

NEW MEXICO HIGHER EDUCATION DEPARTMENT



MICHELLE LUJAN GRISHAM
GOVERNOR

KATE M. O'NEILL, ED.D.
CABINET SECRETARY

Capital Projects Committee Meeting
September 11, 2019
Higher Education Center – Room 159
1950 Siringo Road
Santa Fe, New Mexico 87505
9:30 a.m. to TBD

Minutes

1. Call Meeting to Order

Meeting called to order at 9:35 a.m. Committee member present are Chairman Gerald Burke, Gerald Hoehne, Dr. Harrison Rommel, Wesley Billingsley, Theresa Edwards (for Jonas Armstrong), and Harold Trujillo.

2. Approval of Agenda

Chairman Burke asked for comments on the agenda. No comments were made by the committee.

Chairman Burke made a motion to approve the agenda.

Member Hoehne seconded the motion.

Motion passed. (6-0)

3. Announcements:

- a. **Next Capital Projects Meeting will be held on October 9, 2019**

4. Approval of Minutes from July 10, 2019 Capital Outlay Committee Meeting

Chairman Burke asked for comments on the agenda. No comments were made by the committee.

Chairman Burke made a motion to approve the minutes.

Member Hoehne seconded the motion.

Motion passed. (6-0)

Projects to be reviewed

5. New Mexico State University – Not to exceed \$28,100,000 Refunding Revenue Bonds, Series 2019A and Taxable Series 2019B

Presenters: Andrew Burke, SVP Administration and Finance, NMSU; Katherine McKinney, Attorney, Modrall Sperling; Erik Harrigan, Managing Director, RBC Capital Markets

Mr. Andy Burke introduced himself, Mr. Erik Harrigan and Ms. Katherine McKinney. He then turned it over to Mr. Erik Harrigan with RBC Capital Markets to present the project.

Mr. Harrigan presented the project as outlined in the project submittal. He noted that the 2010 build America bonds (BAB) were authorized under the America Renewal and reinvestment Act in 2009. The 2010C bonds were issued as taxable bonds for the bookstore. The annual debt service

was \$1.1M per year at issuance. The annual debt service will come down to about \$600K which is about the same revenue that is being received from the bookstore. Savings of about \$500K per year for the first 10 years. Approved bond resolution on September 4 by Board of Regents. Part of the bond resolution is that if they are unable to achieve a Net Present Value Savings of at least 3% NMSU will delay the sale. Combined they are about \$2M in NPVS.

Member Hoehne Gerald made a motion to approve the project for submittal to the NMHED Cabinet Secretary and then to the State Board of Finance.

Member Rommel seconded the motion.

Chairman Burke notified the committee that he would be abstaining from the vote.

Motion passed. (5-0)

6. Santa Fe Community College - \$691,200

Waste Water Treatment Plant Upgrades – Transfer to Ranchland Utility Co.

Presenters: Dr. Becky Rowley, President, SFCC; Nick Telles, VP of Finance, SFCC; Henry Mignardot, Executive Director, POM, SFCC; Andrea Mueller, Project Manager, SFCC

Dr. Becky Rowley introduced herself, Mr. Nick Telles, and Mr. Henry Mignardot. Mr. Mignardot presented the project as outlines in the project submittal.

Chairman Burke asked when the Waste Water Treatment plant (WWTP) was built.

Mr. Mignardot noted the plant was built at the same time that the college was built.

Chairman Burke asked if the land where the existing plant is located will be able to be repurposed.

Mr. Mignardot noted that the plant occupies about an acre on campus. 6 sludge beds and 2 tanks will be used for training and educational purposes for biomass/biofuels and WWTP students.

Member Rommel asked what the cost savings will be as a result of the transfer.

Mr. Mignardot noted that the cost of the facility will be about \$60K per year which is about a 50% annual savings.

Chairman Burke asked what the capacity is at Ranchlands and if there is an option to support additional capacity.

The project designer informed the committee that the average day flow for the facility at the new lift station is 15,000 gallons per day with the ability to transfer peak hour flow. She also noted that additional pumps can be added or there can be a change in the way the lift station floats are designed to increase flow for additional capacity. Current peak flow is approximately 4,000 gallons per day.

Member Rommel asked who would be responsible for maintaining the equipment.

Mr. Mignardot noted that SFCC would be responsible for the lift pumps however the line will be owned and maintained by Ranchlands.

Member Trujillo asked what is the backup (redundancy) for the system should there be a power outage.

Mr. Mignardot noted that the system will be connected to a generator for now and then onto a microgrid.

Chairman Burke made a motion to approve the project for submittal to the NMHED Cabinet Secretary.

Member Trujillo seconded the motion.

Motion passed. (6-0)

7. Santa Fe Community College - \$8,126,163

Infrastructure & Energy Efficiency Upgrades and Improvements through EPC

Presenters: Dr. Becky Rowley, President, SFCC; Nick Telles, VP of Finance, SFCC; Henry Mignardot, Executive Director, POM, SFCC; Andrea Mueller, Project Manager, SFCC

Mr. Henry Mignardot presented the project as outlined in the project submittal.

Member Trujillo informed the committee that this is the first campus and first Higher Education institution project in the state which utilizes Microgrid technology.

Chairman Burke made a motion to approve the project for submittal to the NMHED Cabinet Secretary and then to the State Board of Finance, contingent upon the following:

- Approval of Financing by the NMHED, New Mexico Finance Authority, and State Board of Finance

Member Trujillo seconded the motion.

Motion passed. (6-0)

8. Santa Fe Community College - \$8,126,163

Approval of Bond Financing for Infrastructure and Energy Upgrades through EPC

Presenters: Dr. Becky Rowley, President, SFCC; Nick Telles, VP of Finance, SFCC; Henry Mignardot, Executive Director, POM, SFCC; Andrea Mueller, Project Manager, SFCC

Mr. Nick Telles presented the project as outlined in the project submittal.

Chairman Burke noted that the requested amount on Form 5 should reflect the amount being financed by the New Mexico Finance Authority (NMFA).

Mr. Erik Harrigan noted that the bonds have a 10 year call option and the debt service has a 20 year maturity and is structured to meet the saving from the Guaranteed Savings Energy Performance Contract. The contract will have \$60K in savings per year growing up to \$93K per year.

Katherine McKinney requested that the committee consider approving the request at a not to exceed \$6M in order to cover the fees associated with the financing transaction.

Chairman Burke made a motion to approve the project for submittal to the NMHED Cabinet Secretary and then to the State Board of Finance, contingent upon the following:

- Revisions for Form 5 to reflect a not to exceed \$6M; and,
- Approval by the NMFA and SBOF

Member Hoehne seconded the motion.

Motion passed. (6-0)

**9. University of New Mexico Health Science Center/Hospital – \$800,000
Cardiac Catheterization Laboratory Number 1 - Replacement (CCL-1)**

Presenters: Michael "Rocky" Kearney, Director, Planning and Construction, UNM Hospitals

Mr. Enrico Valpato introduced himself and Michael Rocky Kearney. Mr. Kearney presented the project as outlined in the project submittal.

Chairman Burke made a motion to approve the project for submittal to the NMHED Cabinet Secretary and then to the State Board of Finance.

Member Rommel seconded the motion.

Motion passed. (6-0)

**10. University of New Mexico Health Science Center/Hospital – \$972,900
Barbara and Bill Richardson Pavilion (BBRP) Mechanical Room Air Handler Unit Upgrade**

Presenters: Michael "Rocky" Kearney, Director, Planning and Construction, UNM Hospitals

Mr. Enrico Valpato introduced himself and Michael Rocky Kearney. Mr. Kearney presented the project as outlined in the project submittal. He also noted that the units run 24/7.

Chairman Burke made a motion to approve the project for submittal to the NMHED Cabinet Secretary and then to the State Board of Finance.

Member Rommel seconded the motion.

Motion passed. (6-0)

**11. University of New Mexico Health Science Center/Hospital – \$633,200
University Hospital Main Basement Server Room HVAC Upgrade**

Presenters: Michael "Rocky" Kearney, Director, Planning and Construction, UNM Hospitals

Mr. Enrico Valpato introduced himself and Michael Rocky Kearney. Mr. Kearney presented the project as outlined in the project submittal.

Chairman Burke made a motion to approve the project for submittal to the NMHED Cabinet Secretary and then to the State Board of Finance.

Member Hoehne seconded the motion.

Motion passed. (6-0)

**12. University of New Mexico Health Science Center/Hospital – \$858,700
University Hospital Main Medical Air Compressor Replacement**

Presenters: Michael "Rocky" Kearney, Director, Planning and Construction, UNM Hospitals

Mr. Enrico Valpato introduced himself and Michael Rocky Kearney. Mr. Kearney presented the project as outlined in the project submittal.

Member Hoehne made a motion to approve the project for submittal to the NMHED Cabinet Secretary and then to the State Board of Finance.

Member Rommel seconded the motion.

Motion passed. (6-0)

**13. University of New Mexico Health Science Center/Hospital – \$1,265,200
University Hospital Main Operating Rooms – Air Handling Unit Upgrades**

Presenters: Michael "Rocky" Kearney, Director, Planning and Construction, UNM Hospitals

Mr. Enrico Valpato introduced himself and Michael Rocky Kearney. Mr. Kearney presented the project as outlined in the project submittal.

Chairman Burke asked if this project brings all of their HVAC and AHU units up to date.

Mr. Valpato noted that UNM Hospital is playing catch up with capital items since medical equipment replacement was the hospitals priority in the past.

Member Rommel asked if there is a way that UNM Hospitals can start looking at bringing all AHU projects forward as one single project request.

Mr. Valpato noted that they use a three-year plan to address each of the needs at the hospital. Right now there are approximately 15 AHU units that may need to be replaced with each one being in the \$1M range. They are in the process of putting together a prioritization process for replacements however they are currently only able to replace as funding becomes available.

Chairman Burke made a motion to approve the project for submittal to the NMHED Cabinet Secretary and then to the State Board of Finance.

Member Rommel seconded the motion.

Motion passed. (6-0)

**14. New Mexico Institute of Mining and Technology – \$11,714,798
Jones Hall - REVISED**

Presenters: Dr. Cleve McDaniel, VP of Finance, NMIMT; Alex Garcia, Capital Projects Director, NMIMT

Dr. Cleve McDaniel introduced himself and presented the project as outlined in the project submittal. He noted that they will be able to complete shelled space in the Chemistry building with internal funds to move some of the classes from Jones Hall during the renovation. They will also be using other space around campus to relocate individuals during the renovation.

Member Rommel asked what the unintended consequences are of using their internal reserves to cover the additional cost of the project.

Dr. McDaniel noted that there are some deferred maintenance projects and cost sharing for other projects which will be impacted however there are no major projects being affected.

Chairman Burke made a motion to approve the project for submittal to the NMHED Cabinet Secretary and then to the State Board of Finance.

Member Hoehne seconded the motion.

Motion passed. (6-0).

**15. Western New Mexico University – \$600,000
10th Street Improvements and Infrastructure**

Presenters: Dr. Joseph Shepard, President, WNMU; Kevin Matthes, AVP Facilities and Operations, WNMU

Dr. Shepard introduced himself and Mr. Kevin Matthes. He then presented the project as outlined in the project submittal, noting that approximately 500 LF of this project area is owed by the city and has already been paved. The outstanding items which are part of this project are within the campus.

Chairman Burke made a motion to approve the project for submittal to the NMHED Cabinet Secretary.

Member Rommel seconded the motion.

Motion passed. (6-0)

**16. Western New Mexico University – \$1,250,000
Electronic Door Locking System**

Presenters: Dr. Joseph Shepard, President, WNMU; Kevin Matthes, AVP Facilities and Operations, WNMU

Dr. Shepard introduced himself and Mr. Kevin Matthes. He then presented the project as outlined in the project submittal, noting that this project will complete about 70% of doors on campus.

Chairman Burke made a motion to approve the project for submittal to the NMHED Cabinet Secretary and then to the State Board of Finance, contingent upon the following:

- Resubmittal of Form 1 to clarify existing electronic door locks on campus
- Submittal of legislative language

Member Hoehne seconded the motion.

Motion passed. (6-0)

**17. Western New Mexico University – \$673,551.70
Mustang Fountain and Infrastructure**

Presenters: Dr. Joseph Shepard, President, WNMU; Kevin Matthes, AVP Facilities and Operations, WNMU

Dr. Shepard introduced himself and Mr. Kevin Matthes. He then presented the project as outlined in the project submittal.

Chairman Burke noted that he has concerns with the funding source for the project.

Dr. Shepard explained to the committee that their Foundation does not have the funding to support this project. He also noted that his focus from the Foundation is on scholarships. Also the WNMU Alumni association is not in a position to support this project either.

Member Rommel and Member Edwards also noted their concerns with the funding source being used on this project.

Dr. Shepard informed that committee that WNMU reserves are currently at \$7M and he has worked hard to build these up.

Member Rommel made a motion to approve the project for submittal to the NMHED Cabinet Secretary.

Chairman Burke asked for a roll call vote.

Chairman Burke Voted Yes
Theresa Edwards Voted No
Gerald Hoehne Voted Yes
Wesley Billingsley Abstained
Harold Trujillo Voted Yes

Motion passed. (4-2)

18. New Mexico Junior College – \$3,627,000

Fire Alarm Emergency Notification and Access Control System Upgrades Campus Wide - REVISED

Presenters: Dan Hardin, Vice President of Finance, NMJC; Josh Morgan, Controller, NMJC

Dan Hardin introduced himself and presented the project as outlined in the project submittal. He noted that the scope of the project is the same however the bids for the project came in at over \$1.7M above the original cost estimate.

Chairman Burke made a motion to approve the project for submittal to the NMHED Cabinet Secretary.

Member Hoehne seconded the motion.

Motion passed. (6-0)

19. Adjourn

Chairman Burke adjourned the meeting at 11:55 a.m.