



Capital Projects Committee Meeting

September 8, 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, Wesley Billingsley, Harold Trujillo and Gerald Hoehne.

3. Approval of Agenda

Chairman Burke asked for comments on the agenda and he noted that for item # 5 the committee would need to approve both the June and July meeting minutes. He also noted that the amount for item # 7 needed to be corrected to \$4,380,978.56.

Member Hoehne made a motion to approve the agenda with the requested changes.

Chairman Burke 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 October 13, 2021**
- c. **Next State Board of Finance Meeting will be held on September 20, 2021. Projects approved by committee today that require SBOF approval will be heard at their September 20, 2021 meeting**

5. Approval of Minutes from June and July Capital Projects Committee Meeting

Chairman Burke asked for comments on the meeting minutes.

Member Hoehne made a motion to approve the June 9, 2021 meeting minutes.

Chairman Burke seconded the motion.

Motion passed. (6-0)

Member Hoehne made a motion to approve the July 14, 2021 meeting minutes.

Chairman Burke seconded the motion.

Motion passed. (6-0)



Projects to be reviewed

**6. Institute of American Indian Arts – \$1,250,000
Contemporary Native Arts Research Center – Phase II**

Presenters: Dr. Robert Martin, President, IAIA; Lawrence Mirabel, Chief Financial Officer, IAIA, Henry Mignardot, Facilities Director, IAIA; Laurie Brayshaw Logan, Sponsored Programs Director, IAIA

Dr. Robert Martin introduced himself and team. The total cost of the project is \$4.5 million. Originally the need for the research center considered a new building and the cost for that would be prohibited and decided to renovate and add construction to new buildings in order to establish this research center. It will support the education of student studies in museums, Native American art history and offer and support graduate programs. Submitted proposal in Museum studied for MFA and expect that to be approved in the next several months. This research will increase the number of students in certificates, associates and bachelor's programs, about double the enrollment and the professors to teach will increase about 50% within 2 years of completing project. Have support from the private sectors and using federal funds to complete project. The Mellon Foundation provided \$450,000 for feasibility study to establish the research center. They will provide \$750,000 for the next 3 years starting in January to be used for programming, equipment and staffing. He then turned in over to Mr. Larry Mirabal.

Mr. Mirabal spoke about the purpose and phases of the project. Phase one is to complete an addition to academic building which is currently underway with a budget of \$3.25 million and running about 1 week ahead of schedule and to be completed mid-January 2022. Phase two will create the research center which will not involve new construction. Phase three involves moving the archives into the new space.

Chairman Burke pointed out that under the funding sources, IAIA will need to submit proof on each of the funding sources. He asked that this be a contingency.

Member Olson asked about the federal funding used for the other phases, if it was all Title III, or if there are other sources of federal funding. He also asked if there was a possibility for double enrollment for some programs. He asked for some rough numbers and future enrollment projections for when the project is complete.

Mr. Mirabal noted that all the federal funding is US Department of Education Title III funds.

Dr. Martin noted that 100 students are enrolled but they anticipate doubling to 200 once project is completed.



Member Hoehne noted that he did receive an updated site plan from IAIA that may not have gone out to the committee members. He asked about the floor plan that is in the site plan, noted it was a conceptual floor plan which was on the screen, and he asked IAIA to elaborate on what point in the design the project is currently in. He also asked how confident IAIA is in costs they provided.

Mr. Mirabal noted that they are past the stakeholder phase as far as internal design of the building with the floor plan finalized and to be completed on October 29, with issuance of the RFP soon after. They are confident with real costs as provided as well.

Member Hoehne made motion to approve the project contingent upon the following:

- Updated Form 5 correcting funding description
- Legislative language for E5315 appropriation
- Funding screen shot from financial system verifying availability of funds

Member Olson seconded the motion.

Motion passed. (6-0)

**7. University of New Mexico –\$4,380,978.56
Construction of new Olympic Sport Training Facility**

Presenters: Dr. Garnett Stokes, President, UNM; Teresa Costantinidis, Senior Vice President of Finance and Administration, UNM; Eddie Nunez, Director of Intercollegiate Athletics, UNM; Lisa Marbury, Vice President of Institutional Support Services, UNM

President Stokes introduced herself and her team, and noted that she was pleased to present a project that addresses compliance, safety and security issues. The first request is for \$4,380,978 for the NM Mutual Champion Training Center to provide a permanent facility for women's athletics teams and to address Title IX issues at UNM. The other two projects are an effort by UNM to keep students and staff safe while on campus by addressing safety and security concerns for the Lobo Community at the Student Residence Center and a request for \$2 million for the Valencia Campus to address fire suppression upgrades. She then turned it over to Ms. Lisa Marbury to present the project.

Ms. Marbury provided a brief overview of the project as outlined in the project submittal. She then noted a correction for the budget which is on Form 4, which is in the amount of \$4,380,978.56.

Member Hoehne asked UNM to explain the details of the plant funds which UNM noted is a loan from the UNM budget to athletics. He asked for the specific terms and expected



pay back.

Teresa Costantinidis informed the committee that UNM is providing a short-term loan to athletics with an expected pay back by October 1, 2021. This was done to ensure there was enough equity available to get the project approved and construction started, with the expectation of athletics being able to repay within a very short term.

Chairman Burke asked if there was proof of the private donation and naming rights.

Member Hoehne replied that there was a document submitted to the Higher Education Department that spoke to the pledge however he is waiting for the naming rights letter which UNM noted would be submitted. He asked that this letter be added as a contingency.

Member Olson asked for more clarification on the Title IX deficiencies, which seem to be the most important part of this project. He asked if Tow Diehm currently only serves as the football teams weight room and other athletes are not able to access, and this project expansion will allow for others to have access to the weight room and other facilities.

Mr. Ed Manzanares informed the committee that with the change in football coach, the Tow has been opened up more and more to female athletes and other sports. Currently the majority of the Olympic sport live exclusively in the tent that was constructed about four years ago and the plan is that this new facility would be the priority for those Olympic sports to move into it, allowing for closer proximity to training rooms and sports nutrition services which would benefit all 450 athletes. This transition will start with Olympic sports and female sports and then all other teams will follow.

Member Olson asked if UNM has any other Title IX deficiencies.

Mr. Manzanares noted that UNM does not currently have any other Title IX deficiencies however it is always a work in progress and must be addressed on a daily basis. UNM feels they are in a very strong position related to Title IX and this project will continue to enhance that program.

Member Olson asked for more information on the vision for the Mezzanine.

Mr. Manzanares noted that currently it will be a structure inside the weight room which will house all cardio equipment and overlook the weight room. A second phase to this project will be a roof top for VIP and corporate guests for football games to enhance the end zone club. This other area can also be used for other events that overlooks the stadium and has some really great views.



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

- Receipt of the letter from NM Mutual regarding naming rights

Member Rommel seconded the motion.

Motion passed. (6-0)

**8. University of New Mexico –\$550,000
Student Residence Center Stair Restoration – Phase I**

Presenters: Dr. Garnett Stokes, President, UNM; Teresa Costantinidis, Senior Vice President of Finance and Administration, UNM; Lisa Marbury, Vice President of Institutional Support Services, UNM

Ms. Lisa Marbury presented the Student Resident Center as outlined in the project submittal for this phase, which will repair and modify the Student Residence Center stairs for a total budget of \$550,000.

Member Olson asked if the reduced occupancy noted in the submittal permanent or just during construction.

Ms. Marbury responded with just during the construction.

Member Olson asked where students with ADA accommodations live.

Ms. Marbury noted that UNM has ADA accommodations for students on the 1st floor of those facilities.

Member Olson asked if the funding to be received from CNM on the sale of land and family housing would go into a special pot of money and only be used for housing or is it earmarked a certain way for use.

Ms. Teresa Costantinidis informed the committee that when these funds are obtained from the sale of property, University policy requires that the funds be placed into a Regental endowment fund so the funds may be used to purchase additional property.

Member Hoehne commented that this particular project, because of the funding source, will need to go forward to the State Board of Finance for approval even though it's under the \$750,000 threshold. There is in the NM Administrative Code, a requirement that projects



are not to be artificially segmented in order to keep from being approved. He asked UNM to provide information on why this project is being requested in phases versus being requested as one large project to address all of the different phases.

Ms. Marbury noted that a meeting was held to discuss how to move this project forward and there were a couple of items discussed. First, UNM knew they were experiencing high bids coming in related to COVID and the increased cost of steel. Secondly housing was working on putting the funding together for this entire project and they did not have sufficient funding for the entire project, only this first phase. UNM planned to go out to bid these projects separately to see if pricing was going to come down in the future phases of these projects. They are bidding them separately in hopes that by the time we get to phase two, the cost will come down. If we bid it all now, they would be costing at the high prices in steel and construction costs currently being experienced.

Member Hoehne noted that it makes sense on both accounts, not having the funding in place to do all of the work and wanting to get the best price possible through phasing.

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

Member Hoehne seconded the motion.

Motion passed. (6-0)

**9. University of New Mexico Valencia Branch –\$2,000,000
Fire Safety Improvements**

Presenters: Dr. Garnett Stokes, President, UNM; Teresa Costantinidis, Senior Vice President of Finance and Administration, UNM; Lisa Marbury, Vice President of Institutional Support Services, UNM

Ms. Lisa Marbury presented the Fire Suppression System Project as outlined within the project submittal, outlining the necessary updates to life safety systems per code at an estimated cost of \$2 million project.

Member Olson asked if UNM had a sense of cost increases for fire suppression systems, specifically from when the project was originally requested in 2020 to now.

Ms. Marbury noted that she does not have that information in front of her but is willing to get the information and send it to the committee.

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



Member Rommel seconded the motion.

Motion passed. (6-0)

10. New Mexico of Mining and Technology– \$17,524,234

Playas Research and Training Center (PTRC) Phase III – Secure Warehouse Shell

Presenters: Dr. Stephen Wells, President, NMIMT; Dr. Cleve McDaniel, Vice President of Administration and Finance, NMIMT; Carlos Romero, Associate Vice President for Research, NMIMT; Alex Garcia, Director of Capital Projects, NMIMT

Dr. Stephen Wells introduced himself and his team and he provided a brief overview of the project using PowerPoint slides. He then turned the presentation over to Mr. Carlos Romero.

Mr. Romero talked about the project being funded through a contract with Airforce Research Laboratory and broken into several pieces. One is the infrastructure build-out, which is part of contract task order #1 at a cost of \$39 million. Task order 2 at a cost of \$29 million is for research. This project is a pivotal new building in the fulfillment of a federal government contract to build out a new mission for the Playas Research and Training Center. The overall buildout will allow NMIMT a place to have an epicenter for all the activities that have been previously approved, including the controls for the fiber optic network, experimental power system, and other secure shipping and receiving for large scale exercises. This is all in an effort to meet the US Air Force Research Laboratory contract requirements of developing a cyber kinetic environment where real world training environments can be replicated. He talked about various floor plans of the building as outlined in the presentation, and the fact that the building would be operational by the summer of next year. He noted that the project is 100% federally funded, and although the intent of the project is not to bolster NMIMT's engineering programs, it will allow their mechanical, electrical, computer science, physics, etc. to have a field laboratory which provides a space for research and educational opportunities. They also hope to be able to open up this space to other institutions in New Mexico to use as well which is a positive leverage of these federal funds.

Member Hoehne noted he did have several questions that were not covered in the original submittal on how the project satisfies NM Tech Research Mission and what the financial and revenue generation outlook is for the next 2-5-10 years however answers were provided during the presentation. He asked for more information on what the term is with the contract of Airforce Research Lab, if that contract is on a renewable term or is the contract set for a certain amount of years, and what has to be accomplished for the funding to be secured, and then what's next.

Mr. Romero noted that the contract expires in October of 2025 or 2026. This task order is



for infrastructure. The overall contract has a longer period than Task order 1. Task order 1 is funded through Congressionally Directive appropriations to the Department of Airforce. Those were appropriated to the under Secretary of Defense and Intelligence and last year that was changed to the Department of the Air Force. The Airforce Research Laboratory is the agency within them that is overseeing the built out of infrastructure. Department of Airforce is also represented by the concept development and management group that is out of the Secretary of the Airforce office. The whole goal of that is building out and developing a set of requirements and NM Tech delivering on the developmental requirements and the execution of infrastructure upgrades to build a cyber kinetic environment. This is meeting a deficit found by Congress in realistic training related to cyber physical activities within the United States. NM Tech was selected as the place to remedy that problem and that is why they are building out this environment. The business plan is being put together by building a customer base. The Airforce Research Lab has put out up to \$53 million on the research side and they have executed the first \$29 million. The training component, which NMIMT is working with Air Combat Command which controls non-nuclear air craft, to develop exercises where airmen can be trained at Playas. This is the mechanism for developing a customer base to support the operationalization of the particular environment that is being built.

Member Hoehne noted that the information provided does help a lot with an understanding of their work out there.

Member Olson noted that NMIMT discussed the challenges of sourcing materials however he wondered if there were challenges in sourcing labor.

Mr. Romero informed the committee that they are planning on contracting all of the work. They have had job postings open since May in Playas and still have no applicants which is challenging. On the construction side, they have looked at the local contractors in the region and they do feel that there are good contractors who will have to drive in to do the work. Playas does have housing on site and there are hotels in Lordsburg which can provide places to stay. Most of the construction jobs will be done by contractors from Albuquerque, Lordsburg, and the surrounding areas.

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

Member Hoehne seconded the motion.

Motion passed. (6-0)

11. New Mexico of Mining and Technology– \$7,170



Donation of Bursum House for President's Residence

Presenters: Dr. Stephen Wells, President, NMIMT; Dr. Cleve McDaniel, Vice President of Administration and Finance, NMIMT; Alex Garcia, Director of Capital Projects, NMIMT

Dr. Stephen Wells introduced himself and then turned it over to Regent Jerry Armijo. Regent Armijo noted that this project was originally presented to this committee, and approved, as construction of a new President's Residence. Unfortunately, construction costs have prevented them from being able to move forward with the original proposal so they shelved the project. He then gave a little bit of history on the Bursum family, as well as their generous offer to donate their family home in Socorro to NMIMT. He noted that they have taken several months to review this transaction internally, including looking at the property using their own professional staff, to see if this was a viable option. The Regents have appointed a committee for the purpose of managing the transition of the property as well as for the future management of the property for the long term. Right now, there is no other option for the university to move forward with a new president's residence if this is not approved.

Dr. Wells talked about how the President's Residence is not only used as a house where the President lives but as a venue for hosting social events, philanthropic and strategic planning events within the community, student events and meetings, and the opportunity to support local non-profit endeavors both internally and externally. He then continued the presentation using the PowerPoint and discussing the different slides which contained the location of the house, floorplan and pictures of the house.

Dr. Cleve McDaniel spoke about the current challenges the president has in hosting events at the current residence and about the operational cost for the current residence which is currently \$88,388 a year. The Bursum house, which is quite a bit larger, would increase the operational costs by about \$61,573 per year. He also provided pictures of the existing residence and discussed them in detail. He also noted that upon approval of this new residence, the existing Presidents residence would be reviewed to determine the feasibility of being converted to office and small event space for the Advancement Office. He also noted that the funding for the existing residence would move out of I&G and into private donations or other non-state funds to cover O&M. However, if the funds are not raised, NMIMT may also look at not utilizing the building for a period of time or razing the building if necessary to minimize costs.

Member Olson asked if they can speak about the environmental studies conducted and what the concerns were regarding the area.

Mr. Alex Garcia noted that part of the requirements of the NMAC for the donation or property acquisition requires an environmental survey be conducted. NMIMT hired Sauder



Miller and Associates and they found no environmental concerns with the property.

Member Olson noted that the difference in operating and maintenance is \$61,000 annually but you're not closing down the other building so really there is an additional operational cost as well as additional square footage.

Dr. McDaniel informed the committee that they are planning on closing the building, at least temporarily, at least until funds are raised. Once the new president's residence is occupied those costs would be removed from I&G and borne by donations or foundation funds. They are looking at ways to make it more cost effective.

Dr. Wells noted that they have built into the capital campaign an endowment to support the Deju House and the existing presidents' residences. There is a steady stream of money coming in from Mr. Deju however they are looking at other sources of funding to maintain these costs.

Member Olson asked if this home is in a good location and if there is a connection to the main campus.

Dr. Wells informed the committee that from his perspective as president, this location is better because it's in the community and allows that community connection. It's not that far for the community or the college to come and visit. It will also make it easier for events both on campus and off campus.

Regent Armijo followed up noting that he is a member of the community and to most community members in Socorro, it's difficult to feel welcome at the campus unless there is a direct tie, and this home will now relieve some of that hesitation.

Member Rommel noted that he would like to see a more solid plan for what is going to be done with the existing residence however he understands timing is an issue. He also asked if NMIMT performed a full property inspection above and beyond the appraisal.

Dr. McDaniel responded noting that they have expertise on staff and within their facility management area who did a thorough review of the house and it was found to be really well maintained. The renovations NMIMT is wanting to do, to address natural gas conversion and ADA issues, are very minor and will cost approximately \$22,000 to complete.

Member Hoehne noted that when the original submittal came in it was for construction of a new residence and construction of the Deju House. Since this home is a lot larger, what will be the impact to the originally intended use of the Deju House, if any.



Dr. Wells noted that the Deju house will be used for a lot of on campus activities, such as workshops, seminars as well as large events that might have up to 200 people. It's a scale factor and the Bursum hits that scale and larger events at the Deju house.

To Stevie point on the environmental, we will need a letter noting that phase 2 is not recommended or required and being that there were some issues on the report, want to make sure they don't have any recommendation. Last, want to be able to see a commitment that the existing residence is not going to continue to be on the states and was done initially because there were plans that were made but should this project be approved I'd liked to make a contingency because this is a wonderful donation and not against it.

NM Tech President responded to Gerald's comment about providing memo and discussion on that. Hopes there is a recognition in the donation that they are bringing.

Chairman Burke made a motion to approve the project for submission to the NMHED Cabinet Secretary contingent upon receipt of the following:

- Letter from SMA stating whether a Phase II Environmental Assessment is recommended or not required
- Formal letter signed by Board of Regents President and HEI President confirming existing residence will be removed from state supported space file

Member Rommel seconded the motion.

Motion passed. (6-0)

12. Central New Mexico Community College – \$1,500,000 Family Housing Project

Presenters: Tracy Hartzler, President, CNM; Olivia Padilla-Jackson, Vice President of Finance and Operations, CNM; Andrew Jacobson, Associate Vice President of Budget, Finance and Planning, CNM; Marvin Martinez, Executive Director of Physical Plant Department, CNM

Ms. Olivia Padilla-Jackson introduced the team and presented a power point slide of the location of the property. This property would be an ideal site for any instructional purpose and great site for trades and applied technology. The property is 46 years old and served as UNM student complex. The appraisal came back at \$4,950,000 and to demolish the building at approximately \$4 million. The funding source would be CNM 2021 obligation bond.

Member Olson asked about the responses that Gerald received from CNM that calculate



the cost of acquiring the property plus \$6.35 million and the math on 13 acres that's about \$500,000 an acre, is that a reasonable land price in Albuquerque.

Ms. Padilla-Jackson responded with the 6 plus million dollars is the total cost of acquiring, remediating and demolishing and that includes the cost that we would incur. If your question is about the market value or the all-in costs. The way that I'm presenting it on my slide is how we got to the 1 in a half million which does include market value.

Member Olson responded with he understands and the estimate of the property is \$4.95 million-dollar appraisal.

Ms. Padilla-Jackson replied for land only.

Chairman Olson noted for land only not including the building. On your slide, it said for estimate for demolition was \$4 million but information we got yesterday is that its \$4.85 million, am I confusing those numbers.

Ms. Padilla-Jackson replied with let me take a look. Martinez do you have a quick response.

Mr. Martinez replied that the number is \$4 million to demo and remediate but had to put in a contingency and added taxes to that cost which brought it up.

Member Olson noted that the only difference there is \$100,000 between the cost. Interested in what other members think and what programs are going to end on this property and is CNM making any commitment to decommission other buildings or is this entirely new.

Ms. Padilla-Jackson replied with yes CNM will decommission older trade facilities and will let Mr. Martinez speak on that but you are correct. One of the things we are certain is to continue to offer the original trades and the demand is there within the community which are high paying jobs. Would like to work with high schools and industries to reimagine trades in the modern world and reintroduce trades to high school students. The younger generations are not familiar and partnering with Rio Rancho Public schools. Full report will be out in a few weeks. Lastly, in terms of the programming, is flexible spaces.

Mr. Martinez added with 2019 CNM approved master plan to which a facility assessment was conducted and had several buildings that were in poor shape. Based off the assessment it would be more cost effective to start over again and remodel existing buildings.



Member Hoehne asked about the reference that CNM made to 2019 master plan and reference to vision plan, have seen 2019 vision plan, exhibit A17, there is a main campus implementation road map, talks about constructing a new applied facility, however, in that road map it talks about constructing that facility where the existing student service center is located, so once the student service center is demo, the plan at that time, made a lot of sense to put new facility at that location and still does for a few reasons. The first, it still keeps the students on the main campus and allows the opportunity to utilize that vacant space, so what changed the direction from CNM of utilizing that existing space and what are you going to do with the vacant space and what is the plan for the full 13 acres site if you were to acquire that. What happens is then you have a lot more footprint which allows more facility build or more uses and would be good to have that content. In 2018, CNM committed to 1.7 million growth campus footprints in 2020 and you are at 1.65 million, so kind of wanted to see where does CNM see themselves going and what does that look like.

Mr. Martinez replied in 2018, this property was always on the back of our mind and talking about the opportunities moving forward and couldn't publish anything with the property and/or anything UNM had not committed to yet. In this process, it's for trades facilities not a single facility. As for the square footage, still stands and as we look at for future opportunity buildings, we want to make sure that we abide by that agreement and its good stewardship with the community and abiding by the square footage philosophy.

Member Hoehne noted that it makes sense and wanted a better understanding as it was brought up earlier, there is a lot of moving pieces and wanted to make sure we have a clear understanding of CNM is wanting to do.

Chairman Burke made a motion to approve CNM request to purchase the UNM Family Housing at 961 Buena Vista Drive submittal to the NMHED Cabinet Secretary and then to the State Board of Finance for \$1,500,000.

Member Billingsley seconded the motion.

Motion passed. (6-0)

Member Rommel made a note that due to being a part-time employee at CNM, he is removing himself from the vote on this project.

13. Eastern New Mexico University Ruidoso – 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; Gregory Salinas, Attorney, McCall Parkhurst & Horton



Chancellor Patrice Caldwell introduced herself and President Ryan Trospen. She provided a quick overview of the request and then turned the project presentation over to President Ryan Trospen.

President Trospen introduced Mr. Brad Treptow, Board of Trustees Chair who was also on the call. He then discussed the importance of these two projects which were originally brought forward in July and again today, and the support they have received by the local community board, the Chancellor and Board of Regents of ENMU, and the local community as a community vision. Since the last meeting, ENMU Ruidoso has provided responses to questions including the legality and policy as it relates to the issuance of the bonds. He then turned the presentation over to Mr. Greg Salinas to discuss some of the items that have happened since the last meeting.

Mr. Greg Salinas discussed one of the questions that came up in July, which was the state law authority for ENMU Portales to issue bonds for a facility located at a branch community college. He noted that in his formal legal analysis to the New Mexico Finance Authority related to these bonds which outlined that there are two statutes that specifically permit the Board of Regents of ENMU to issue revenue bonds for facilities located at a branch and the specific state law requirement that facilities financed with bonds be taken in the name of the board regents of the parent institution. He noted that as far as he is concerned there is no outstanding issue on this.

President Trospen thanked member Billingsley and Director Hoehne who came to visit the facility. He also noted that when ENMU-Ruidoso created their strategic plan back in 2018 it was based on workforce development, similar to what CNM had just presented. What they have done since the last presentation of these projects is focus this acquisition on trades and workforce development for the area. He also noted that in December when they were provided with the opportunity to pursue a purchase, it was not expected but not unknown, since this was part of the strategic plan. This allows them to turn this from a vision into reality. What was flushed out more since the last presentation is the focus on trades and workforce development that is right next to the campus. The trades that they focused on is HVAC, a relationship with Trane to have a training center in Ruidoso. The second is a welding program where they provide classes offsite with access limited to one day a week, and lastly a cyber range where companies can come in and test structures and vulnerabilities. They are working with the Mescalero Apache Tribe and an outside group called Reset to work on building out this program and need. He also noted that the local GO Bond that was approved by local voters in 2019 would be put out to voters again in 2022 with no tax increase allowing ENMU-Ruidoso to be able to build out the facility in phases, by keeping the tenants in place, and not building out faster than they could handle. He then went over the anticipated schedule and renovation costs for the project.



Chairman Burke asked about the enrollment and what it looks like this fall.

President Trospier replied with enrollment as of census date of 605 students, 310 FTE with a 5-year average of 4.2% ahead without the 2 new programs that are in the process of launching that will help with enrollment in the future.

Member Olson asked about the packet, page 34, which has the breakdown of costs, it says that the agreed price is \$1.2 million and it says the NMFA loan is based on a property cost of \$1.5 million and the loan is for \$1.8 million however on page 96, the resolution that you submitted from NMFA, the cost there is \$1.6 million. He asked why we have so many different costs documented and why the loan is not for \$1.2 million which is the agreed upon costs.

President Trospier replied with deferring this too Mr. Greg Salinas and Mr. Scott Smart.

Mr. Scott Smart responded noting that the \$1.8 million dollars is a bond parameter that's part of the NMFA documents. One figure is the estimated amount borrowed and the other number is the ceiling limit that is not to be exceeded for the transaction.

Member Olson noted he still has two concerns with the amounts. One concern is issuance cost with legal fees is oftentimes 5% up to 10% however this is much higher than that. He also noted that the bond parameter is 50% more than the cost of the property and he doesn't believe it should be that high.

Scott Smart deferred to George Williford to go over the financing.

Mr. Gregory Salinas noted that Mr. Williford is not on the call however he would provide an explanation of the costs. He noted that the \$1.8M in the parameters resolution approved by ENMU Board of Regents in early July is a not to exceed number. The regents through the parameters resolution of the \$1.8M delegate to Mr. Smart authority to issue the bond but only for the specified purpose of purchasing the facility, funding a reserve fund that is required by the NM Finance Authority, and paying costs of issuance. The \$1.8M is merely a parameter which was arrived at in March. The NMFA action specifically authorized the loan to not exceed \$1.6M, so they are only agreeing to purchase up to this amount making what the ENMU Board of Regents approved meaningless.

Member Olson replied noting that he understands the bond parameters, however the concern is this is a private acquisition not a bid price so what stops the seller from coming back and saying they want \$300,000 more, \$400,000 more, because they know the bond is at \$1.6M when the agreed upon price is \$1.2 million.



President Trosper noted that the Board of Regents and the Chancellor of ENMU all signed the purchase agreement for \$1.2 million and that's contingent on going through the necessary steps to get to closing.

Member Olson noted that he would like to hear from his colleagues and see what they think on that point however on page 34 in application 8, which are the annual payments provided, he asked that ENMU go through this and explain how Ruidoso can cover the debt service based on what is being provided. He also asked if they could tell us how many years are left you have on the leases, how likely are you to get these workforce programs and what is the auxiliary income from the current building that is being cited in this section.

President Trosper responded with it has the leases which are based on the 2 occupants within the facility and based off the purchase agreement, gives them the opportunity for a 2-year extension on their lease, making them year over year leases at that point. Since the time that we had discussed in July, the initial work with the foundation to solicit the foundation support and then with the workforce grant facility use, the NM workforce connection that we host on campus, that's where the funding comes from and the auxiliary income, I will turn over to Dr. Karen Massey who is the chief officer of business to explain better, is a projection with renovated facilities and projected need from the community.

Dr. Karen Massey noted that they finished a major renovation of their existing campus and now have spaces that we have promised that our community would have access to when they funded the local GO Bond, so as we invite people to use the facilities, there are rental fees associated with usage and we've been trying to be very conservative as we have looked at the rental fees and usage fees and right now estimating that the \$18,000 number is \$1,500 per month, we think might be much higher than that but want to be very conservative since this is a new endeavor for us and that's where the \$18,000 comes from.

Member Olson replied that the estimates are not necessarily conservative since the leases are only good for another 2 years and the building is not going to open until 2027. Also there is concern that tuition is not going to start rolling in on the Vocational programs before until after the tenants are out of the facility leaving \$80,000 which wouldn't be covering the maximum annual payment, resulting in main campus being responsible for covering that shortfall.

Dr. Karen Massey noted that if we look at potentially phasing the renovation of that space, there's actually a natural division in that space where the 2 current tenants could



actually stay in there when we renovate a portion of it to start generating revenue from the academic programs and trades that have been referred to. There are many unleased areas in the mall that we would anticipate doing some minor improvements on and have actual leases in place for those areas as well. All of this is conjecture and we can't show any evidence but we know the possibilities are there and they are confident they can make the payments.

Member Olson thanked ENMU for all of their work in putting together this plan. He also noted that this is one of the reasons why NMFA wanted ENMU Main campus to back this transaction. He also asked if there was a copy of the purchase agreement submitted in the materials.

Dr. Karen Massey noted that she believes it was in the materials submitted however she can always send in another copy.

Member Olson noted that this transaction is coming from ENMU-Ruidoso however the bonding is from the Main Campus. He asked Member Hoehne if the bonding transaction needs to be approved by ENMU Main. He asked the question because he doesn't recall this type of transaction ever taking place so he wanted to know what the protocol is.

Member Hoehne noted that President Trosper discussed this early on and having that be the opening remarks for the presentation. We had expressed some concerns initially about several things. The first was the ability and opportunity to purchase space and then have leases on that space moving forward. The other was whether or not a main campus can provide system revenue bonds in order to support the endeavors of a branch campus. We did review the information that was provided by ENMU. We also had our general council review as well and what they are saying is accurate in that a main campus system may issue revenue bonds for a branch campus, however Member Olson brings up a good point in that this type of transaction has not come before or been approved by this committee in the past. I bring this up because typically any branch campus that is going out for any type of bond issuance does it at the local level, with approval by their Board of Regents and local governing board, and the voters of the community. We have not seen a situation where system revenue bonds are being issued by the main campus in order to support acquisition on a branch campus. Although the statute is clear it is not so clear as a policy issue and that is something that needs to be explored.

Member Olson asked if Mr. Mark Valenzuela could comment on this transaction.

Chairman Burke invited Mr. Valenzuela to make comments.

Mr. Valenzuela agreed with both Member Olson and Member Hoehne's concerns. He also



noted his appreciation for what ENMU-Ruidoso is trying to do for the community however there has not been enough time to get it developed. He agreed with Member Hoehne's point regarding a policy precedent and he feels there needs to be a more thoughtful approach to this transaction. He also expressed his concerns from an I&G perspective, noting that the revenues could ultimately come out of the I&G budget of ENMU main campus to pay off this debt all while the main campus already seeks more money during the legislative session because they are underfunded. He feels this is a much bigger conversation about I&G and its impact on main campus. He also expressed his concern related to the responses and the fact that ENMU has been unresponsive to what was asked. He feels the programming questions and financing questions have not been addressed, especially from a policy perspective, and ENMU-Ruidoso is still just finishing up their second phase which has not had time to be fully utilized and for that reason he feels this project is not ready. He also feels there are policy implications not just for this campus but for all of higher education when it comes to what is being requested in this transaction.

Member Olson followed up with the visit to the Ruidoso campus by Member Hoehne and Member Billingsley, asking if those members felt that the additional square footage is needed now, whether it is appropriate to expand now, or if they have concerns with the programs that will grow into the space.

President Trospen asked if he could respond to Mr. Valenzuela's comments. He noted that it's always a difficult thing to think about opportunities on campus and the local community college board and the Board of Regents has entrusted me to be innovative and continue to think about opportunities that will not only help this campus but also the region and help education in NM as a whole. Member Billingsley and Member Hoehne were able to come and see the recently completed phase and now the college is trying to be responsive to the needs of the community and that's where this ask comes from. This is an opportunity for us not to just be the campus that we are today but to vision for 5 years from now so when we are presenting to HED and the committee, we really show how special this community is and the support it has. This is an opportunity that helps us to be better now and in the future as stewards of tax funds.

Member Hoehne thanked President Trospen and Dr. Massey for taking the time to show us around the campus. It really was a great opportunity for us to see the work and changes that have been made to the campus. To answer both of the questions that Member Olson had, I do feel that what Eastern Ruidoso currently has as far as space, and what they have expanded to, is well documented and designed for the programs they currently have. In some of the conversation I had with President Trospen, I know there's some allied health programs that could use some potential expansion of space. I want to note that the space that is being presented today makes sense only because it is within



the same mall where the campus is currently located. As far as can we document or see that there's a need; that's one of the challenges that they have worked on, refining the submission in order to really key into the specific programs that would be beneficial to the community and to key on the partnerships that have been established, one being with Mescalero Apache. I do see opportunities and potential but at the same time we revert back to my initial comments of not having enough time to understand what the existing space is going to be able to do, promote and provide now that the expansion has taken place. Now the timing is everything with this acquisition and I want to make sure to take that into account. This is one of those cases where you don't have these opportunities every day and I realize that. This does make it difficult for us to decide on if this project is a good project moving forward because there are equal, in my eyes, pros and cons for the project.

Member Billingsley echoed a lot of what Member Hoehne stated and the timing can be considered unfortunate or fortunate. Finishing phase 2 and then going into the purchase is not ideal however he understands the need to address future growth and the want to purchase additional space now that it is available and to make sure that it does not get purchased by another entity that would create issues for the university. He also noted that the current campus is adequate for what is being offered and he doesn't think ENMU-Ruidoso can expand too quickly. He also agreed that at a state level we need to do the right thing and the bond question is something that needs to be looked at more carefully.

Member Hoehne reiterated that the work ENMU-Ruidoso is doing is important and he appreciates what they are trying to do in Ruidoso. He also noted that the NMHED, as well as this committee, need to make sure the decisions we make ensure success for the institutions and that those decisions don't set a precedent that could cause policy issues throughout higher education. To echo Mr. Valenzuela's earlier comments, the 4-year institutions are looking for additional funding and I think that in a lot of ways the 4-year institutions are competing with the 2-year institutions for state funding and the largest aspect to that is that 2-year institutions have local bonding capacity where they can get that local support to fund projects. The struggle with this project is that there's still a distinction when it comes to funding and we want to be cognizant of that moving forward. He closed by noting that there are two key aspects the committee needs to see, the first being the need for expansion at ENMU-Ruidoso and the timing to acquire this property, which is now, and the second being how we get through the logistics of financing this acquisition.

Chairman Burke noted that Form 6 needed to be signed by the Chancellor of the university.

Chairman Burke asked for a motion from the committee to approve the project. No



motion was made.

Member Olson asked for clarification on the process since this project did not have a committee recommendation.

Member Hoehne informed the committee that all projects that go to the NMHED Cabinet Secretary from this committee would typically have a recommendation. Since this project has no recommendation the Secretary will review the information provided by the committee and the Secretary will make a final recommendation. All of the discussion and conversations had on this project will be provided to the Secretary for her review. If the committee does not come up with a determination

Member Trujillo asked that it be reviewed by the Cabinet Secretary since there are policy issues that are being brought up.

Chairman Burke moved to submit the project to the NMHED Cabinet Secretary with no recommendation. He asked for a roll call vote.

Member Hoehne, Member Billingsley, Member Trujillo, and Member Rommel concurred.

**14. Eastern New Mexico University Ruidoso – \$1,200,000
Property Acquisition – Sierra Mall**

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

Chairman Burke made a motion submit to the NMHED Cabinet Secretary without a committee recommendation.

Member Billingsley noted that the biggest concern with this acquisition is the purchase using the financing and bond issuance as discussed. He asked if there were thoughts of using state funding through state capital outlay to purchase this property. He also asked if a drawing or map of the new space showing what programs would be put into that new space and how would the programs look in that space should it be approved. He also asked what the timeline is for the purchase.

President Trospen noted that the timeline was already extended and they will now work with the seller to extend the process. He also asked if there was an opportunity to continue working on other strategies to purchase this project.

Member Hoehne noted that if there is an alternative funding source for this it should be pursued. He committed to working with President Trospen to strategize on other funding



sources. He also concurred with sending both projects to the Secretary with no recommendation from the committee.

Chairman Burke moved to submit the project to the NMHED Cabinet Secretary with no recommendation similar to the previous project.

15. Adjourn

Chairman Burke made a motion to adjourn the meeting at 12:52 p.m.

Member Trujillo seconded the motion.

Motion passed. (6-0)