 Update	R. Valerio
C. General Legal Counsel Services Agreement Amendment (Action Item)	R. Valerio
8. Financial Matters	
A. Financial Reports for April 2021 (Action Item)	P. Sandoval
B. FY21 Audit Contract (Action Item)	P. Sandoval
C. Certification of Capital Assets (Action Item)	P. Sandoval
9. Benefits Matters	
A. 2021-2022 Part-Time Employee Resolutions (Action Item)	R. Valerio
B. Pharmaceutical Benefits Management Services Agreement Amendment (Action Item)	R. Valerio
C. Group Basic Life and AD&D, Group Voluntary Life and AD&D, and Group Long Term Disability Coverage Agreement Amendment (Action Item)	R. Valerio
D. No Surprises Act/Transparency Rule Compliance Update	N. Patani
E. Wellness Update	K. Chavez
10. Risk Matters	
A. TAP 2020-2021 End of Year Report	D. Chavez
B. CES Inter-Governmental Services Agreement (Action Item)	R. Valerio
C. Student Athletic and Vocational Accident Insurance Services Agreement Extension (Action Item)	R. Valerio
D. 2021-2022 Property & Liability Claims Procedures (Action Item)	R. Valerio
E. 2021-2022 Workers' Compensation Claims Procedures (Action Item)	R. Valerio
F. 2021-2022 MOCL024 General & Automobile Liability Memorandum of Coverage (Action Item)	R. Valerio
G. 2021-2022 MOCP024 Property, Automobile Physical Damage, Crime & Cyber Coverages Memorandum of Coverage (Action Item)	R. Valerio
H. Market Update	D. Poms
I. Property, Liability, Equipment Breakdown, Crime, and Workers' Compensation Excess Coverages Renewal (Action Item)	D. Poms
J. TPA Reports	S. Vanetsky/ J. Mayo
1. Property & Liability Monthly Claims Report	
2. Property & Liability Large Losses	
3. Workers' Compensation Monthly Claims Report	
4. Workers' Compensation Large Losses	

K. Loss Prevention Update

**J. Garcia/
L. Vigil**

11. General Discussion

A. Park

12. Next Meeting Date and Location

A. Park

July Special Meeting – July 29, 2021, Location Santa Fe/GoToMeeting

13. Adjournment (Action Item)

A. Park

**NEW MEXICO PUBLIC SCHOOLS INSURANCE AUTHORITY
BOARD OF DIRECTORS VIRTUAL MEETING MINUTES**

Virtual Meeting: <https://global.gotomeeting.com/join/329797917>

**Dial in: + 1 (571) 317-3112
Access Code: 329-797-917**

Thursday, May 6, 2021

1. Call to Order

DRAFT

Mr. Al Park, NMPSIA Board President, called the NMPSIA Board Meeting to order at 9:02 a.m. on Thursday, May 6, 2021.

2. Roll Call

Ms. Pamela M. Vigil, called roll.

Present via virtual meeting/telephonic meeting:

Alfred Park, President
Chris Parrino, Vice-President (arrived after rollcall)
Pauline Jaramillo, Secretary
Denise Balderas
Tim Crone
Bethany Jarrell
Sammy Quintana
David Martinez Jr.
Trish Ruiz (appointed to NMPSIA Board after rollcall)
Ricky Williams

Absent:

K.T. Manis

Staff Members Present via virtual/telephonic meeting:

Richard Valerio, Executive Director
Patrick Sandoval, Deputy Director
Martha Quintana, Chief Financial Officer
Melissa Rael, Human Resource/Finance Manager
Pamela Vigil, Risk Program Coordinator
Claudette Roybal, Chief Procurement Officer
Katherine Chavez, Benefits/Wellness Operations Manager

Audience present via virtual/telephonic meeting:

Martin Esquivel	Esquivel & Howington
Ellen Clark	PFM
Connor Jorgensen	LFC
Joseph Simon	LESC
Sean Barham	LCPS
David Poms	Poms & Assoc.
Julie Garcia	Poms & Assoc.
Larry Vigil	Poms & Assoc.
Tammy Pargas	Poms & Assoc.
Rika Martinez	Poms & Assoc.
Richard Cangiolosi	CCMSI
Louise Carpenter	CCMSI
Kim Trimble	CCMSI
Kevin Sovereign	CCMSI
Jerry Mayo	CCMSI
Steve Vanetsky	CCMSI
Dr. Nura Patani	Segal
Sam Garcia	Davis Vision
Cathy Fenner	Davis Vision
Rich Bolstad	Delta Dental
Steve Valdez	Presbyterian
Lia Gainey	Presbyterian
Kathy Payanes	Erisa
Lourdes Rael	Erisa
Magdiel Barrios	Erisa
Lisa Guevara	BCBS
Marlene Mier	BCBS
Jeanine Patterson	BCBS
Maureen Sergel	BCBS
Jon Molberg	Express Scripts
Greg Archuleta	The Standard
Jennifer Oswald	The Standard
Michele Blackwell	

3. Introduction of Guests

There were no guests.

4. Citizens to Address the Board (five- minute time limit)

There were no citizens to address the Board.

5. Approval of the Agenda (Action Item)

A motion was made to approve the agenda as presented.

MOTION: P. Jaramillo

SECONDED: S. Quintana

A roll call vote was taken.

Ms. Vigil called roll:

Denise Balderas – Yes
Tim Crone – Yes
Pauline Jaramillo – Yes
Bethany Jarrell – Yes
David Martinez Jr. – Yes
Sammy Quintana – Yes
Ricky Williams – Yes
Chris Parrino – Not present for vote.
Alfred Park - Yes

Vote carried.

6. Approval of April 8, 2021 Virtual Board Minutes (Action Item)

A motion was made to approve the April 8, 2021 Virtual Board Minutes as presented.

MOTION: T. Crone

SECONDED: D. Martinez Jr.

A roll call vote was taken.

Ms. Vigil called roll:

Denise Balderas – Yes
Tim Crone – Yes
Pauline Jaramillo – Yes
Bethany Jarrell – Yes
David Martinez Jr. – Yes
Sammy Quintana – Yes
Ricky Williams – Yes
Chris Parrino – Not present for vote.
Alfred Park – Yes

Vote carried.

7. Administrative Matters

7. A Appointment of NMPSIA Board Member to Represent the Participating Educational Entities (Action Item)

Mr. Richard Valerio, Executive Director, New Mexico Public Schools Insurance Authority (NMPSIA) explained the process to appoint a NMPSIA Board Member to represent the

Participating Educational Entities. Mr. Valerio stated staff has solicited recommendations and resumes from NMPSIA's participating entities. He indicated staff received recommendations from Eastern New Mexico University for Ms. Trish Ruiz, Hobbs Municipal Schools for Ms. Trish Ruiz, Las Cruces Public Schools for Mr. Sean Barham, Northern New Mexico College for Dr. Ivan Lopez-Hurtado, Western New Mexico University for Ms. Kelley Riddle, and an email for consideration of Ms. Jo Ann Salome, NM Tech.

Mr. Martin Esquivel, NMPSIA General Counsel explained the process of selecting a Board Member to represent the Participating Entities.

Mr. Park opened it up for discussion amongst the NMPSIA Board.

Mr. Tim Crone stated Ms. Ruiz served on the NMPSIA Board for four years and she is extremely committed to this Board. He stated he was pleased with all the candidates and their resumes were impressive.

Mr. David Martinez Jr. asked Mr. Sammy Quintana if there has ever been a regent on the Board.

Mr. Quintana stated he did not recall if there has been a regent on the Board.

Mr. Martinez Jr. stated a regent is a Governor Appointee. He questioned if this would constitute as a fourth Governor Appointee.

Mr. Park stated this individual would not be appointed by the Governor, but rather the NMPSIA Board.

Mr. Esquivel agreed with Mr. Park's comments with respect to a Governor Appointee.

Mr. Park stated it is important to bring someone in with experience with Higher Educational Institutions. He stated what stood out, was that Ms. Ruiz brings both the Higher Ed as a Regent at Eastern New Mexico as well as her on the ground hands on educational background and experience. Mr. Park stated he believes Ms. Ruiz would be an excellent re-addition to the Board.

Mr. Quintana stated he knew two of the candidates, Ms. Riddle and Ms. Ruiz. He indicated that both candidates are extremely impressive. Mr. Quintana spoke of Ms. Ruiz's dedication and commitment to the NMPSIA Board in the past.

Mr. Park asked if there was any further discussion.

Mr. Tim Crone made a motion to nominate Ms. Trish Ruiz for the vacant position on the Board.

Ms. Pauline Jaramillo seconded the motion to nominate Ms. Trish Ruiz.

Mr. Park asked if there was any further discussion and if there were any more nominations.

Mr. Ricky Williams made a motion to close nominations.

Mr. David Martinez Jr. seconded the motion to close nominations.

Ms. Vigil called roll to close nominations.

Denise Balderas – Yes
Tim Crone – Yes
Pauline Jaramillo – Yes
Bethany Jarrell – Yes
David Martinez Jr. – Yes
Sammy Quintana – Yes
Ricky Williams – Yes
Chris Parrino – Not present for vote.
Alfred Park – Yes

Vote carried.

Mr. Park stated the nominations have closed.

Ms. Vigil took a roll-call vote to appoint Ms. Trish Ruiz to the NMPSIA Board.

Denise Balderas – Yes
Tim Crone – Yes
Pauline Jaramillo – Yes
Bethany Jarrell – Yes
David Martinez Jr. – Yes
Sammy Quintana – Yes
Ricky Williams – Yes
Chris Parrino – Not present for vote.
Alfred Park – Yes

Vote carried.

Mr. Park congratulated Ms. Ruiz on her appointment. Mr. Park inquired if Ms. Ruiz can join the Board immediately.

Mr. Esquivel stated she could join immediately.

Ms. Ruiz thanked the Board for placing their faith in her, and stated she looks forward to working with NMPSIA.

Mr. Quintana asked if the appointment term of three years should be included in this motion.

Mr. Valerio stated this is subject to statute, and the process will be repeated in three years.

7. B Legislative Update

Mr. Valerio presented the Legislative Bill Tracker to the NMPSIA Board.

Mr. Valerio reported NMPSIA has been receiving a lot of questions from Superintendents with respect to HB4 (Civil Rights Act). He stated a call was held with the Superintendents to discuss HB4. Mr. Valerio informed them they are covered, and it is very similar coverage to a Civil Rights Claim filed in Federal Court, the only difference is cap of \$2 million per claim. There is no need for schools to go out and purchase any additional liability coverage. Mr. Valerio stated there will be communication going out to clarify this information.

Mr. Valerio stated another issue brought up by Mr. Martinez Jr. is discussions with respect to resolutions for transgender athletes. He stated at this time there is not a big exposure to NMPSIA, and it is still being decided on by the courts. Mr. Valerio stated staff will continue to monitor this situation.

7. C COVID-19 Update

Mr. Valerio reported through the end of March there are a total of 45,732 claims for testing, treatment and vaccines for a total spend of \$13.7 million dollars. Mr. Valerio stated the vaccine spend is \$235,461 through the end of March 2021. He stated there have been 2,899 members that have received both doses of the vaccine and 1,846 members that have received one dose of the vaccine. Mr. Valerio stated in addition to this, staff is currently trying to pursue reimbursement for federal funding. A call is set up with FEMA to discuss this possibility.

7. D NMPSIA Rules and Regulations

Mr. Valerio stated staff will be meeting with Mr. Esquivel to review the NMPSIA Rules and Regulations. He indicated one of the items they will review is the date of the annual meeting in addition to some outdated rules. Mr. Valerio asked if any Board members would like to participate in a committee to review the rules and regulations to let him know.

7. E Changes to Board/Commission Meeting Rates

Mr. Valerio reported on the changes to board/commission meeting rates because of the passage of SB 345. Mr. Valerio stated an in-person meeting four hours or longer, will remain at a \$95.00 stipend, if it is less than four hours it will be \$45.00 and virtual meetings are \$45.00 per meeting. Mr. Valerio reported in addition to this, mileage and per-diem rates have changed. In state per-diem is \$85.00, within the Santa Fe area is \$135.00, and out of state is \$115.00 per night. He also reviewed partial per-diem rates.

8. FINANCIAL MATTERS

8. A Financial Reports for March 2021 (Action Item)

Mr. Sandoval reviewed the statement of revenues and expenditures for the Employee Benefits Fund for the period 3/1/2021 through 3/31/2021. The Benefits Fund had revenues in the amount of \$27,252,187.77; expenditures in the amount of \$27,230,959.44; resulting in a gain of \$21,228.33.

Mr. Sandoval reviewed the statement of revenues and expenditures for the Risk Fund for the period 3/1/2021 through 3/31/2021. The Risk Fund had revenues in the amount of \$7,054,097.17; expenditures in the amount of \$7,552,016.29; resulting in a loss of \$497,919.12.

Mr. Sandoval reviewed the statement of revenues and expenditures for the Program Support Fund for the period 3/1/2021 through 3/31/2021. The Program Support Fund had revenues in the amount of \$116,750; expenditures in the amount of \$112,303.50; resulting in a gain of \$4,446.50.

Mr. Sandoval reviewed the balance sheet for the period 3/1/2021 through 3/31/2021. Program Support had total assets of \$1,112,718.04, total liabilities of \$267,630.24, and fund equity of \$845,087.80. Employee Benefits had total assets of \$69,222,018.39, total liabilities of \$30,793,520.75, and fund equity of \$38,428,497.64. Risk had assets of \$117,719,809.55, total liabilities of \$121,215,202.04, and a total fund equity loss of \$3,495,392.49. Total assets for the agency were \$188,054,545.98, and total liabilities of \$152,276,353.03. Combined fund equity for the agency was \$35,778,192.95.

A motion was made to approve the Financial Reports for March 2021 as presented.

MOTION: D. Martinez Jr.

SECONDED: T. Ruiz

A roll call vote was taken.

Ms. Vigil called roll:

Denise Balderas – Yes
Tim Crone – Not present for vote.
Pauline Jaramillo – Yes
Bethany Jarrell – Yes
David Martinez Jr. – Yes
Sammy Quintana – Yes
Ricky Williams – Yes
Chris Parrino – Not present for vote.
Alfred Park - Yes

Vote carried.

8. B FY2022 Operating Budget (Action Item)

Mr. Sandoval stated the FY2022 Operating Budget is equal to HB2 Section 4, Appropriation of \$428,337,400.00 and Section 8 which provides a 1.5% increase for the Classified and Exempt employees compensation Package in the amount of \$18,900 as well as an increase to Other Financing Uses from Benefits and Risk, for a total of \$18,900 to fund the Personnel Services Increases for a total of \$428,375,200.00. Mr. Sandoval stated it is the recommendation of the Internal Fiscal Review Committee to approve this item.

A motion was made to approve the FY2022 Operating Budget.

MOTION: T. Ruiz

SECONDED: P. Jaramillo

A roll call vote was taken.

Ms. Vigil called roll:

Denise Balderas – Yes
Tim Crone – Not present for vote.
Pauline Jaramillo – Yes
Bethany Jarrell – Yes
David Martinez Jr. – Yes
Sammy Quintana – Yes
Ricky Williams – Yes
Chris Parrino – Not present for vote.
Alfred Park - Yes

Vote carried.

8. C Approval of Budget Adjustment Request – Risk Fund (Action Item)

Mr. Sandoval stated staff would like to request a Budget Adjustment Request (BAR) of \$2 million dollars for Risk. He stated staff is currently projecting to end with a positive balance of \$4 million dollars, however with the recent uptick in property claims, staff would like the increase just to be safe. He explained that any unexpended amount will revert to the Fund Balance at the end of Fiscal Year. Mr. Sandoval stated it is the recommendation of the Internal Fiscal Review Committee to approve this item.

A motion was made to approve the Budget Adjustment Request.

MOTION: S. Quintana

SECONDED: D. Martinez Jr.

A roll call vote was taken.

Ms. Vigil called roll:

Denise Balderas – Yes

Tim Crone – Not present for vote.
Pauline Jaramillo – Yes
Bethany Jarrell – Yes
David Martinez Jr. – Yes
Sammy Quintana – Yes
Ricky Williams – Yes
Chris Parrino – Not present for vote.
Alfred Park - Yes
Vote carried.

8. D Approval of Budget Adjustment Request – Benefits Fund (Action Item)

Mr. Sandoval stated at this time a BAR for Benefits is not needed, however staff would like approval to submit a BAR if needed as staff monitors claims. He stated the BAR deadline is May 14, 2021 and this would give staff two weeks to monitor any high dollar claims. Mr. Sandoval stated it is the recommendation of the Internal Fiscal Review Committee to approve this item.

A motion was made to approve the Budget Adjustment Request.

MOTION: T. Ruiz

SECONDED: B. Jarrell

A roll call vote was taken.

Ms. Vigil called roll:

Denise Balderas – Yes
Tim Crone – Yes
Pauline Jaramillo – Yes
Bethany Jarrell – Yes
David Martinez Jr. – Yes
Sammy Quintana – Yes
Ricky Williams – Yes
Chris Parrino – Not present for vote.
Alfred Park - Yes

Vote carried.

8. E Amendment to Facility Maintenance Services Agreement (Action Item)

Mr. Sandoval stated staff would like to request an amendment to the Facility Maintenance Services Agreement to allow the contractor to purchase supplies and materials approved by the Executive Director or the Deputy Director if itemized receipts are submitted. Mr. Sandoval stated it is the recommendation of the Internal Fiscal Review Committee to approve this item.

A motion was made to approve the Amendment to the Facility Maintenance Services Agreement.

MOTION: D. Martinez Jr.

SECONDED: T. Ruiz

A roll call vote was taken.

Ms. Vigil called roll:

Denise Balderas – Yes

Tim Crone – Yes

Pauline Jaramillo – Yes

Bethany Jarrell – Yes

David Martinez Jr. – Yes

Sammy Quintana – Yes

Ricky Williams – Yes

Chris Parrino – Not present for vote.

Alfred Park - Yes

Vote carried.

8. F Investment Performance Review for the Quarter Ended March 31, 2021 and Rebalancing of Long-Term Investments (Action Item)

Ms. Ellen Clark, PFM provided the Performance Review for the quarter ended March 31, 2021. She reported the investment markets have been exciting over the last 15 months and both of NMPSIA's portfolios have done quite well.

Ms. Clark reported the US Stock Markets and the International Stock Markets have done extraordinarily well over the last 12 months. She reported after the recession induced by the pandemic, equities have rebounded significantly. Ms. Clark reported the Russel 3000 Index was up 6.35% for the quarter and 62.5% for the year. Ms. Clark reported the Market on a year-to-date basis through yesterday is up 11.2%, so there is a continued rally in US Stocks.

Ms. Clark reviewed the Russel 2000 Value Index and the Russel 2000 Index. She reported the Small Cap Stocks have done very well on a year-to-date basis.

Ms. Clark stated PFM does anticipate stocks will continue to do better than bonds. She stated PFM is looking for stocks to have a 6.5% to a 7% return.

Ms. Clark went on to review International Stocks and Fixed Income Markets in detail.

Ms. Clark stated staff does expect the Fed Funds Rate to remain low as the Federal Reserve continues to report the economy.

Ms. Clark reported the Benefits Fund has a value as of March 31, 2021 of about \$25.3 million dollars and the return for the quarter is well ahead of the blended benchmark at 2.5%. On a Fiscal Year to Date basis about a 19.7% return, which is well ahead of the benchmark at 15.5%. She reported on a trailing one-year basis a 35.5% return versus the market at 29.5%.

Ms. Clark reported since inception, there has been about a 7.7% annualized rate of return.

Ms. Clark reviewed the asset allocation of the portfolio. She stated the rebalance recommendation is to take money out of the Domestic Equity and shift funds into International Equity. She reported International Equities are a little cheaper than US Stocks right now. Ms. Clark stated PFM feels there is more value there. Ms. Clark stated staff wants to keep the portfolio overweight equities versus fixed income because of the outlook for very low interest rates on a going forward basis.

Ms. Clark reviewed the Risk Fund. She stated the value of portfolio is \$2.8 million dollars and the performance is in line with the performance of the Benefits Fund, about 2.5% on a quarter basis, 19.7% on a fiscal year basis and 35.5% on the trailing year with the 7.7% number since inception.

Ms. Clark stated PFM is recommending selling \$200,000 Large Cap Fund and \$50,000 Small/Mid Cap Fund and buying \$200,000 Non-US Developed Fund and \$50,000 Non-US Emerging Fund. Similarly on the Risk Fund, selling \$40,000 Large Cap Fund and \$15,000 Small/Mid Cap fund and buying \$40,000 Non-US Developed Fund and \$15,000 Non-US Emerging Fund.

Mr. Park asked why we are getting out of Domestic Equities if it appears that it will potentially heat up or overheat.

Ms. Clark reported the recommendation is reducing the overweight that is present in the Domestic Equities. She reviewed the strategy with respect to investment management.

Mr. Park asked if staff is considering the prediction of possible super inflation.

Ms. Clark reported stated the best hedge against inflation are Equities. She stated there is a limit at the State Investment Council (SIC) to invest in.

A motion was made to approve the recommendation to rebalance as outlined.

MOTION: T. Ruiz

SECONDED: R. Williams

A roll call vote was taken.

Ms. Vigil called roll:

Denise Balderas – Yes

Tim Crone – Yes

Pauline Jaramillo – Yes

Bethany Jarrell – Yes

David Martinez Jr. – Yes

Sammy Quintana – Yes

Ricky Williams – Yes

Chris Parrino – Not present for vote.

Alfred Park - Yes

Vote carried.

9. Risk Matters

9. A TPA Reports

9.A.1 Property & Liability Monthly Claims Report

Mr. Steve Vanetsky, CCMSI, reported on the Property & Liability Monthly Claims Report. He stated for the month of March 2021 there were 311 open claims, 55 new claims and 64 claims were closed. Mr. Vanetsky reported reserves were at \$69,173,779.08, payments were \$20,554,437.51 for a total of \$89,728,216.59.

9.A.2 Property & Liability Large Losses

Mr. Vanetsky reported there was one large loss in Lovington Municipal Schools. He stated eight locations sustained severe wind damage. Mr. Vanetsky stated staff is not anticipating this claim to reach the excess layer, but it will still be significant.

9.A.3 Workers' Compensation Monthly Claims Report

Mr. Jerry Mayo, CCMSI, provided the Workers' Compensation Monthly Claims Report for Districts as of March 31, 2021. He reported during the month of March there were 755 open claims, 125 new claims, 12 claims were re-opened, and 99 claims were closed. Mr. Mayo reported reserves were at \$14,443,393.30 payments were \$49,943,434.55: for a total of \$64,386,827.85.

Mr. Mayo reported on the Workers' Compensation Monthly Claims Report for Charter Schools as of March 31, 2021. Mr. Mayo reported during the month of March, there were 23 open claims, 1 claim was re-opened, and 2 claims were closed. Mr. Mayo reported reserves were at \$831,419.61; payments were \$1,367,388.38, for a total of \$2,198,807.99.

9.A.4 Workers' Compensation Large Losses

Mr. Mayo reported there was a claim out of Las Vegas West Public Schools in which a gust of wind blew a panel and it hit an employee in the left lower leg that caused an amputation. He stated the medical expense and indemnity increase for March was \$88,827.33.

He reported on a claim out of Rio Rancho in which an employee fell and ultimately needed a hip replacement. Medical expense and indemnity increase was a little over \$140,000.

Mr. Mayo reported an employee from Portales Schools slipped and fell from a Tommy Lift and suffered a compound fracture of the ankle. The medical expense and indemnity increase was a little over \$86,000.

9. B Loss Prevention Update

Ms. Julie Garcia, Poms & Associates, reported staff will be sending out a notice to members outlining all the changes because of HB128, to all the Superintendents and HR Directors. She stated she will also be doing a presentation at the School Law Conference the first week of June to go through the changes and requirements under HB128.

Mr. Larry Vigil, Poms & Associates, reported loss prevention activities have picked up. He reported staff has been out at schools looking at playgrounds, cafeterias, gyms, etc. Mr. Vigil stated there are no critical hazards to report, but schools have been storing items and this has created some housekeeping hazards. Mr. Vigil stated staff has recommended schools consolidate or get rid of items which are no longer being used.

Mr. Vigil reported staff has also been monitoring what has been happening with the Rapid Response Program through the NM State Environment Department. He stated there have been a few schools that have been shut down, and there has been an uptick in COVID-19 cases in some districts.

10. Benefits Matters

10. A Temporary Waiver of Premium Payment Penalties and Interest (Action Item)

Mr. Sandoval reported in February of 2021, the Board granted an extension to members allowing a ten-day grace period for premium payment penalties to be revisited in May 2021. He stated the waiver started in April of 2020 and has been reviewed every three months. Mr. Sandoval stated it is the recommendation of staff to renew the ten-day waiver, May 2021 through July 2021, and re-visit in August 2021. Mr. Sandoval reported during the time frame of April 2020 through April of 2021, 8 schools have benefited from the additional ten-day to pay and 3 schools have benefited twice. Mr. Sandoval stated it is the recommendation of the Benefits Advisory Committee to approve this item.

A motion was made to approve the Temporary Waiver of Premium Payment Penalties and Interest.

MOTION: C. Parrino

SECONDED: P. Jaramillo

A roll call vote was taken.

Ms. Vigil called roll:

Denise Balderas – Yes
Tim Crone – Yes
Pauline Jaramillo – Yes
Bethany Jarrell – Yes
David Martinez Jr. – Yes
Sammy Quintana – Yes
Ricky Williams – Yes
Chris Parrino – Yes

Alfred Park - Yes

Vote carried unanimously.

10. B Wellness Update

Ms. Katherine Chavez, Benefits and Wellness Operations Manager, NMPSIA, provided a wellness update to the Board. She stated the month of May is Wellness Wealth Month and there is a 10k step challenge that began on Monday, May 1, 2021. Ms. Chavez stated the goal is to walk 10k steps a day and there is a prize drawing for teams or individual competitors.

Ms. Chavez reported the new topic for resiliency series this month is “Setting Boundaries”.

Ms. Chavez reported the wellness webinar “Finding Peace” starts on May 12th.

Ms. Chavez reported the Livongo Program is now creating a behavior-based program. Eligible members that have qualified to be a part of the program but have not enrolled will be incentivized to participate.

Ms. Chavez reported on the “Motivate Me Wellness Program” through Cigna will now offer an incentive program for healthy behaviors.

Ms. Chavez reported the Wonder Health February session ended with a total of 469 pounds lost with members losing 3.7% of their body weight.

Ms. Chavez reported everything she has reported on can be found on the NMPSIA website.

11. General Discussion

Mr. Park opened a discussion with respect to an in-person annual meeting. He stated the annual meeting is typically held in August, but there have been discussions about the fact that schools start around that time and Board members will be busy.

Mr. Valerio reported in previous discussions it sounds that there is a consensus to hold the annual meeting the last week of July. He stated staff went out to market, and Tamaya can accommodate staff and the Board for meetings with options for virtual participation.

Mr. Valerio reported the NMPSIA Rules state Board Elections must be held at the NMPSIA Annual meeting in August. After consulting with Mr. Esquivel, staff can hold a short annual meeting in August to hold elections either virtual or in-person in addition to the meeting in July.

Mr. Park asked if the new per-diem rates will cover the cost of the hotel.

Mr. Valerio stated Board members can submit actual receipts to receive the total cost of the rooms. They can also choose to take the per-diem rates which were reviewed.

Mr. Valerio reported in the past, the rooms at Tamaya have been approximately \$120.00 per night with the resort fee waived.

Ms. Vigil stated she is working with Tamaya and as soon as room rate amounts are available, it will be conveyed to the Board.

Mr. Valerio explained the committee meeting rooms will be set-up to allow 40 people per room, and the Board meeting will be held in a larger ballroom to accommodate more people.

Mr. Martinez Jr. stated the hybrid option to participate remotely should still be available.

Mr. Park stated the option to attend virtually would definitely be available to all.

Mr. Parrino stated he supports the meeting being held in July and the Election of Officers held in August via zoom.

Ms. Ruiz stated the July dates are perfect. She stated the virtually meeting option in August is great but would like to do it later in the month to accommodate school employees.

Mr. Martinez Jr. asked if the August meeting can be scheduled after 3:00 p.m. to accommodate teachers in the classroom.

Mr. Parrino suggested Wednesday, August 18, 2021 at 3:30 for the virtual meeting.

After discussion, it was decided to hold the August meeting on Thursday, August 19th at a time to be determined.

After discussion, Mr. Park directed staff to proceed with arranging the July meeting on the 28th and the 29th at Tamaya Resort and report back what the details would be.

Ms. Balderas stated because she has an exceptional child, she is happy that virtual meetings are considered and included.

Mr. Park stated it is important to be flexible and he appreciates Mr. Valerio and Mr. Esquivel re-evaluating the by-laws with respect to meetings.

Mr. David Martinez Jr. asked where the new Cooperative Educational Services (CES) is Building located.

Mr. Valerio stated if meetings are held in the fall, staff will reach out to CES and gather all the details.

12. Next Meeting Date and Location

The next regular meeting will be held virtually on Thursday, June 3, 2021.

13. Adjournment (Action Item)

A motion was made to adjourn The NMPSIA Board Meeting at

MOTION: S. Quintana

SECONDED: C. Parrino

A roll call vote was taken.

Ms. Vigil called roll:

Denise Balderas – Yes
Tim Crone – Yes
Pauline Jaramillo – Yes
Bethany Jarrell – Yes
David Martinez Jr. – Yes
Sammy Quintana – Yes
Ricky Williams – Yes
Chris Parrino – Yes
Alfred Park - Yes

Vote carried unanimously.

APPROVED:

Mr. Alfred Park, President



Richard Valerio
Executive Director

Patrick Sandoval
Deputy Director

NEW MEXICO PUBLIC SCHOOLS INSURANCE AUTHORITY

Office of Executive Director

410 Old Taos Highway
Santa Fe, New Mexico 87501
1-800-548-3724 or 505-988-2736
505-983-8670 (fax)

BOARD OF DIRECTORS

- NM School Boards Association
- NM Superintendents Association
- Public Education Commission
- NM School Administrators
- NM National Education Association
- American Federation of Teachers N.M.
- Governor Appointees
- Educational Institutions at Large

DRAFT

June 3, 2021

Martin R. Esquivel, Esq.
Esquivel & Howington, LLC
111 Lomas N.W., Suite 203
Albuquerque, NM 87102

RE: Amendment – Effective July 1, 2020 to June 30, 2023
General Legal Counsel Services
Date of Agreement: July 1, 2019
Agreement No. 342-2019-08

Dear Mr. Esquivel:

This letter shall constitute an Amendment to the above captioned Agreement between the New Mexico Public Schools Insurance Authority, hereinafter referred to as the "Agency," and Esquivel & Howington, LLC. hereinafter referred to as the "Contractor" and is effective as of the dates shown herein.

The Agency and Contractor entered into a Professional Services Agreement for General Legal Counsel Services ("Agreement") effective July 1, 2019. The Agency and Contractor wish to amend the Compensation with the Amendment set out herein.

1. Pursuant to Section 2 Paragraph A (Compensation), the total compensation payable to the Contractor under the agreement is to be increased from \$300,000.00 to \$350,000.00
2. This Amendment shall be in effect from July 1, 2020 to June 30, 2023.
3. This Amendment has been signed this 3rd day of June 2021.

**NEW MEXICO PUBLIC SCHOOLS
INSURANCE AUTHORITY**

By:

Alfred Park
Board President

ESQUIVEL & HOWINGTON, LLC.

By:

Martin R. Esquivel, Esq.
Managing Member

Public Schools Insurance Authority



Board Meeting

Fiscal Year 2021

April 2021 Financial Reports

June 03, 2021

NM Public Schools Insurance Authority
Statement of Revenues and Expenditures - Employee Benefits Fund
From 4/1/2021 Through 4/30/2021

	Prior Year Current Period Actual	Current Period Actual	Current Period % Change	Prior Year Actual	Current Year Actual	Current Year % Change
Revenue						
Premiums (Health Insurance Assessments)	26,379,179.09	26,916,538.91	2.04	257,520,624.68	266,608,761.16	3.53
Interest Income (Wells Fargo, LGIP)	18,694.97	5,248.52	(71.93)	408,240.60	70,591.39	(82.71)
Investment Income (SIC)	1,321,406.43	756,034.47	(42.79)	(403,172.54)	5,083,643.29	(1,360.91)
Miscellaneous Income (Rx Rebates, Penalties, Subros, Etc)	(43,998.82)	0.00	(100.00)	284,177.88	0.00	(100.00)
Total Revenue	<u>27,675,281.67</u>	<u>27,677,821.90</u>	0.01	<u>257,809,870.62</u>	<u>271,762,995.84</u>	5.41
Expenditures						
Medical Claims Expense	15,103,378.25	20,277,077.64	34.26	194,348,819.27	190,793,374.13	(1.83)
Prescription Claims Expense	3,028,589.78	3,459,616.23	14.23	35,695,890.56	35,246,459.08	(1.26)
Dental Claims Expense	410,461.90	1,058,758.83	157.94	10,624,496.52	11,452,166.76	7.79
Premiums (Life, Vision)	1,054,133.35	1,063,252.16	0.87	9,601,410.59	10,396,117.88	8.28
Claims Administration Fees (Medical, Dental, Rx)	1,263,011.37	1,400,922.35	10.92	12,188,514.11	14,200,212.69	16.50
Contractual Services (Erisa, Segal, Legal, Etc)	232,765.56	200,043.60	(14.06)	1,829,503.09	2,105,840.27	15.10
Other Expenses	226.70	0.00	(100.00)	62,230.59	440.46	(99.29)
Transfer to Program Support	55,091.00	58,375.00	5.96	550,918.00	583,750.00	5.96
Total Expenditures	<u>21,147,657.91</u>	<u>27,518,045.81</u>	30.12	<u>264,901,782.73</u>	<u>264,778,361.27</u>	(0.05)
Net Revenue & Expenditures	<u>6,527,623.76</u>	<u>159,776.09</u>	(97.55)	<u>(7,091,912.11)</u>	<u>6,984,634.57</u>	(198.49)

NM Public Schools Insurance Authority
Statement of Revenues and Expenditures - Risk Fund
From 4/1/2021 Through 4/30/2021

	Prior Year Current Period Actual	Current Period Actual	Current Period % Change	Prior Year Actual	Current Year Actual	Current Year % Change
Revenue						
Premiums (Risk Insurance Assessments)	6,902,429.00	6,922,434.00	0.29	69,024,323.19	69,224,362.00	0.29
Interest Income (Wells Fargo, LGIP)	41,039.07	9,418.90	(77.05)	1,097,473.89	142,572.61	(87.01)
Investment Income (SIC)	563,770.02	320,804.03	(43.10)	(173,324.70)	2,164,695.99	(1,348.93)
Miscellaneous Income (Penalties, Subros, Etc)	0.00	0.00	0.00	2.00	0.00	(100.00)
Total Revenue	7,507,238.09	7,252,656.93	(3.39)	69,948,474.38	71,531,630.60	2.26
Expenditures						
Property - Liability Claims Expense						
Property Claims	867,625.11	463,611.12	(46.57)	7,634,867.73	7,197,790.06	(5.72)
Liability Claims	804,684.24	710,356.41	(11.72)	24,108,995.23	8,170,304.66	(66.11)
P-L Provisions for Losses	6,503,585.21	242,607.69	(96.27)	13,348,212.55	17,241,508.33	29.17
P-L Excess Recoveries	(43,366.29)	(66,218.14)	52.69	(8,890,965.08)	(658,950.26)	(92.59)
Total Property - Liability Claims Expense	8,132,528.27	1,350,357.08	(83.40)	36,201,110.43	31,950,652.79	(11.74)
Workers' Compensation Claims Expense	369,982.56	757,999.73	104.87	8,077,390.14	6,938,544.71	(14.10)
Property Excess Coverage Premium	2,074,416.00	2,114,445.00	1.93	20,740,900.13	21,144,457.00	1.95
Liability Excess Coverage Premium	1,324,838.00	1,437,243.00	8.48	13,248,382.00	14,372,430.00	8.48
Workers' Compensation Excess Coverage Premium	48,903.00	49,432.00	1.08	489,038.00	494,330.00	1.08
Student Catastrophic Insurance Premium	20,789.00	19,949.00	(4.04)	187,110.26	179,542.77	(4.04)
Equipment Breakdown Insurance Premium	26,413.00	27,585.00	4.44	278,771.82	275,864.60	(1.04)
Property - Liability Claims Administration Fees	85,147.50	88,095.73	3.46	849,673.72	880,957.24	3.68
Workers' Compensation Claims Administration Fees	94,047.19	97,306.90	3.47	938,670.62	973,069.01	3.66
Contractual Services (Erisa, Poms, CCMSI, Legal, Etc)	201,695.28	223,217.30	10.67	3,235,864.80	3,327,054.79	2.82
Other Expenses (Training, Etc.)	0.00	0.00	0.00	0.00	90.70	100.00
Transfer to Program Support	55,091.00	58,375.00	5.96	550,918.00	583,750.00	5.96
Total Expenditures	12,433,850.80	6,224,005.74	(49.94)	84,797,829.92	81,120,743.61	(4.34)
Net Revenue & Expenditures	(4,926,612.71)	1,028,651.19	(120.88)	(14,849,355.54)	(9,589,113.01)	(35.42)

NM Public Schools Insurance Authority
Statement of Revenues and Expenditures - Program Support Fund
From 4/1/2021 Through 4/30/2021

	Prior Year Current Period Actual	Current Period Actual	Current Period % Change	Prior Year Actual	Current Year Actual	Current Year % Change
Revenue						
Transfers from Other Funds (Benefits, Risk)	110,182.00	116,750.00	5.96	1,101,836.00	1,167,500.00	5.96
Total Revenue	110,182.00	116,750.00	5.96	1,101,836.00	1,167,500.00	5.96
Expenditures						
Contractual Services (Professional, Audit, Legal, Etc)	2,692.87	2,692.87	0.00	68,596.07	64,353.50	(6.18)
Other Expenses (Travel, Maint., Supplies, Utilities, Etc.)	6,109.44	7,033.95	15.13	99,747.15	92,528.89	(7.24)
Per Svc/Ben (Salaries, Fringe Benefits)	79,826.19	96,318.01	20.66	772,596.28	867,317.53	12.26
Total Expenditures	88,628.50	106,044.83	19.65	940,939.50	1,024,199.92	8.85
Net Revenue & Expenditures	21,553.50	10,705.17	(50.33)	160,896.50	143,300.08	(10.94)

NM Public Schools Insurance Authority

Balance Sheet
As of 4/30/2021

	Program Support	Employee Benefits	Risk	Total
ASSETS				
Cash (Wells Fargo/State Treasurer)	700,178.05	2,164,951.52	1,117,109.77	3,982,239.34
Short-term Investments (LGIP)	0.00	39,557,224.64	87,627,191.15	127,184,415.79
Long-term Investments (SIC)	0.00	26,014,040.25	11,091,904.88	37,105,945.13
Receivables (LGIP Int., W/C Excess Carrier)	0.00	4,251.52	4,926,528.08	4,930,779.60
Prepaid Premiums (Risk Excess Coverage)	0.00	0.00	7,297,308.00	7,297,308.00
Other Assets (Deposits, Furniture, Fxtures, Equip., Etc)	262,774.69	1,433,198.89	256,000.00	1,951,973.58
Total ASSETS	962,952.74	69,173,666.82	112,316,041.88	182,452,661.44
LIABILITIES				
Accounts Payable (Admin Fees)	0.00	1,601,041.61	408,619.93	2,009,661.54
Case Reserves (P/L, W/C)	0.00	0.00	50,814,788.84	50,814,788.84
IBNR (Incurred But Not Reported)	0.00	19,575,106.00	49,356,311.00	68,931,417.00
Claims Payable (Medical, Dental, P/L, W/C)	0.00	9,345,484.51	358,195.41	9,703,679.92
Deferred Revenue (Self-Pays, P/L, W/C Premiums)	0.00	63,760.97	13,844,868.00	13,908,628.97
Other (Payroll Taxes, Benefits, Compensated Absences Payable)	107,159.77	0.00	0.00	107,159.77
Total LIABILITIES	107,159.77	30,585,393.09	114,782,783.18	145,475,336.04
FUND EQUITY				
Beginning Fund Equity	712,492.89	31,603,639.16	7,122,371.71	39,438,503.76
Net Revenue & Expenditures (Year-to-Date)	143,300.08	6,984,634.57	(9,589,113.01)	(2,461,178.36)
Total FUND EQUITY	855,792.97	38,588,273.73	(2,466,741.30)	36,977,325.40

STATE OF NEW MEXICO AUDIT CONTRACT

NM Public School Insurance Authority

hereinafter referred to as the "Agency," and

Kubiak, Melton & Associates, LLC

hereinafter referred to as the "Contractor," agree:

As required by the Audit Rule, Section 2.2.2.1 NMAC *et seq.*, Contractor agrees to, and shall, inform the Agency of any restriction placed on Contractor by the Office of the State Auditor pursuant to Section 2.2.2.8 NMAC, and whether the Contractor is eligible to enter into this Contract despite the restriction.

1. **SCOPE OF WORK** (Include in Paragraph 25 any expansion of scope)

A. The Contractor shall conduct a financial and compliance audit of the Agency for Fiscal Year **2021** in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, the Audit Act, Sections 12-6-1 through 12-6-15, NMSA 1978, and the Audit Rule (Section 2.2.2.1 NMAC *et seq.*).

2. **DELIVERY AND REPRODUCTION**

- A. In order to meet the delivery terms of this Contract, the Contractor shall deliver the documents to the State Auditor on or before the deadline set forth for the Agency in Section 2.2.2.9 NMAC.
- B. Reports uploaded to OSA Connect by the Agency's due date will be considered received by the due date for purposes of Section 2.2.2.9 NMAC. Unfinished or excessively deficient reports will not satisfy this requirement; such reports will be rejected and returned to the Contractor and the State Auditor may take action in accordance with Section 2.2.2.13 NMAC. If the State Auditor does not receive copies of the management representation letter and the completed Report Review Guide with the audit report or prior to submittal of the audit report, the State Auditor will not consider the report submitted to the State Auditor.
- C. As soon as the Contractor becomes aware that circumstances exist that will make the Agency's audit report late, the Contractor shall immediately provide written notification of the situation to the State Auditor in accordance with Section 2.2.2.9 NMAC.
- D. Pursuant to Section 2.2.2.10 NMAC, the Contractor shall prepare a written and dated engagement letter that identifies the specific responsibilities of the Contractor and the Agency.
- E. After its review of the audit report pursuant to Section 2.2.2.13 NMAC, the State Auditor shall authorize the Contractor to print and submit the final audit report. Within five business days after the date of the authorization to print and submit the final audit report, the Contractor shall provide the State Auditor an electronic version of the audit report, in PDF format, and the electronic copy of the Excel version of the Summary of Findings Form, and any other required electronic schedule (if applicable). After the State Auditor officially releases the audit report by issuance of a release letter, the Contractor shall deliver **30** copies of the audit report to the Agency. The Agency or Contractor shall ensure that every member of the Agency's governing authority shall receive a copy of the report.

3. **COMPENSATION**

- A. The total amount payable by the Agency to the Contractor under this Contract shall not exceed **\$38,034.00** including applicable gross receipts tax.
- B. Contractor agrees not to, and shall not, perform any services in furtherance of this Contract prior to approval by the State Auditor. Contractor acknowledges and agrees that it will not be entitled to payment or compensation for any services performed by Contractor pursuant to this Contract prior to approval by the State Auditor.
- C. Total Compensation will consist of the following:

SERVICES	AMOUNTS
----------	---------

(1) Financial statement audit	\$30,475.00
(2) Federal single audit	\$0.00
(3) Financial statement preparation	\$4,600.00
(4) Other nonaudit services, such as depreciation schedule updates	\$0.00
(5) Other (i.e., component units, specifically identified)	\$0.00

Gross Receipts Tax = **\$2,959.00**

Total Compensation = **\$38,034.00** including applicable gross receipts tax

D. The Agency shall pay the Contractor the New Mexico gross receipts tax levied on the amounts payable under this Contract and invoiced by the Contractor. Payment is subject to availability of funds pursuant to the Appropriations Paragraph set forth below.

E. The State Auditor may authorize progress payments to the Contractor by the Agency; pursuant to Section 2.2.2.8(M)(3) NMAC; provided that the authorization is based upon evidence of the percentage of audit work completed as of the date of the request for partial payment. If requested by the State Auditor, the Agency shall provide a copy of the progress billings. Final payment for services rendered by the Contractor shall not be made until a determination and written finding is made by the State Auditor in the release letter that the audit has been made in a competent manner in accordance with the provisions of this Contract and applicable rules of the State Auditor.

4. **TERM.** Unless terminated pursuant to Paragraphs 5 or 19, this Contract shall terminate one calendar year after the latest date on which it is signed.

5. **TERMINATION, BREACH AND REMEDIES**

A. This Contract may be terminated:

1. By either party without cause, upon written notice delivered to the other party and the State Auditor at least ten (10) days prior to the intended date of termination.
2. By either party, immediately upon written notice delivered to the other party and the State Auditor, if a material breach of any of the terms of this Contract occurs. Unjustified failure to deliver the report in accordance with Paragraph 2 shall constitute a material breach of this Contract.
3. By the Agency pursuant to Paragraph 19, immediately upon written notice to the Contractor and the State Auditor.
4. By the State Auditor, immediately upon written notice to the Contractor and the Agency after determining that the audit has been unduly delayed, or for any other reason.

B. By termination, neither party may nullify obligations already incurred for performance or failure to perform prior to the date of termination. If the Agency or the State Auditor terminates this Contract, the Contractor shall be entitled to compensation for work performed prior to termination in the amount of earned, but not yet paid, progress payments, if any, that the State Auditor has authorized to the extent required by Paragraph 3(E). If the Contractor terminates this Contract for any reason other than Agency's breach of this Contract, the Contractor shall repay to the Agency the full amount of any progress payments for work performed under the terms of this Contract.

C. Pursuant to Section 2.2.2.8 NMAC, the State Auditor may disqualify the Contractor from eligibility to contract for audit services with the State of New Mexico if the Contractor knowingly makes false statements, false assurances or false disclosures under this Contract. The State Auditor on behalf of the Agency or the Agency may bring a civil action for damages or any other relief against a Contractor for a material breach of this Contract.

D. **THE REMEDIES HEREIN ARE NOT EXCLUSIVE, AND NOTHING IN THIS SECTION 5 WAIVES OTHER LEGAL RIGHTS AND REMEDIES OF THE PARTIES.**

6. **STATUS OF CONTRACTOR**

The Contractor and its agents and employees are independent contractors performing professional services for the Agency and are not employees of the Agency. The Contractor and its agents and employees shall not accrue leave, retirement, insurance, bonding, use of state vehicles or any other benefits afforded to employees of the Agency as a result of this Contract. The Contractor agrees not to purport to bind the State of New Mexico to any obligation not assumed under this Contract unless the Contractor has express written authority to do so, and then only within the strict limits of that authority.

7. **ASSIGNMENT**

The Contractor shall not assign or transfer any interest in this Contract or assign any claims for money due or to become due under this Contract.

8. **SUBCONTRACTING**

The Contractor shall not subcontract any portion of the services to be performed under this Contract without the prior written approval of the Agency and the State Auditor. An agreement between the Contractor and a subcontractor to subcontract any portion of the services under this Contract shall be completed on a form prescribed by the State Auditor. The agreement shall be an amendment to this Contract and shall specify the portion of the audit services to be performed by the subcontractor, how the responsibility for the audit will be shared between the Contractor and the subcontractor, the party responsible for signing the audit report and the method by which the subcontractor will be paid. Pursuant to Section 2.2.2.8 NMAC, the Contractor may subcontract only with independent public accounting firms that are on the State Auditor's List of Approved Firms, and that are not otherwise restricted by the State Auditor from entering into such a contract.

9. **RECORDS**

The Contractor shall maintain detailed time records that indicate the date, time, and nature of services rendered during the term of this Contract. The Contractor shall retain the records for a period of at least five (5) years after the date of final payment under this contract. The records shall be subject to inspection by the Agency and the State Auditor. The Agency and the State Auditor shall have the right to audit billings both before and after payment. Payment under this Contract shall not foreclose the right of the Agency or the State Auditor on behalf of the Agency to recover excessive or illegal payments.

10. **RELEASE**

The Contractor, upon receiving final payment of the amounts due under the Contract, releases the State Auditor, the Agency, their respective officers and employees and the State of New Mexico from all liabilities, claims and obligations whatsoever arising from or under this Contract. This paragraph does not release the Contractor from any liabilities, claims or obligations whatsoever arising from or under this Contract.

11. **CONFIDENTIALITY**

All information provided to or developed by the Contractor from any source whatsoever in the performance of this Contract shall be kept confidential and shall not be made available to any individual or organization by the Contractor, except in accordance with this Contract or applicable standards, without the prior written approval of the Agency and the State Auditor.

12. **PRODUCT OF SERVICES; COPYRIGHT AND REPORT USE**

Nothing developed or produced, in whole or in part, by the Contractor under this Contract shall be the subject of an application for copyright by or on behalf of the Contractor. The Agency and the State Auditor may post an audited financial statement on their respective websites once it is publicly released by the State Auditor. For District Courts and District Attorneys only, the contractor agrees that the Financial Control Division of the Department of Finance and Administration (DFA) is free to use the audited financial statements in the statewide Comprehensive Annual Financial Report and that the Contractor's audit report may be relied upon during the audit of the statewide Comprehensive Annual Financial Report, if applicable. However, DFA should not provide to any third party, other than the Comprehensive Annual Financial Report auditor, the District Courts' or District Attorneys' draft audit reports or their opinion letters or findings.

13. **CONFLICT OF INTEREST**

The Contractor represents and warrants that it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of services required under this Contract. Each of the Contractor and the Agency certifies that it has followed the requirements of the Governmental Conduct Act, Section 10-16-1, et seq., NMSA 1978, regarding contracting with a public officer, state employee or former state employee, as required by the applicable professional standards.

14. **INDEPENDENCE**

The Contractor represents and warrants its personal, external and organizational independence from the Agency in accordance with the *Government Auditing Standards*, issued by the Comptroller General of the United States, and Section 2.2.2.8 NMAC. The Contractor shall immediately notify the State Auditor and the Agency in writing if any impairment to the Contractor's independence occurs or may occur during the period of this Contract.

15. **AMENDMENT**

This Contract shall not be altered, changed or amended except by prior written agreement of the parties and with the prior written approval of the State Auditor. Any amendments to this Contract shall comply with the Procurement Code, Sections 13-1-28 through 13-1- 199, NMSA 1978.

16. **MERGER**

This Contract supersedes all of the agreements, covenants, and understandings between the parties hereto concerning the subject matter hereof. No prior agreement or understanding, verbal or otherwise, of the parties or their agents shall be valid or enforceable unless embodied in this Contract. Contractor and Agency shall enter into and execute an engagement letter pursuant to Section 2.2.2.10 NMAC, consistent with Generally Accepted Auditing Standards (GAAS) and Government Auditing Standards (GAGAS). **The engagement letter and any associated documentation included with or referenced in the engagement letter shall not be interpreted to amend this Contract. Conflicts between the engagement letter and this Contract are governed by this Contract, and shall be resolved accordingly.**

17. **APPLICABLE LAW**

The laws of the State of New Mexico shall govern this Contract. By execution of this Contract, Contractor irrevocably consents to the exclusive personal jurisdiction of the courts of the State of New Mexico over any and all lawsuits arising from or related to this Contract.

18. **AGENCY BOOKS AND RECORDS**

The Agency is responsible for maintaining control of all books and records at all times and the Contractor shall not remove any books and records from the Agency's possession for any reason.

19. **APPROPRIATIONS**

The terms of this Contract are contingent upon sufficient appropriations and authorization being made by the legislature or the Agency's governing body for the performance of this Contract. If sufficient appropriations and authorization are not made by the legislature or the Agency's governing body, this Contract shall terminate upon written notice being given by the Agency to the Contractor. The Agency's decision as to whether sufficient appropriations are available shall be accepted by the Contractor and shall be final. This section of the Contract does not supersede the Agency's requirement to have an annual audit pursuant to Section 12-6-3(A) NMSA 1978.

20. **PENALTIES FOR VIOLATION OF LAW**

The Procurement Code, Sections 13-1-28 through 13-1-199, NMSA 1978, imposes civil and criminal penalties for certain violations. In addition, the New Mexico criminal statutes impose felony penalties for bribes, gratuities and kickbacks.

21. **EQUAL OPPORTUNITY COMPLIANCE**

The Contractor shall abide by all federal and state laws, rules and regulations, and executive orders of the Governor of the State of New Mexico pertaining to equal employment opportunity. In accordance with all such laws, rules, regulations and orders, the Contractor assures that no person in the United States shall, on the grounds of race, age, religion, color, national origin, ancestry, sex, physical or mental handicap or serious medical condition, spousal affiliation, sexual orientation or gender identity be excluded from employment with or participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity performed under this Contract. If the Contractor is found not to be in compliance with these requirements during the life of this Contract, the Contractor shall take appropriate steps to correct these deficiencies.

22. **WORKING PAPERS**

- A. The Contractor shall retain its working papers of the Agency's audit conducted pursuant to this Contract for a period of at least five (5) years after the date shown on the opinion letter of the audit report, or longer if requested by the federal cognizant agency for audit, oversight agency for audit, pass through-entity or the State Auditor. The State Auditor shall have access to the working papers at the State Auditor's discretion. When requested by the State Auditor, the Contractor shall deliver the original or clear, legible copies of all working papers to the requesting entity.
- B. The Contractor should follow the guidance of AU-C 210 A.27 to A.31 and AU-C 510 .A3 to .A11 in communications with the predecessor auditor and to obtain information from the predecessor auditor's audit documentation.

23. **DESIGNATED ON-SITE STAFF**

The Contractor's on-site individual auditor responsible for supervision of work and completion of the audit is **Joe Ortiz**. The Contractor shall notify the Agency and the State Auditor in writing of any changes in staff assigned to perform the audit.

24. **INVALID TERM OR CONDITION**

If any term or condition of this Contract shall be held invalid or unenforceable, the remainder of this Contract shall not be affected.

25. **OTHER PROVISIONS**

SIGNATURE PAGE

This Contract is made effective as of the date of the latest signature.

AGENCY

NM Public School Insurance Authority

CONTRACTOR

Kubiak, Melton & Associates, LLC

PRINTED
NAME: _____

SIGNATURE: _____

TITLE: _____

DATE: _____

PRINTED
NAME: _____

SIGNATURE: _____

TITLE: _____

DATE: _____

State Auditor Contract No. 21 - 342

FY21 Capital Asset Inventory

Room No.	Inventory No.	Item Description	Serial No.	Model No.	Manufacturer	Acquisition Date	Cost	Inventory Completed	Completed By	Note
Building	N/A	Building Structure				10/1/1989	\$391,889.00	5/20/2021	Melissa Rael	
Land	N/A	Land				10/1/1989	\$235,000.00	5/20/2021	Melissa Rael	
Lease Hold Improvement	N/A	Carpeting				3/7/1996	\$2,963.00	5/20/2021	Melissa Rael	
Lease Hold Improvement	N/A	ADA improvement				4/18/1996	\$65,777.00	5/20/2021	Melissa Rael	
Lease Hold Improvement	N/A	Building improvement				6/30/2002	\$38,777.00	5/20/2021	Melissa Rael	
Lease Hold Improvement	N/A	Sewer line				6/1/2003	\$9,500.00	5/20/2021	Melissa Rael	
Lease Hold Improvement	N/A	Carpet and tile				10/15/2009	\$10,680.00	5/20/2021	Melissa Rael	
Lease Hold Improvement	N/A	STO Powerflex				6/9/2015	\$17,472.00	5/20/2021	Melissa Rael	
Roof	00543, 00544, 00545	3 Furnaces (York Central Air Conditioner)	W1B3486037, W1D3674865, W1D3619638	YCJF48S41S2A, YCJF48S41S2A, YCJF48S41S2A	York	3/25/2015	\$19,862.00	5/20/2021	Melissa Rael	
Building	N/A	Security System				6/27/2017	\$10,762.57	5/20/2021	Melissa Rael	
Lobby	00035	Grand Canyon Oil Painting				05/23/90	\$150.00	5/20/2021	Melissa Rael	
Lobby	00167	Cristo Rey Church Oil Painting				05/23/90	\$150.00	5/20/2021	Melissa Rael	
Lobby	NA	Wedding Vase				1/31/1990	\$250.00	5/20/2021	Melissa Rael	
Lobby	NA	Pottery				3/30/1990	\$175.00	5/20/2021	Melissa Rael	
Lobby	NA	Pottery-Large				4/26/1990	\$100.00	5/20/2021	Melissa Rael	
Lobby	NA	Gourd Pot				6/7/1990	\$200.00	5/20/2021	Melissa Rael	
Lobby	NA	Gourd Pot				6/7/1990	\$90.00	5/20/2021	Melissa Rael	
Lobby	NA	Gourd Pot				6/7/1990	\$300.00	5/20/2021	Melissa Rael	
North Storage	00168	Taos Pueblo Print				01/31/90	\$200.00	5/20/2021	Melissa Rael	
North Storage	NA	Art 258				10/5/1998	\$150.00	5/20/2021	Melissa Rael	
Conf.	00602	Sharp Smart Board	F8V3311B06	PLN703B	Sharp	6/20/2017	\$6,911.45	5/20/2021	Melissa Rael	

\$811,359.02