



**Capital Projects Committee Meeting**

**July 14, 2021**

**Held via TEAMS**

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**9:30 a.m. to TBD**

**Minutes**

**1. Call Meeting to Order**

Chairman Burke called the meeting to order at 9:30 a.m.

**2. Roll Call of Committee Members**

Roll call of members was taken. Committee members joining via phone/webinar were Chairman Gerald Burke, Stevie Olson, Harrison Rommel, Tonantzin Roybal for Wesley Billingsley, Harold Trujillo, and Gerald Hoehne.

**3. Approval of Agenda**

Chairman Burke asked for comments on the agenda.

Member Olson asked that items # 9, #10, and #11 be moved to the beginning of the Projects to be Reviewed section of the agenda.

Member Trujillo seconded the motion.

Motion passed. (6-0)

**4. Announcements:**

- a. **No Capital Projects Committee Meeting or State Board of Finance Meeting in August**
- b. **Next Capital Projects Committee Meeting will be held on September 8, 2021**
- c. **Next State Board of Finance Meeting will be held on September 21, 2021. Projects approved by committee today that require SBOF approval will be heard at their September 21, 2021 meeting**

**5. Approval of Minutes from June 9, 2021 Capital Projects Committee Meeting**

**Projects to be reviewed**

**6. University of New Mexico Health Science Center/Hospital – \$12,555,750**

**Interdisciplinary Substance Use and Brain Injury (ISUBI) Domenici Expansion - REVISED**

*Presenters: Dr. Garnett S. Stokes, President, UNM; Dr. Doug Ziedonis, Executive Vice President, UNM HSC; Ava Lovell, Senior Executive Officer for Administration and Finance, UNM HSC; Ryan Reynolds, Group Manager for Capital Projects, UNM HSC*

Executive Vice President Dr. Doug Ziedonis introduced himself and noted that President Stokes was unable to make the meeting. He then informed the committee that due to



COVID, there has been a significant rise in costs which required them to review this project in detail and come up with solutions to address the cost increase. He also talked about how the Substance Use and Brain Injury expansion would be vital to research in New Mexico. He then asked Ms. Ava Lovell to present more information on the project.

Ms. Lovell presented a power point presentation and spoke to the location, square footage, and construction costs associated with the increase in project budget. She then turned it over to Dr. Larson for his comments.

Dr. Larson spoke to the importance of the project and its impact on the research of substance abuse and addiction as well as enhanced medical imaging related to these topics.

Member Olson asked for a breakdown of the increased project costs, specifically if they are in materials or labor.

Ms. Lovell presented a breakdown of the increased project costs to the committee via a slide presentation.

Member Olson noted that the next state board of finance meeting is not until September. He asked if this project needed to go back to the SBOF for approval and if so, would this cause a delay to the schedule.

Member Hoehne informed the committee that there are no meetings, both for the NMHED and SBOF, in August. He also noted that the schedule for all meetings are posted a year in advance and as projects are being developed those schedules should be taken into consideration. He also emphasized that there is an exception when it comes to increased costs since these are an unknown and there is a shorter time frame for adjusting schedules. He then asked UNM to comment.

Ms. Lovell noted that the timing is concerning however their Board of Regents met in order to approve the change in scope so that they could meet the timeframe of a September SBOF meeting.

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 Trujillo seconded the motion.

Motion passed. (6-0)



**7. New Mexico Military Institute – \$999,057.90  
Installation of Campus Security Camera System**

*Presenters: David West, Chief of Staff, NMMI; Larry Hopkins, Assistant Director of Facilities, NMMI; Kent Taylor, Director of Facilities, NMMI; Deana Curnett, Chief Financial Officer, NMMI*

Chairman Burke noted that this project is coming back before the committee because of concerns with facial recognition in the original submittal. He asked if there were any comments from the committee.

Member Hoehne commented on concerns and requests at the prior hearing. He also thanked Colonel West and Mr. Taylor for addressing the facial recognition issue by providing a legal opinion from their general counsel and more importantly, removing that aspect from the project request.

Colonel West informed the committee that he hoped the information provided would be helpful, not only to the committee but to other institutions in the state who may be looking at this type of project. The research that was done was quite in depth, and this project will bring all of the security cameras and systems up to date. He also mentioned that there were questions regarding the lease and he introduced other individuals from his team who could answer any other questions.

Member Olson noted that the contract has an option to purchase at the end of the agreement period. He asked if NMMI could go over those terms.

Mr. Hopkins noted that since this is an operating lease they do have the option to purchase the equipment at that time for whatever the value is at that time.

Member Trujillo commented on the civil rights law that was passed by the state and there was a lot of objection from schools and local governments. We have not seen the results of those challenges however it is going to be interesting to see how it will be implemented in the future.

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 Trujillo seconded the motion.

Motion passed. (6-0)

**8. New Mexico School for the Deaf – \$5,300,000  
Renovation of Dining Hall – Phase III**

*Presenters: Harold Moya, Senior Facilities Manager, NMSD*



Mr. Harold Moya introduced himself and then went into a discussion on the project. He noted that he has heard information from the committee on budget concerns. He informed the committee that they are using a CMAR for this project and they are working within that process to ensure they do not experience any delays or surprise cost increases as a result of the supply chain issues noted by others.

Member Olson asked if the school worked with the Public School Facility Authority (PSFA) in any way on this project.

Mr. Moya noted they are no longer working with PSFA. He also informed the committee that all projects are currently being brought through the NMHED process, which is more streamlined and more beneficial for their institution.

Member Olson noted his support for project but he noted that the New Mexico School for the Blind and Visually Impaired (NMSBVI) in Alamogordo has to go through PSFA on some projects and the administrative stipulations between HED and PSFA and PSOC are so complicated and he does not feel they have not been resolved. He expressed his concern because the special schools are important to the state and to the populations that they serve, and he would encourage HED and this committee, as well as LFC on its own, to work with PSCOC to get those administrative issues ironed out, as they are needless obstacles to getting the work done.

Member Hoehne echoed the comments of member Olson. The NMHED has been working very closely with NMSBVI on the issues they have been experiencing with the administrative process. NMSBVI has notified us that they will be coming directly to the NMHED for funding of all future projects.

Member Trujillo commented that PSFA activities were originally directed by the public education department. PSCOC was established by the legislature to take over those duties and since that time the process has become very cumbersome.

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 Trujillo seconded the motion.

Motion passed. (6-0)

**9. Eastern New Mexico University – \$1,880,000  
West Campus Electrical Upgrade**



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*Presenters: Dr. Patrice Caldwell, Chancellor, ENMU; Scott Smart, Chief Financial Officer, ENMU*

Chancellor Caldwell talked about the proposal to upgrade electrical on the West campus. It was upgraded in 2016 of both infrastructure and internet connectivity however safety was an important aspect to this project. She then turned it over to Mr. Scott Smart for more detail on the electrical project.

Mr. Smart talked about the photograph, an electrical wire, he mentioned that it is 60 years old and insulation is falling off the wires as you can see from the photograph. Those lines that supply electricity to the 100 apartments need to be replaced.

Member Olson asked if ENMU can talk more about the revenue source, specifically if the auxiliary enterprise and operating reserves are related to the housing the power line serves.

Mr. Smart noted that these revenues are a combination of surplus housing, dining, and all auxiliary operations that go into a fund that is used to address the highest priority need on campus at the time.

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 Olson seconded the motion.

Motion passed. (6-0)

**10. Eastern New Mexico University Ruidoso – Not to Exceed \$1,800,000  
Approval of Revenue Bond Issuance**

*Presenters: Dr. Patrice Caldwell, Chancellor, ENMU; Dr. Ryan Trospen, President, ENMU Ruidoso; Dr. Karen Massey, Chief Business Officer, ENMU Ruidoso; George Williford, Managing Director, Hilltop Securities; Gregory Salinas, Attorney, McCall Parkhurst & Horton*

Chancellor Caldwell presented the project for the purpose of purchasing the property adjacent to the campus and turned it over to President Trospen for more details.

President Trospen introduced himself and others that are present who can address questions on the financing and acquisition. He then deferred it over to Mr. Scott Smart for more information on the financing.

Mr. Smart discussed the financing of the project, highlighting the fact that it would be financed through NMFA with a maximum borrowing of \$1.8M, has a 25-year term, an estimated interest rate of approximately 3.19%, and an annual debt service of about



\$97,325. All of these figures will be finalized once NMFA closes and issues funding from the bond.

Chairman Burke noted that Form 6, the Certification of the Governing Board, needs to be signed by the Chancellor of the system, not by the branch campus President.

Mr. Smart acknowledged and will correct the signature on the form.

Member Olson asked if Mr. Mark Valenzuela, who is the Higher Education analyst at LFC, could ask a few questions regarding the programming for this project.

Chairman Burke acknowledged Mr. Valenzuela.

Mr. Valenzuela noted that this is an intriguing project especially since this is the first time he is hearing about it. He informed the committee that he is not concerned with the financing since it is pretty straightforward however he did ask what authority a main campus has to issue revenue bonds from their main campus revenues for a community college branch campus. He asked if there was precedent on this type of transaction that could be shared.

Chairman Burke noted that to his knowledge, bonds have never been issued by a main campus for any branch campus or 2-year school. The local branch has taxing authority and the bonds are issued by the local board not by the main campus.

Mr. Smart introduced Gregory Salinas, ENMU's bond counsel, and he also noted that the bonds are local to that campus but from NMFA's perspective, they wanted to use system revenues to provide a confidence level that the repayments of the bonds would not be a problem. He then asked Mr. Salinas to comment.

Mr. Salinas noted the facilities at ENMU Ruidoso branch are owned by the ENMU Board of Regents and that's in the law. The fact that the local branch community college district, say they pass a general obligation bond and build improvements, once built, that real property is owned by ENMU so there is no impediment or state law preventing ENMU from financing facilities that they own in Ruidoso. These facilities are owned by ENMU not the local community college district.

Mr. Valenzuela asked that our own General Counsel review this question, not just from a statute or constitutional authority perspective but from a policy perspective, as it relates to financing between a main and branch campus.

Chairman Burke noted that if the Ruidoso branch was going to be the sole guarantor of



the bonds they would have to get local taxpayer approval.

Mr. Salinas concurred with Chairman Burke and informed the committee that if this was being financed using a local General Obligation Bond then taxpayer approval would be needed. He also noted that since this being financed through revenue bonds taxpayer approval would not be needed. ENMU Ruidoso is a component unit of ENMU and they don't have separate finances so all of their revenue is already accounted for in the debt service of ENMU main for bonds issued in past years.

Mr. Valenzuela noted that in the document there would be Bachelor's degrees conferred. He asked if these would be conferred by ENMU Ruidoso or the main campus, and along with that, who would receive the tuition revenue for students paying for the Bachelor's degree in Ruidoso?

President Trosper introduced other individuals on the call, including Mayor Lynn Crawford of Ruidoso. He also noted that this acquisition is connected to their existing building and they do not have lots of space like most other institutions. He then informed the committee that the degrees conferred was a best guess. Once the property acquisition is approved and acquired, going back to the community and soliciting support over a number of years to determine best long term needs for the campus. Internally the college envisions using some of the expansion for a University center they could do Bachelor's programs that would be ENMU Portales programs that are important to the community of Ruidoso. Along with that there is a continued need for workforce training in the area, as well as a partnership with the Mescalero Apache Tribe for a cyber range concept, as well as other community needs that could be addressed in this expanded facility. All of these are ideas right now will be further explored once the acquisition is approved.

Mr. Valenzuela was happy to see the community support present at this meeting. He then informed the committee that LFC has been discussing how New Mexico institutions are offering three times the number of academic programs being offered by our surrounding states, as well as the declining enrollment despite the fact that high school graduates are increasing. He understands the urgency for potential growth however he feels the project is not fully ready and there are other questions and comments that still need to be addressed and explored.

Member Olson noted that 26,000 square feet will be added on this campus however there hasn't been a space utilization study or other metric shown for this request. He asked ENMU to comment on that.

Presenting Trosper noted that there has not been a formal study completed he hoped the documents would show that space utilization has been addressed through FTE, workforce



training, and through community partnerships. The 26,000 square feet moves the campus from being the smallest footprint to the second smallest footprint in the state.

Chairman Burke asked what the square footage per FTE student is.

President Trospen replied that they have not done a study on that.

Chairman Burke noted that all you need to do is take your students and divide by square footage.

President Trospen noted that he does not have the number and apologized.

Chairman Burke noted that they mentioned they were the 2<sup>nd</sup> smallest and wants to know who is the smallest.

President Trospen noted that he was referencing square footage of the campus and Los Alamos is the 2<sup>nd</sup> smallest.

Chairman Burke noted that the square footage per FTE is way up.

Member Olson noted that the funds are for acquiring the building but imagines that the building is not build to suite for all the needs and hopes Eastern has for it. What are the renovation costs and where are those going to come from?

President Trospen noted that in 2019 they did have a local GO bond funded by voters that is recurring and would work with the local communities for local money for renovations.

Member Olson asked if they have a cost of the renovation.

President Trospen noted that they don't have an estimate and would have to go to local community to determine best need is before determining cost estimate.

Member Olson noted that the purposes for the building cited in the materials include housing and a destination college setting. He asked if ENMU had any pro-forma documentation on those enterprises to better understand operational revenues.

President Trospen noted that they do not.

Chairman Burke commented on the environmental impact study that states there is mold and there was nothing mentioned to address it. He also asked if they are going to out to local sources of revenue, the parking lots and roofing are of serious concern and in all,





there will be a large capital outlay need to get the facility renovated for its intended use.

Member Trujillo commented on how ENMU Ruidoso wants to implement a wind training energy program. He asked if there has been any analysis done to see if Mesalands Community College's program is exceeding capacity or if there will be duplication of programs.

President Trosper noted that they are working to launch that program in the Fall. He also noted that this program was approved by the NMHED and the differentiation of programs lies in the fact that ENMU will allow certifications to be stackable and these programs will meet the needs within their own GAR.

Chairman Burke asked if ENMU-Ruidoso has approval to offer the wind training program.

President Trosper informed the committee that they received approval the NMHED and the Higher Learning Commission.

Member Hoehne noted that some of the concerns brought up are still concern. The local bond issue and state GO bond for renovation of additional square footage haven't had opportunity to materialize and show data to what that space will do for branch campus, originally starting with 39,285 gross foot, the new space takes to 56,000 square feet and enrollment for Fall of 2020 was 303. The actual on campus enrollment is 62 puts FTE square footage of 905. This committee is concerned with different aspects of this projects and whether these programs will materialize or a true study in place that shows these programs are necessary and show enough enrollment of students. As far as the ENMU system support this through system revenues versus institutions locally being able to support, speaks to the concerns to the MFMA had about financing this. If it can't stand alone there's concern for the potential to materialize. The longevity to have this space unusable for the college, current occupants leasing the space, not in the business for being landlords for space that is not workforce developed. Those concerns are still there. The project doesn't feel fully baked but truly appreciates the community support.

Chairman Burke concerned about the issues raised by the committee and recommends no action be taken at this time.

Committee members concur.

## **11. Eastern New Mexico University Ruidoso – \$1,200,000**

### **Property Acquisition – Sierra Mall**

*Presenters: Dr. Patrice Caldwell, Chancellor, ENMU; Dr. Ryan Trosper, President, ENMU Ruidoso; Dr. Karen Massey, Chief Business Officer, ENMU Ruidoso*



Chairman Burke concerned about the issues raised by the committee and recommends no action be taken at this time.

Committee members concur.

## **12. Adjourn**

Chairman Burke made a motion to adjourn the meeting at 10:45 a.m.

Member Hoehne seconded the motion.

Motion passed.