



Attorneys and Counselors at Law

Patricia Matthews
pmatthews@matthewsfox.com

office: (505) 473-3020
fax: (505) 474-3727

Susan Barger Fox
sfox@matthewsfox.com

September 30, 2016

The Honorable Dennis J. Roch, Chair
Legislative Education Study Committee
325 Don Gaspar, Suite 200
Santa Fe, NM 87501
denroch@hotmail.com

The Honorable John Sapien, Chair
New Mexico Public School Capital Outlay Oversight Task Force
325 Don Gaspar, Room 328A
Santa Fe, NM 87101
john.sapien@nmlegis.gov

David Abbey, Chair
Public Schools Capital Outlay Council
325 Don Gaspar, Suite 101
Santa Fe, NM 87501
david.abbey@nmlegis.gov

Re: LESC Memorandum "Charter School Lease Purchase Agreements" distributed
September 15, 2016/Corrections

Dear Gentlemen:

I am writing on behalf of a number of Charter Schools¹ ("Schools") who have asked us to correct certain statements made in the memorandum brief entitled "Charter School Lease Purchase Agreements" prepared by Marit Rogne, which was distributed at the September 15, 2016 Legislative Education Study Committee ("LESC") meeting (the "Memorandum"). The Memorandum appears to have been prepared as part of a "hearing" to "review issues surrounding charter school lease agreements" (Memorandum, p. 1); however, the Memorandum contains certain incomplete or incorrect statements of law and fact, which the Schools feel compelled to

¹ Anansi Charter School, Monte del Sol Charter School, Albuquerque Charter Academy, Cottonwood Classical Preparatory School, Cottonwood Valley Charter School, The ASK Academy, Horizon Academy West, La Academia de Esperanza, Sage Montessori Charter School, Corrales International School, South Valley Preparatory School and The GREAT Academy, as well as the New Mexico Coalition for Charter Schools.

The Honorable Dennis J. Roch
The Honorable John Sapien
David Abbey
September 30, 2016
Page 2 of 12

address herein, for purposes of accuracy; no charter school representative was asked to participate in the hearing or to provide information for the Memorandum.

The Memorandum's statements to which clarifying or correcting information is appropriate appear below in italics, followed by the Schools' response:

PAGE 2

1. *"Because neither the PED nor PSFA assess the transactions as to whether they are "cost-effective" the "lease purchase agreements vary widely in format and terms of how much they financially benefit charter schools."*

The form of the lease purchase agreements is unrelated to whether a facility acquisition by the charter school is "cost-effective." However, assuming the true point is directed at determining cost effectiveness, there is no data or analysis provided in the Memorandum that could support such a conclusion, e.g. a comparison of the facility acquisition costs of charter school facilities against the cost of constructing or acquiring traditional public school facilities. See also response #6.

2. *"Lease purchase agreements and lease agreements with option to purchase are different, though both financing agreements potentially meet the requirements of the Public School Lease Purchase Act...."(and subsequent discussion of differences between lease purchase agreements and lease agreements with option to purchase)*

There is one black-and-white indicator of whether a lease purchase arrangement(as defined by the Public School Lease Purchase Act ("Act")) meets the requirements of the Act, and that indicator is written approval by the NMPED and the PSFA. Any such approval is documented by correspondence from each agency.

The confusion here appears to be caused by titles, rather than content. Whether a school labels its lease-purchase arrangement pursuant to the Act as a "Lease With Option to Purchase" or similar title, or a "Lease Purchase Agreement" or similar title, is immaterial. It is the language and substance of the document that must comply with the requirements of the Act. In fact, until recently when an effort was made to title lease purchase arrangements more uniformly as "Lease Purchase Agreements" or "Lease Purchase Arrangements", many lease purchase arrangements that were already duly approved by the NMPED were titled "Lease With Option to Purchase". These agreements met the Act's requirements when approved by NMPED, and they continue to meet those requirements for a lease purchase arrangement. Therefore, it is important not to assume that a PED-approved "Lease With Option to Purchase" is not a true lease purchase arrangement by the title of the document alone; one must review the document's substantive provisions.

By way of contrast, there are leasing arrangements that some schools have entered into with their landlords whereby the lease payments made over the course of the leasing term do NOT get applied to principal and interest, and which contain a standalone option to purchase the

The Honorable Dennis J. Roch
The Honorable John Sapien
David Abbey
September 30, 2016
Page 3 of 12

property during a given time for a prenegotiated, stated purchase price. These are more traditional, "straight" leases that simply hold the landlord to a certain price at a point in the future in which the school might be able to pay the price and purchase the property outright. These leases with purchase option are different from lease purchase arrangements under the Lease Purchase Act, and NMPED approval is not statutorily required.

3. *"The Public School Lease Purchase Act does not have provisions requiring a review of lease purchase agreements to determine if they are cost-effective. The act caps the interest rate at 12 percent ..."*

Actually, the Act does not expressly limit the lease purchase agreement interest rate to 12 percent; rather, the Act provides that the "net effective interest rate shall not exceed the maximum permitted by the Public Securities Act [6-14-1 through 6-14-3 NMSA 1978]." NMSA 1978 §22-26A-6(F)(emphasis added). The Public Securities Act, in turn, provides that the "net effective interest rate" shall not exceed 12 percent, compounded semiannually, discounting "the scheduled debt service payments of principal and interest to the date of the public securities and to the price paid to the public body for the public securities, excluding any interest accrued to the date of delivery and based upon a year with the same number of days as the number of days for which interest is computed on the public securities." NMSA 1978 §§6-14-2(A), 3(B). The State Board of Finance may authorize a higher net effective interest rate. NMSA 1978 §6-14-3.

The fact that the accumulated interest over the amortized period of the lease purchase agreement (up to thirty years) is substantial, does not make the interest rate paid a violation of the Public Securities Act, nor can it be the sole criterion for determining whether the transaction is "cost-effective".

4. *"In comparison, The Ask (sic) Academy, a state-chartered charter school in Rio Rancho, has a 30-year lease purchase agreement with an interest rate of 7 percent, resulting in total interest payments of \$9.1 million – well above the \$6.7 million purchase price."*

The ASK Academy is currently *not* under a lease purchase arrangement, but rather is in a straight leasing arrangement with its nonprofit Education Foundation landlord until such time as the lease purchase agreement that it submitted to the NMPED months ago can be approved.

With respect to the lease purchase agreement that ASK Academy submitted for approval, the 7 percent interest rate is well below the 12 percent net effective rate cap in the Public Securities Act, and represents the market rate that its landlord was able to obtain through the nonprofit educational bond market at the time. Over a 30-year term, the nature and purpose of interest rates does increase the ultimate purchase price beyond the \$6.7 million cost that the school's foundation incurred in purchasing the six-acre land and constructing the 38,950 square-foot facility for 600 students, but this is wholly permissible under (and contemplated by) the Act and is by no means outside any reasonable definition of "cost-effective". If a lease purchase arrangement is ultimately approved, the Academy shall have met the requirements of the Act and Subsection 4.2(D) of the Charter Schools Act, and shall own outright the property and a

purpose-built facility at a cost of \$128 per square foot (construction cost) and \$145 per square foot (acquisition cost)².

5. *"In many cases, charter schools have not submitted enough information to determine if the lease purchase agreement is the most cost-effective alternative for acquiring the property."*

As the Memorandum points out, the Act does not envision or require that "cost-effectiveness" be part of the NMPED's analysis in reviewing submitted lease purchase arrangements. Nevertheless, this does not mean that charter schools ignore cost-effectiveness when deciding whether or not a particular transaction meets the school's needs/requirements and is necessary and in the best interest of the school. All public schools in New Mexico must operate within their annual budgets, and charter schools are no exception. Unlike district schools, however, charters have no direct bonding, taxing or other readily-available capital improvement funding mechanism to assist them with getting into appropriate facilities, and so charter schools take extra care to ensure that they can afford whatever facility costs they incur. Although true "comparables" are difficult to find in this context and no legal standard exists, most charter schools do analyze the long- and short-term costs of acquiring a proposed facility on a per-square-foot basis as part of their due diligence, and charter school facility costs tend to fall within localized market rates for commercial and/or office properties.

Additionally, the Act clearly contemplates that the analysis of whether the lease purchase arrangement is "cost-effective" is the onus of the governing body. Section 22-26A-4 provides that, "when a governing body determines, pursuant to Subsection B of Section 22-26A NMSA 1978, that a lease purchase arrangement in the best interest of the school district or the charter school" it shall forward the agreement to the NMPED for approval along with the source of funds the governing body has identified to make payments due under the agreement. NMSA 1978, §22-26A-4(A). The Act requires the governing body, prior to voting on a resolution to enter into the lease purchase arrangement, to: 1) determine the necessity of acquiring a building; 2) consider the cost of the building or property needed; 3) review the terms of the agreement; 4) identify the source of funds for the lease purchase; and 5) **to make a determination that it is in the best interest of the charter school.** (Emphasis added). Thus, the "cost-effectiveness" is determined by the governing body deciding to enter into the lease purchase agreement, and by law is not within the purview of the NMPED when considering whether to approve the lease purchase arrangement. It is apparent that the NMPED agrees with this interpretation, because in the past twenty days, NMPED posted a substantially revised "Checklist for Charter School Submission of Proposed Lease Purchase Arrangement for Public Education Department

² Indeed, if the proposed ASK Academy facility costs are considered to be outside some (amorphous) definition of 'cost-effective', similar conclusions could be applied to school district facility costs, which tend to exceed ASK's psf costs by a large margin. See, e.g., p. 46 of the PSCOC's September 26 meeting materials, showing psf costs of \$168/construction, \$260/total project for P-15-008, Mountainair Jr./Sr. high school new construction and renovation for 170 students.

The Honorable Dennis J. Roch
The Honorable John Sapien
David Abbey
September 30, 2016
Page 5 of 12

Approval” on the NMPED website, and no aspect of the checklist contemplates NMPED conducting a “cost-effective analysis”.

PAGE 3

6. *“PED approves proposed lease purchase and lease with an option to purchase agreements.”*

See #2, above. Although the Act does give NMPED review and approval authority with respect to lease purchase arrangements, “straight” leases containing a purchase option (described above) do not go to NMPED for review as a matter of law and are different from lease purchase arrangements.

7. *“However, Attachment Charter Schools Approved Lease Purchase Arrangements [“Attachment”] shows approval status does not always mean the charter school is actually in a lease purchase agreement.”*

The source of the information in the referenced Attachment is unclear, and thus it is difficult to analyze or comment upon the intended use of the Attachment or the information therein. Moreover, this statement suggests that the NMPED cannot identify which charter school lease purchase agreements have been approved, which seems unlikely. The NMPED has typically issued letters signed by the Secretary of NMPED indicating approval and authorizing the charter school governing body to proceed with a lease purchase arrangement. Each of the schools listed in the Attachment with dates of approval have been approved in this manner. Those that are “pending” have been submitted for NMPED approval are simply documents with a certain title as suggested in #2 above. It seems the Memorandum’s author or the PSFA may not be familiar with the NMPED’s processes.

Nevertheless, in many cases the table in the Attachment contains inaccurate and/or misleading information. The following corrections are offered as rebuttal to the criticisms stated in the Attachment:

- a. *Montessori of the Rio Grande* is in a public building leased from APS;
- b. *The International School At Mesa del Sol* has a straight lease;
- c. *Anansi Charter School* has a PED-approved lease purchase arrangement entitled “Lease Agreement with Option to Purchase”, (Secretary of NMPED Letters dated February 17, 2010 and December 15, 2014);
- d. *Monte del Sol Charter School* has a PED-approved lease purchase arrangement entitled “Lease Agreement with Option to Purchase” (Secretary of NMPED Letter dated November 2, 2012);
- e. *Albuquerque Charter Academy* (f/k/a SIATech) has a PED-approved lease purchase arrangement entitled “Lease Agreement with Option to Purchase” (Secretary of NMPED Letter dated May 9, 2014);

- f. *Cottonwood Classical Preparatory School* has a PED-approved lease purchase arrangement entitled “Lease Agreement with Option to Purchase Existing Building, Land and Fixtures” (Secretary of NMPED Letter dated August 8, 2014);
 - g. *Horizon Academy West’s* lease purchase arrangement application was submitted in early 2015, revised in March 2016 to meet changing requirements of the NMPED, but was denied by PED in September 2016; in the meantime, it remains under a “straight” lease with its nonprofit foundation;
 - h. *La Academia de Esperanza*; is currently in a straight lease entitled “Sublease Agreement” – it does not have a lease purchase arrangement, nor does the lease include an option to purchase;
 - i. *Albuquerque School of Excellence’s* lease purchase arrangement application was submitted but denied by PED; in the meantime, it remains under a straight lease with its nonprofit landlord;
 - j. *South Valley Preparatory School* has not submitted a lease purchase arrangement to NMPED for review and is under a “straight” lease containing a purchase option;
 - k. *The GREAT Academy* initially submitted a lease purchase arrangement to NMPED for review, but was initially disapproved and has not resubmitted the document for approval and is under a “straight” lease containing a purchase option with its nonprofit education foundation;
 - l. *Corrales International School* has a “straight” lease agreement containing a purchase option; it has not applied to NMPED for approval of a lease purchase arrangement;
 - m. *Sage Montessori Charter School* has a “straight” lease agreement containing a purchase option; it has not applied to NMPED for approval of a lease purchase arrangement.
8. *“Even if a proposed lease purchase agreement is approved, it is not always utilized.”*

This statement and the ensuing discussion in the Memorandum demonstrates a misunderstanding about the nature of the Lease Purchase Act and lease purchase arrangements generally. The Act, NMSA 1978, §§22-26A-1 *et seq.*, defines “financing agreement” or “lease purchase arrangement” as “an agreement for the leasing of a building or other real property *with an option to purchase for a price that is reduced according to the payments made*, which periodic lease payments composed of principal and interest components are to be paid to the holder of the agreement and pursuant to which the owner of the building or other real property may retain title to or a security interest in the building or other real property and may agree to release the security interest or transfer title to the building or other real property to the school district *for nominal consideration after payment of the final periodic lease payment*”. NMSA 1978 §22-26A-3(A).

Thus, the lease purchase agreements will contain an “option to purchase”, which when *exercised*, means the School is prepared to pay the “purchase price” which has been reduced by principal payments over the years, which may be at some point midway through the full term, or on the very last payment of the lease term. Exercising the option is the *end of the transaction*,

The Honorable Dennis J. Roch
The Honorable John Sapien
David Abbey
September 30, 2016
Page 7 of 12

not the beginning as suggested by the author. Once approved by NMPED and the school's governing body, the lease purchase agreement thereafter is in operation and is "utilized", and by operation of NMSA 1978 §22-26A-5.1(B) is legally considered "public property." Although there may be a case where a school has received NMPED approval of a lease purchase arrangement, but the governing council opted not to approve and execute the lease purchase agreement with the landlord, this is probably the exception and not the rule. Of the clients this firm has represented and/or assisted with obtaining approval from NMPED for a lease purchase arrangement, none of them have declined to execute the agreement once the Secretary has approved the transaction.

9. *"For example, the Anansi Charter School's proposed lease purchase agreement was approved by PED in December 2014, but to date the charter school has not exercised the option to purchase."*

This statement is erroneous, for the reasons stated in #8, above. The Anansi Charter School's lease purchase arrangement was approved by NMPED and thereafter by the School's governing council; the arrangement itself is being utilized, although the School has not yet proceeded to closing (which is contemplated by the Act); the School had up to 25 years (approximately 18 years remaining) to exercise its option to purchase which it could do by paying of the outstanding principal at times specified in the agreement or waiting to make its final payment under the arrangement. See Letter dated September 27, 2016 to the Honorable Dennis Roch from Matthews Fox, P.C., enclosed.

10. *"Additionally, several charter schools believe they have entered into a lease purchase agreement and have represented this to the Public School Facilities Authority (PSFA), but their agreements have never been submitted to PED for approval and as such are only considered lease agreements. This distinguishing factor could affect the schools' compliance with the 2015 public building deadline requirements and eligibility for lease assistance funding."*

It is entirely possible that some charter school administrators misunderstood the instructions on the PSFA's lease reimbursement application and erroneously indicated that they were in a lease purchase arrangement when in reality they were in a 'straight' leasing situation or a straight lease with an option to purchase (described in #2 above); however, we believe that any such representation was the result of mistake rather than an intent to misrepresent the facts. It is equally possible that charters who informed PSFA that they were in a "Lease with Option to Purchase", by which they meant a 'straight' lease with a purchase option (discussed in #2 above), were deemed by PSFA administrators to have meant an unapproved lease purchase arrangement, the title of which document sometimes is also "Lease with Option to Purchase". Either way, it would behoove all parties to clarify these matters in the PSFA's application materials in future years.

With respect to the "2015 public building deadline requirements", however, it bears repeating that NMSA 1978 §22-8B-4.2(D) (often referred to as the "public building deadline

statute”), actually provides **four ways** of satisfying the statute, which is required when a charter renews or is initially approved on or after July 1, 2015:

- i. The charter school could lease a public building or purchase a site outright; or
- ii. The charter school could enter into a lease purchase arrangement pursuant to the Act; or
- iii. The charter school could show that the facility meets PSFA’s applicable adequacy standards and the owner of the property is contractually obligated to maintain those standards at no additional cost to the school or the state, and public buildings are not available or adequate for the school’s educational program; or
- iv. The charter school could show that the facility meets PSFA’s applicable adequacy standards and the owner of the property is contractually obligated to maintain those standards at no additional cost to the school or the state, and the owner of the property is a nonprofit entity specifically organized for the purpose of providing the facility for the school.

So, even if a school is not under a lease purchase arrangement at the time it is required to comply with the statute, the school has three other options that it can utilize to comply. All “straight” leases between charters and private or nonprofit landlords that this firm has been engaged to draft (as well as the PSFA form leases drafted by PSFA legal counsel 2013 and available on PSFA’s website) contain the provisions required by, and comply with, Section 22-8B-4.2(D)(2) of the Charter Schools Act.

11. *“... there appears to be a gap between the cost-effectiveness of PED-approved and non-PED-approved lease purchase arrangements.”*

There should not be any “non-PED-approved” lease purchase arrangements in place. See ##2, 6, 7 above. In any event, as the Memorandum points out, the Act does not provide for NMPED to review for “cost-effectiveness”. See #3 and #5, above.

12. *“For example, Santa Fe Academy for Technology and the Classics has a PED-approved lease purchase arrangement with an interest rate of 4.25 percent, while La Academia de Esperanza has an interest rate of 15 percent in a lease with option to purchase that is not on the PED list as approved, and exceeds the statutory cap of 12 percent.”*

It is very unfortunate that the individual reporting this information did not carefully review the documents. This misstatement has been repeated numerous times in public settings, thereby perpetuating the misconception that charter schools are not in compliance with the law. La Academia de Esperanza leases through a “Sublease Agreement from The Esperanza Education Foundation.” The Foundation, which leases from the property developer, had originally entered a “Lease with Option to Purchase Agreement”. This option has long ago expired, but at no time did the agreement specify an interest rate. Under straight leases like this one where there is an option to purchase the property for some fixed purchase price in the future,

The Honorable Dennis J. Roch
The Honorable John Sapien
David Abbey
September 30, 2016
Page 9 of 12

the interest rate most likely will not be negotiated because typically the intent is for the purchaser to acquire financing from another source at an interest rate set at that time the option is exercised.

It appears that the Memorandum's author relied on an extraneous document (erroneously) submitted by the school to PSFA as part of its lease reimbursement packet. Unfortunately, at no time did anyone call the school to clarify the import of this document.

13. *"There are currently charter schools in lease purchase agreements that have not been approved by PED as well as charter schools in leases with an option to purchase where the option has not been exercised that do not have provisions that require the landlord to maintain the facility."*

See discussion above. Nothing in either the Lease Purchase Act or in the Charter Schools Act requires Charters that are in an approved lease purchase arrangement to have a provision in the agreement that requires the landlord to "maintain the facility". See NMSA 1978 §22-8B-4.2(D). In fact, nothing in the Charter Schools Act, Section 22-8B-4.2(D), requires a landlord, even under a "straight" lease, to "maintain the facility." What Section 22-8B-4.2(D)(2)(a) requires is that, for schools NOT in a public facility, and NOT under a lease purchase arrangement, the landlord must agree to maintain the facility to *PSFA state adequacy standards*, at no additional cost to the school or the state. The PSFA's state adequacy standards applicable to charter schools are set forth at http://www.nmpsfa.org/pdf/MasterPlan/Charters/Charter_Alternative_Sch_Variance_09-05-08.pdf. Those are the standards which landlords must maintain. There is no broader maintenance requirement in the "2015 deadline statute".

14. *For example, South Valley Preparatory (sic) School is in a lease with an option to purchase agreement that is not on the PED list as approved, plus the option to purchase expired on January 1, 2016. The lease does not require the owner to maintain facilities and is a "triple-net lease," a lease agreement where the lessee agrees to pay all real estate taxes, building insurance, and maintenance in addition to rent and utilities payments."*

The Memorandum's author apparently did not look at the Lease that South Valley Preparatory School submitted with its lease reimbursement application. That Lease clearly reflects that it is not a lease purchase arrangement, but rather is a "straight" lease with a set purchase option (which the school has not exercised). See #2, above. Further, that lease (entitled "Lease Agreement by and between Valley Christian Church, as Lessor, and South Valley Preparatory School, as Lessee") contains the following provisions which disprove the Memorandum's statements relative to this Lease:

- Section 2.01(k): landlord shall construct improvements to E-Occupancy and applicable state adequacy standards;
- Section 7.03: landlord is obligated to maintain/repair the structural portions of the property, at landlord's expense;

- Section 7.04: landlord is responsible for roof, structural, electrical, plumbing, HVAC replacements, if necessary, at landlord's cost;
- Section 8.04: improvements to be made by landlord at landlord cost, to E-Occupancy and applicable state adequacy requirements; landlord is obligated to maintain the facility to state adequacy standards at no additional cost to the School.
- Lease Addendum and Amendment, Section 2: provides for tenant improvements to be made by landlord at landlord cost, to E-Occupancy and state adequacy requirements; landlord is obligated to maintain to state adequacy standards at no additional cost to the School.
- Amendment 2, Section 3: lists repairs to property to be made by Landlord at Landlord expense.

Therefore, contrary to the Memorandum's statements with respect to South Valley Preparatory School and its Lease, the Lease fully complies with the legal requirements in the statute applicable to the School, as set forth by the Legislature.

PAGE 4

15. *"Several charter schools with lease purchase agreements that have not been approved by PED appear to transfer fee simple ownership in the property to the foundation they are purchasing from upon the final payment. An example is The GREAT Academy, a state-chartered charter school in Albuquerque. The GREAT Academy is in a lease purchase agreement that is not on the PED list as approved. The terms of the lease purchase agreement state that upon the final payment, the school transfers ownership to the foundation. On its face, these types of arrangements appear to violate the anti-donation clause of the New Mexico constitution and state statutes that outline procedures for disposing of real property."*

See discussion above. The GREAT Academy has not resubmitted its application for lease purchase arrangement approval and is therefore not currently in a lease purchase arrangement. It is under a "straight" lease with its nonprofit Foundation. The Foundation is the **current** owner of the property that it is leasing to the school, and therefore the author's interpretation of GREAT's leasing arrangement with the Foundation-- transferring ownership to the Foundation upon the final payment-- makes no sense and appears to be in error. Moreover, if there is another example of "these types of arrangements" that purportedly violate constitutional provisions and state statutes, the author of the Memorandum does not provide one.

16. *"It is unclear if an authorizer would be able to assume a lease purchase agreement pursuant to [Section 22-8B-4(N) NMSA 1978] if the authorizer wanted to. These issues need to be resolved to ensure that public investments are not lost to private owners."*

The Honorable Dennis J. Roch
The Honorable John Sapien
David Abbey
September 30, 2016
Page 11 of 12

The author of the Memorandum is apparently unfamiliar with the requirement of the law. The Act specifically addresses this concern at Section 22-26A-5(K), which states that lease purchase arrangements *must* provide that the lease purchase arrangement is assignable, without cost to the school or school district, and with all the rights and benefits of its predecessor in interest being transferred to the assignee, to (1) a school district or charter school; or (2) the state or one of its institutions, instrumentalities or other political subdivisions.

17. *“Variation in charter school lease purchase agreements in terms of cost-effectiveness and adherence to statute suggests a need for increased oversight of lease purchase agreements beyond PED approval of proposed agreements.”*

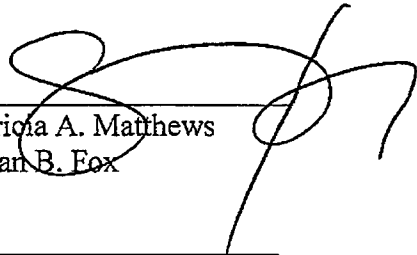
We respectfully disagree. As this Response letter points out, many of the conclusions reached in the Memorandum have been premised upon incomplete or erroneous information, miscommunications, incomplete or inaccurate interpretations of law, and/or a lack of understanding with respect to specific lease purchase arrangements criticized as we have attempted to clarify herein. Before leaping to the conclusion that even more regulation and oversight is necessary, full and accurate information should be presented to legislators and regulators that *clearly* indicates a problem that requires a legislative remedy. We respectfully request that better and clearer communication between the PSFA, NMPED, and charter schools be the methodology employed first. For example, if a lease purchase arrangement “template” is developed, PSFA should seek NMPED’s concurrence in the process and template.³

With respect to cost-effectiveness, the charters would welcome the opportunity to be part of a series of respectful and good-faith discussions with Legislators and regulators that would explore 1) identification and clarification of the problem/problem areas, if any; 2) identification of desired measures of “cost-effectiveness”; and 3) potential legal/regulatory/practical/financial issues relating to the foregoing.

Thank you for the opportunity to comment upon and clarify these matters. If you have any questions or if we can assist in addressing these matters further, please do not hesitate to contact us.

Sincerely,

MATTHEWS FOX, P.C.

By: 
Patricia A. Matthews
Susan B. Fox

³ NMPED refused to acknowledge the template developed by PSFA previously.

The Honorable Dennis J. Roch
The Honorable John Sapien
David Abbey
September 30, 2016
Page 12 of 12

Enclosures

Ccs: *via mail w/enclosure:*

Governor Susana Martinez

Secretary Hanna Skandera, NMPED

Via email with enclosure

Mr. Robert Gorrell, Director – NMPSFA

Mr. Paul Aguilar, Deputy Secretary – NMPED

Ms. Patricia Gipson, Chair – NMPEC

Ms. Rachel Gudgel, Director – LESC

Ms. Sharon Ball, Legislative Council

Ms. Michele Hunt, Director – Anansi Charter School

Mr. Robert Jessen, Principal – Monte del Sol Charter School

Mr. Erik Bose, Principal – ABQ Charter Academy

Mr. Sam Obenshain, Principal – Cottonwood Classical Preparatory School

Ms. Kim Schaffer, Head Administrator – Cottonwood Valley Charter School

Mr. Dan Busse, General Manager – The ASK Academy

Ms. Cynthia Carter, Principal – Horizon Academy West

Mr. Steve Wood, Principal – La Academia de Esperanza

Mr. Felix Garcia, Principal – Sage Montessori Charter School

Mr. Mark Tolley, Head of School – Corrales International School

Ms. Charlotte Alderete-Trujillo, Principal – South Valley Preparatory School

Mr. Jasper Matthews, Executive Director – The GREAT Academy

Ms. Kelly Callahan, Co-Director – NMCCS

Ms. Greta Roskom, Co-Director - NMCCS