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**Capital Projects Committee Meeting**

**November 9, 2022**

**Held via TEAMS**

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

**Minutes**

**1. Call Meeting to Order**

Meeting called to order by Chairman Burke at 9:30am

**2. Roll Call of Committee Members**

Chairman Burke called for the roll. Member Hoehne called the roll, member Harrison Rommel present, member Wesley Billingsley present, member Harold Trujillo present, member Nina Chavez not present, member Hoehne stated he was present along with Chairman Burke. Quorum is present.

**3. Approval of Agenda**

Approved contingent upon the following changes:

Numbering sequence for projects to be approved to be continued as 5, 6, etc.

Correction of presenters on agenda item #2 for Mesalands Community College to Dr. Gregory Busch and Mr. Jim Morgan

Correction of dollar amount for agenda item #3 for New Mexico State University to \$8,117,750

Member Hoehne made a motion to approve agenda with the corrections, Chairman Burke seconded the motion, no objections, motion passed

**4. Announcements:**

- a. **Next Capital Projects Committee Meeting will be held on December 15, 2022. This meeting is being pushed back a day due to the Higher Education LFC hearings**

Chairman Burke also noted that the GO Bond passed

**5. Approval of Minutes from October 12, 2022, Capital Projects Committee Meeting**

Member Trujillo motioned to approve, member Rommel seconded, no objections, minutes Approved



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**Projects to be reviewed**

**6. Western New Mexico University – \$239,759**

**Purchase of Real Property – 1801 N. Alabama in Silver City**

*Presenters: Dr. Joseph Shepard, President, WNMU; Kelley Riddle, Vice President of Business Affairs, WNMU; Kevin Matthes, Associate Vice President of Facilities and Operations, WNMU; Joseph Holguin, Capital Projects Director, WNMU*

Chairman Burke asked if Dr. Shepard was online, and Dr. Shepard acknowledged that he was and thanked everyone on the call for their efforts in getting the GO Bond passed.

Dr. Shepard then started the presentation on the submitted project. This is for the purchase of property next to a previous purchase of 8 acres that occurred about 5 years ago to develop an educational center. The proposed property has a church on it that has seven rooms in it. This land will tie in to the existing 8 acres and will make utility connections and other issues less expensive. The church itself can be used for transient populations such as traveling nurses, visiting faculty and/or use to augment student housing. This is a strategic purchase. Because the property already has a church it is already tax exempt. This will not negatively affect the tax rolls of Grant County or Silver City. There are a lot of pluses to the purchase of this land. Dr. Shepard then stands for questions and states they have individuals to answer questions.

Chairman Burke called for questions, then stated he has one. Assuming this is approved, and they get funding to build an education building, what is the long-term idea of what to do with this facility after the education facility is built? Plan for the already purchased 8 acres is to put the school of education, early childhood development center, that the higher education department is recommending 5 million dollars in the upcoming legislative session, and in communication with a local charter school, Leopold Charter School. That is the plan for that acreage. Looking at the target acreage, there is the church and there and to the south is some acreage, maybe half an acre, which will be used to develop the roadway system, the sidewalk system, sewage and so forth. There is no plan to tear down the church. There are seven rooms plus a kitchen. We have issues getting housing for faculty, as faculty have turned them down because they couldn't find affordable housing. This will allow them to put faculty into these rooms until they can find a place for them and possibly their families while they relocate. Secondly, they could put grad students in those rooms. For the church piece, many universities have a non-denominational spiritual center, can see that occurring there as well.

Member Hoehne then asked once the property is purchased how it's going to be coded on their space file and what is going to be the long-term effect related to the church and all



the facilities located on this property as it relates to capital and ONM moving forward. Kelley can probably talk more about that. The purchase of this property will aid the ability to tie-in the electric and sewage. Will be spending 200 some thousand on this property and it would cost at least that just for the easements and sewage and tie-ins with water etc. The actual physical building isn't as important as acquiring the land. It will depend on how they utilize the church. It is a big open space and could be used in terms of classroom or other activities as it is basically a big open meeting space. So, it could be hybrid space with about 70% classified in the I&G column and 30% in the auxiliary column. Kelley then spoke. At this point don't see that space being utilized for I&G purposes. At this point a hybrid space would be appropriate. Dr. Shepard wanted to emphasize that this purchase is really more about the land than the building, the building is some ways just an added benefit, as the land benefits access to the eight acres. Member Hoehne stated that once this property is purchased, he would like to see it 100% non I&G until the time that they are able to provide sufficient information to understand the utilization and then work with the agency to understand how that space is going to be utilized and then can look at having this be a multi-use type space. Dr. Shepard said that is very agreeable.

Member Dr. Rommel stated that it was mentioned the building is about 100 years old, I just want to make sure there is no historic or landmark designation on the building. Dr. Shepard stated that to his knowledge there is not and called on Kelley. Kelley then stated we believe it is designated as historic. Dr. Rommel stated that could raise some issues if they did decide to demolish the building or making substantive renovations that change the building envelope so I would like to get the answer for sure on whether it is a historic landmark or not. That being said it appears the price is right but I agree with Gerald that it should remain non I&G, but that is all my questions, thank you.

Dr. Shepard thanked the chair and stated that they would get that information and they could make that contingent on the vote, but even if it turns out it is historic in nature, which would not surprise me, keep in mind that many of our buildings on campus are historic, and at the moment they don't have any need to tear down that building simply because it's really the land from the building to the south that's valuable to us, it's just the building happens to come with it. Number two, it's really the value of tying into the sewage that ties into that building and tying into the water that makes our utilities a lot easier for the land behind it. So that is our main impetus if you will. But we will get you that information and be happy to do so.

Dr. Rommel stated that really the main purpose is purchasing the easements more than you are the building. Dr. Shepard responded that is correct.



Dr. Burke asked if there were any other questions. None were heard so Dr. Burke asked if there is a motion.

Dr. Rommel stated he would move approval of Western New Mexico University's purchase of real property, 1801 N. Alabama in Silver City, purchase amount according to the agenda \$239,759 with the contingencies, I will let Gerald do the contingencies.

Dr. Burke stated that he thinks the only contingency is the historic thing.

Member Hoehne thanked the chair, stated that is correct, contingent on receipt of documentation showing whether or not this property is in fact on the states historical preservation offices list or the national, but if you can provide that information, that would be great. Member Hoehne then thanked Dr. Rommel and Dr. Burke.

Dr. Burke then called for a second, then seconded the motion himself. He then clarified that this is for submission to the secretary then on to the board of finance. Member Hoehne and Dr. Rommel both agreed with positive head nods. Dr. Burke asked if there were any other comments on it. If not it is approved as presented.

Approved contingent upon receipt of historic preservation documentation for the church

## **7. Mesalands Community College – \$1,384,312**

### **Building A Renovation and New Student Services Hub - REVISED**

*Presenters: Dr. Gregory Busch, President, MCC; Jim Morgan, Chief Campus Operations & Work Force Development*  
~~*Patricia Beecher, Superintendent, NMSBVI; Margie Macias, Director of Institutional Support Services, NMSBVI*~~

Dr. Burke then called on Mesalands. Dr. Busch then thanked the chair and members of the committee for taking the time to meet with us this morning. In brief what we are meeting with you regarding is the replacement of a roof on our building A. We had some minor leaks then experienced a severe storm since then and the roof is old and I'm going to turn it over to the chief campus operations officer and also the project manager on that current construction in building A so he can give you the history of that more than I'm capable, so I will be turning it over to Jim Morgan.

Mr. Morgan then stated that the roof was initially done in 2003 and since we didn't have a good replacement plan in place, we didn't catch it and we had some small leaks and it was not doing bad, but then we had a torrential downpour, actually the staff of the college was in two foot of water helping students be evacuated from the dorms that we have so it was a rather nasty storm. It revealed that all the seams on that membrane were separating so all the sudden it became a high priority, we wanted to add it to the current



project we have underway on building A. We got a bid from a contractor; the bid is \$172,000 for that section of the building and would like to show some samples if I can of where we are now on that outage and also the roof section that's going to be replaced if that's germane. Member Hoehne asked if they needed access to share their screen. They responded, yes please. Member Hoehne advised they should be able to do that now. Mesalands then shared their screen. The first page shown was basically what is going to be the front face of the college, it is going to be on the main street instead of the side street and whole area that is shown as a brownish color will be a new student services hub. There will be a counter that you can barely see there that will service all areas of enrollment management and just around the corner they can go down and have all their guidance done, and when they walk down the hall further, they will be fully enrolled and ready to roll and have all their issues addressed.

Next slide, this is kind of the appearance of that area whenever it gets done, it is very appealing we think and invites them to sit down and rest if they need to, they can conduct business because we have tables and chairs. Next slide, some additional views of it. Next slide, we don't know which of these is going to go, we have looked at both of them, not much difference except for the furniture. We think the one on the right will be the prevailing one that we choose, will probably depend on if the furniture comes in the way we want it to. Next slide, here is the building we are talking about, you can see the blue doors at the bottom of the building which is the west side of the building, those blue doors will be entrance and it will be all tinted glass to make sure not too much sunlight is coming in. If you look up on the building all the way to the top, you will see there is an elevated section which is the library, that is sitting in the area we have to re-roof, that entire triangle area plus all the way to the back of the building that has all got to be replaced. That is what our re-roofing project consists of. Are there any questions?

Dr. Rommel asked, it look like you are replacing about a third of the total roof, is that correct? Mr. Morgan responded that actually it is not because that building is so big, we are replacing about half of that one wing of the building. Dr. Rommel then asked so what is the condition of the rest of the roof, is it as old? Mr. Morgan responded that the rest of the building was replaced about five years ago, all of it, so this was the only section not replaced at that replacement.

Dr. Burke acknowledged member Hoehne who stated that member Billingsley had a question. Member Billingsley thanked Dr. Burke and member Hoehne. Member Billingsley stated that on Form 4, I'm looking at the budget revision and I think the total shows \$1,384,312 but the total amount of funds you are going to be using does not total that amount of your revision. So can you speak to that and it looks like you are going to be short funding based off your project budget. Mr. Morgan then stated the actual re-roofing into this project causes us to have to spend part of our general fund out of our revenue account in order to augment the funds. Member Billingsley stated he is showing a total of \$1,369,996, but I think your total project cost is \$1,384,312.29, am I reading that



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incorrectly? Mr. Morgan then replied yes sir. Including the revision it is \$1,384,912.

Member Hoehne then stated that he has had conversations with Mesalands Community College in regards to this particular resubmission, we are with the understanding that this is going to be a contingency related to the approval, there does need to be corrections made to Form 4 and Form 5, but what I want to make sure to get clarified is that the dollar amount we are in fact going to be approving for this, and Dr. Busch I went ahead and muted you all because I think that is the issue with the feedback, but the issue with this particular project is that as we were looking at the numbers for this particular project, Mesalands Community College had actually received actual quotes for work which then adjusted the total dollar amount and then at the same time there was a need to go ahead and adjust the amount of funding that Mesalands would be providing in this request, so you are 100% correct member Billingsley in that the dollar amounts do not match up, however, as a contingency for the approval should this project be approved, there will be a request to have Form 4 and Form 5 resubmitted. But again, I just want to make a clarification, we need to make sure, because my understanding is this particular approval is for \$1,384,312.29 and I want to make sure that is the dollar amount that Mesalands Community College is requesting. Thank you Mr. Chair, thank you member Billingsley.

Member Billingsley then stated, thank you Gerald, that does answer my question, I think my main concern was them having enough funding available to cover that because the funding sources don't add up to that so that's great as long as they will have enough to do the project, and that makes sense to me.

Dr. Burke called for any other questions, then stated, hearing none. Member Hoehne stated that he would like Mesalands to provide a response on the dollar amount for the approval. If the \$1,384,312.29 is the dollar amount that is accurate so that way we know that Form 4 is accurate and Form 5 just needs to be adjusted.

Dr. Busch responded, yes sir, that is correct. Member Hoehne thanked Mr. Chair and Dr. Busch.

Dr. Burke then asked Gerald if he would make a motion, that this project wasn't in his book for some reason. Member Hoehne said yes Mr. Chair, I move approval of Mesalands Community Colleges request for the Building A renovation and new student services hub renovation revision in the dollar amount of \$1,384,312.29 contingent upon resubmittal of Form 5 to show sufficient funding in order to address the entire project budget for submission to the cabinet secretary. Dr. Burke asked if there was a second. Member Billingsley said he would second. Dr. Burke asked if there were any objections, hearing none, Mesalands is done.

Approved contingent upon receipt of a revised Form 5 showing additional funding to cover total project budget



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**8. New Mexico State University – ~~\$1,761,168~~ 8,117,750**

**AG Modernization Phase II – Biomedical Research Facility Build-out**

*Presenters: Dr. Dan E. Arvizu, Chancellor, NMSU; Heather Watenpaugh, University Architect, NMSU; Robert Herrera, Executive Director, Project Development and Engineering, NMSU*

Chairman Burke: We move on to New Mexico State AG modernization phase two.

Dr. Johnston: Good morning. Ruth Johnston here, thank you Chairman Burke and members of the committee. I'm here with Heather Watenpaugh and others. She's the university architect. Chancellor Arvizu is not able to join us today because he's in Washington, DC, with President Biden's advisory committee. So as Vice Chancellor, I'm going to turn it over to Heather. Thank you.

Heather Watenpaugh: Thank you, Doctor Johnston, chairman, members of the committee. We do have a brief presentation I'd like to share my screen for about 10 slides.

Chairman Burke: If I could, uh, I want to make a statement, I will participate in the questioning on this project, but since I'm a professor emeritus in the college, I don't want somebody coming up and accusing of vested interests or some stupid thing. So, uh, I will. The other thing I'd like to say is that, as you know the bond issue passed. You have a major project in that bond issue. Uh, I believe it's electrical engineering building. Uh, I would hope, I'm speaking for myself, but I'm pretty sure the committee agrees with me, that you wouldn't wait until next summer when the money actually becomes available to start planning on what you're going to do on this building, that you get on with it and once the bond issue is sold, you can reimburse the institution for what you spent in planning so that this project is ready to go in in the middle of the latter part of 23 and not into 24 or 25. With that, go ahead Heather.

Heather Watenpaugh: OK, excellent. Uh, we do have plans on getting started on our projects that recently passed in yesterday's bond. So thank you for that. We appreciate it. Can you see my screen?

Chairman Burke: Yes.

Heather Watenpaugh: OK. Excellent. OK. So today's approval is for the Ag modernization and educational facilities, the biomedical research build out in phase two, and today's scope it includes the fit out for the building that is constructed in phase one from the 2018 general obligation bonds. It includes building systems, interior walls, material finishes, laboratory equipment, lighting, mechanical, electrical, plumbing, fire suppression, interior



walls, acoustical ceilings, architectural lab casework, which is in roughly every space within the building and research equipment. It also includes some site drainage and grading and landscaping, and so I just want to give a little bit of a background and the context from the 2018 and 2022 general obligation bonds. This is an image of where the Ag district is located on the West End of the Las Cruces campus there within that dashed box. The Ag districts and things that make it unique on the Las Cruces campus include the 70 acres roughly in size of that district that is adjacent to the campus core and the entire objective for the Ag district was to improve the laboratory research and classroom spaces for the College of Arts and Sciences, Agriculture, Consumer and Environmental Sciences and also for the College of Arts and Sciences. This particular facility will be a shared facility for the intersection of agriculture and biomedical sciences. The entire objective for phase one and two as we mentioned, includes the modernization of the agriculture district for teaching and outreach hands on experiential learning, increased opportunities for partnership with industry and safety in the facility design. So the overall project summary, we have three projects that are currently under construction for the 2018 general obligation bond, which include the phase one of biomedical research building, which is the exterior shell of the building that we're seeking approval for the interior fit out. We also have the feed mill and food science buildings that are also under construction. We removed 5 facilities at the beginning of construction and a summary of the biomedical research building funded in two phases on the exterior shell. For the 2018 general obligation bond funds and then today's approval for the Biomedical research building fit out, which is part of the 2020 GO bond. This is a site plan that shows where the facility is roughly located. Item here number one is under construction for the exterior shell and we plan on moving on into the interior and fitting that out. And then a just an update on the total project budget that was corrected is roughly 8.1 million for the interior shell, for the fit out of the exterior shell. So the project that's under construction now is the building shell, which includes the exterior walls of exterior doors and windows. The structure for the building, the site improvements and the foundation system. And today's request includes the infill of that exterior shell, which includes all of the building systems, HVAC, plumbing, electrical, fire protection, the special systems, structural, site drainage and landscaping. And then we have a floor plan that shows how that building will be fit out in this second phase. And a little bit of a background on the exterior, the interior fit out when the building is functional, it will be a shared facility, a partnership between the two colleges, College of Arts and Sciences. The purpose of the building is to improve research and student activities with the faculty. And the building utilization will include teaching and research spaces, allow for pay for students for research stipends and tuition costs for graduate students or wages for undergraduate students related to research. The students will be involved in research for the labs for the PhD and Master of Science Students for to gain expertise and skills for their degree completion. Undergraduate students will work in the building labs for



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research, experiential education component, and students will conduct research and collaboration with the faculty. The schedule includes completion of design and start of construction, roughly January 2023 and a completion in April of 2024. And then, just a reminder on where you've seen this project starting in the 2022 general obligation bond request for funding in the 2019 summer hearings, phase one for the exterior shell that went to HED, the revised shell back in January of 2021 and then the funding today, which is roughly 8.1 million. And with that, we will stand for any questions.

Chairman Burke: OK, I have two. One is, is all the money from the 2018 spent?

Heather Watenpugh: The funding for the 2018 is currently under construction, so the projects are expended but not spent.

Chairman Burke: What is the deadline? Wesley are they online to get that out on time?

Member Billingsley: I think so. Heather correct me if I'm wrong, but I think it's 2023, is that the reversion date?

Chairman Burke: Yeah, that's what I have in mind.

Heather Watenpugh: Yes, the reversion date would be June 30th of 2023 for any non-encumbered funding.

Chairman Burke: If it's encumbered, it's OK?

Member Billingsley: Doctor Burke, that is correct. So as long as they have an encumbrance by June 30th, 2023, they would technically be able to extend their budget authority for another year to be able to fully expend the balance on that next fiscal year. There is no, unfortunately, with GOBs they're a little bit different than the STBs, the severance tax bonds where they actually do allow them to encumber the funds by that reversion date.

Chairman Burke: OK. The other question I have is are there Arts and Science faculty or Biology faculty going to be housed with the Ag faculty in this facility? Or are they going only going to be sharing labs?

Heather Watenpugh: Mr. Chair, members of the committee, their physical offices will not be located within this building. There will be one office for the facility manager and vet, but the faculty offices will not be physically located within the building.



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Chairman Burke: But they will be using the laboratories?

Heather Watenpaugh: Absolutely.

Chairman Burke: OK. Other questions.

Member Trujillo: Mr. Chairman, this is Harold. Architect Watenpaugh, I have a notice that the target finder form is unsigned, but also I didn't see any discussion on the lab design procedure that you indicated you would be following and we're now getting into the whole energy consuming equipment in the facility. So, is there an additional description there on what's going on?

Heather Watenpaugh: Mr. Chair, members of the committee, Harold, we have included the efficiencies on the target finder. If the target finder is not signed, we will certainly correct that. I don't have that in front of me, but we have the building square footage doesn't require the required LEED certification. There's a lab 21 checklist that we had spoken about, but we could certainly follow up in those processes and procedures. This would be a building that has come before you since we have had that discussion about using the labs 21 checklists.

Member Trujillo: Thank you.

Chairman Burke: Other questions? Is there a motion?

Member Billingsley: Doctor Burke, I can't make the motion. Let me just get it out in front of me. So I will move to approve the New Mexico State University, actually do I have the right one, Ag modernization phase two biomedical research facility build out in the amount of, on the agenda it states \$1,761,168 dollars.

Chairman Burke: No, it is \$8,117,750

Member Billingsley: Thank you, Doctor Burke, that's what I had on my other documents. So move to approve in the amount of \$8,117,750 this goes to the Secretary and the State Board of Finance or just the Secretary?

Chairman Burke: Both.

Member Billingsley: OK, goes to both, and then I also want to add the contingency that Harold had stated, and I think that to include the target finder signature. Was there any



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other additions? Think I got it all.

Member Trujillo: Mr. Chairman, I second that motion. This is Harold.

Chairman Burke: Is there any objection? Hearing none, that project is approved. UNM.

Dr. Johnston: Thank you.

**9. University of New Mexico Los Alamos— \$1,937,500**

**Campus wide Infrastructure Renovations**

*Presenters: Dr. Garnett Stokes, President, UNM; Teresa Costantinidis, Senior Vice President of Finance & Administration, UNM; Lisa Marbury, Assistant Vice President of Institutional Support Services, UNM; Bob Harmon, Director of Business Operations, UNM LA*

Provost Holloway: Chairman Burke, members of the committee, thank you. This is James Holloway, Provost and executive vice president for academic affairs at the University of New Mexico. President Stokes sends her regrets that she cannot be here this morning, but I want to thank you for your continued support of UNM's capital project needs. And most especially, I want to thank everyone here for all of the work that's gone into making sure that the GO bonds passed, and so we're very excited about that. I think we all know there's funds are critical to all of higher education in New Mexico. So thank you. We have six projects that are on the agenda for today and one information item, and I'll say just a few things about the set of projects as a whole. You know these relate to code compliance, asset protection, facility improvements, all of which support our missions of research, discovery, patient care and economic development. And so we think that these are incredibly important in advancing that mission. We have several folks who will present today, Lisa Marbury, Assistant vice President for campus environments and facilities, Ed Manzanares senior associate director of athletics, Tom Neal, director of real estate, also, Al Sena from facilities, and so on different projects we'll have different folks jumping in. I'd like to turn it over to Lisa Marbury now to talk about the first project, which is the Los Alamos Campus wide infrastructure renovations. Lisa?

Chairman Burke: Dr Holloway, before Lisa starts, I'd like to make the same comment to UNM that I made to State that you don't wait until summer to start planning on that small arts building, that you do a bunch of the stuff now and rely on institutional funds and reimburse yourselves when the money becomes available because we are concerned, but

I think the legislature is more concerned that these projects get funded, and that are funded, get moving. I believe secretary and to send a letter out last summer or sometime



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about more timely action on these big projects or on GO bond projects. And I just wanted to mention that I know you're aware of it. I wanted to reemphasize it, Lisa?

Provost Holloway: Yeah, Chairman Burke, I appreciate the that comment as well. And of course, both the Child Psychiatric Center and the Center for Arts are incredibly important. So, we certainly want to move them as quickly as we can. Lisa, you might have some further comment on that.

Lisa Marbury: Thank you Provost Holloway and Chairman Burke. I mean we had confirmation, thank you Gerald, gave us confirmation that we can go ahead and start spending some internal dollars if we can find the internal dollars as an internal loan and then we would be reimbursed once the bonds are funded to move into a planning and design phase for these projects. So, we're looking at how we can do that and how we can move them forward expeditiously. So, thank you. And Mr. Chair, I'm actually going to turn it over to Maria Dion, who is our associate director for planning, design and construction who will take you through our projects today, but I'll be on for any other questions. Thank you.

Maria Dion: Good morning, Chairman Burke and members of the committee. I'm pleased and grateful to seek approval for these projects. The first one on the agenda is the UNM Los Alamos campus wide infrastructure renovations. This project covers building infrastructure improvements across the campus in 25,583 gross square feet in buildings 126 and seven. It includes HVAC, stucco, accessible restroom modifications, interior finish upgrades, resizing of two classrooms, and IT audio visual upgrades to building 6 and a fire alarm system. The purpose of this project is to fully address ADA and safety issues in these areas and to provide upgraded spaces for student use. The funding is from 2019 general funds 750,000 dollars, 800,000 of 2021 severance tax bonds and a campus match of 387,500 for a total of 1,927,500 dollars. And I stand for questions.

Chairman Burke: Questions. Are there any questions?

Member Trujillo: Mr. Chairman, this is Harold, just a comment on it is a significant amount of square footage that's being renovated. I would hope that you would consider more green measures. I know you mentioned some of them in the application, but you know it would be better if you could include additional green measures in this renovation. Thank you.

Chairman Burke: Harold, do you want to make that a condition?



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Member Trujillo: Uh, sure, yes.

Maria Dion: Thank you Chairman Burke and member Trujillo, I'll make a note of that. To increase the green measures taken.

Member Trujillo: Thank you.

Chairman Burke: Further comment? Gerald?

Member Hoehne: Member Billingsley has a comment.

Member Billingsley: No problem. Thank you, Doctor Burke. Thank you, Gerald. I noticed that one of your funding sources is the 2019 General Fund. Just a note that that does revert June 30<sup>th</sup> of 2023, so just please make sure you expend that one first and get that one completed by the reversion date. Thanks.

Maria Dion: Thank you, Chairman Burke and Member Billingsley. We will, we are aware of that and that's how we will proceed.

Chairman Burke: Other questions or comments? Hearing none. Yeah.

Member Hoehne: Mr. Chair. I'll make a motion. I move the approval of the UNM Los Alamos Campus wide Infrastructure renovations project in the amount of 1,937,500 dollars contingent upon resubmission of Form 3, to add the additional energy efficiency measures as requested by Member Trujillo for submission to the Cabinet Secretary and then on to the State Board of Finance.

Chairman Burke: Second?

Member Trujillo: Mr. Chairman, this is Harold. I second that motion.

Chairman Burke: Any objection? If not, we move on to the workforce development and career technical education lab renovations.

## **10. University of New Mexico Los Alamos – \$2,322,500**

### **Workforce Development and Career Technical Education Lab Renovations**

*Presenters: Dr. Garnett Stokes, President, UNM; Teresa Costantinidis, Senior Vice President of Finance & Administration, UNM; Lisa Marbury, Assistant Vice President of Institutional Support Services, UNM; Bob Harmon, Director of Business Operations, UNM LA*



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Maria Dion: This project is an 8,636 square foot renovation of areas in several buildings on the Los Alamos campus. The purpose is to support workforce training and STEM needs for the Los Alamos student community. Work includes renovations to classrooms, welding labs and restroom upgrades. The project provides more efficient and practical spaces for education and workforce training. The project is funded by 2020 general obligation bond in the amount of 1.7 million, 2022 severance tax bonds in the amount of 150,000 and a campus match of \$472,500, which consists of state appropriations mill levy and tuition, for a total of \$2,322,500. And I stand for questions.

Chairman Burke: Will this renovation provide opportunities for the workforce at Los Alamos to get some more cooperation with the campus?

Maria Dion: As that's a program question, I'd like to refer that to Doctor Holtzclaw or Bob Harmon if they're on this call.

Bob Harmon: Thank you, Maria. This is this is Bob Harmon. Chairman Burke and the committee. I believe you're asking the question about will this help with workforce for the Los Alamos National Laboratory?

Chairman Burke: Right.

Bob Harmon: Yes, it will. It will help with the welding area that Maria spoke about. And we will also be creating a Lab for the mechanical engineering program that we have in place in conjunction with Los Alamos Main campus and the national labs.

Chairman Burke: It seems to me that more cooperation with the lab is needed to make that a more viable campus.

Bob Harmon: This will help out with that cooperation.

Chairman Burke: Other questions?

Member Hoehne: Mr. Chair. Doctor Rommel has a question.

Member Rommel: Thank you, Mr. Chair. Thank you, Gerald. On that point, you mentioned, mechanical engineering lab, and this committee knows that I've never met a lab I didn't like. But how are we going to equip this laboratory that doesn't appear to be part of the request. Are you expecting that LANL will pony up for any of the furnishing of these of these facilities? In terms of equipment?



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Bob Harmon: I can answer that question. Yes, there is a grant in place with UNM Los Alamos and the national labs to help for furnish that equipment for the lab.

Member Rommel: OK. Thanks. And yeah, I'm sorry, Chancellor Holzclaw isn't here, he probably could give us a little more detail on that, but I'll leave it there. Mr. Chairman, I do also echo your sentiments that I hope this leads to a better partnership between LANL and UNM Los Alamos.

Chairman Burke: Other questions?

Member Hoehne: Mr. Chair, this is Gerald. Thank you so much for the presentation, Maria. I appreciate it on both of these projects. You know, one of the things that I'm noticing here is, and we've talked about this quite a bit and I'm sad Doctor Rooney isn't here because her and I have talked about it for years and years. But Bob, I know we've had these same conversations and that is the fact that, you know, with UNM Los Alamos, as we look at enrollment and we look at FTE enrollment, it's really, really low. And you know right now you know these two projects are a significant infusion of funding into that campus and really to echo the points made by Doctor Rommel and by Chairman Burke, I think that the agency is really interested in understanding how, once these once these investments are made, what kind of a significant impact and what kind of, what, how can we measure that these that these significant infusions of funding have actually made a difference, right? You know, how has this increased your enrollment? How has this increased potential partnerships with the labs you know, and how has this addressed potentially the workforce needs of the labs as part of that partnership? And so I'm really interested in, really understanding that as these projects move forward and as they're completed, really trying to see what that looks like and really how these investments have made a difference. I think that there's also funding in the upcoming GO bond for UNM Los Alamos. And so that's an additional infusion of funding that I think is going to really address the external part, the infrastructure part of the campus, if I'm not mistaken. And so as we tie all of these things together, I really think that that you'll be able to go a long way. I'm just interested in really understanding what the impact is of that. So, Mr. Chair, that's my comment. I don't know if the Provost or if anybody has anything to add to that, but I definitely am looking forward to seeing what that brings.

Bob Harmon: Yeah, Chairman Burke and members of the committee, I think I think these are excellent questions and they also reflect one of the complexities of really measuring and assessing the impact of the branch campuses. And enrollment is not always the best measure of that. To give an example of that for Los Alamos, Los Alamos has an enrollment in terms of students whose primary campus is, you know, Los Alamos of about 306 days.



But they teach and instruct over 1000 students and so the number of students served is very different from the number of students who are pursuing an associates degree credential through Los Alamos. The presence of UNM Los Alamos in supporting the workforce at LANL is probably not best captured in our traditional metric of student enrollment, meaning student whose primary enrollment is at that campus. And we probably really should think for these branch campuses about, you know, kind of a more full set of metrics that measure their impact. I think the mechanical engineering program is another important example. So that's a program in which initially students are getting their lower division courses through UNM Los Alamos, but their upper division courses through UNM Albuquerque, those enrollments will look like they're at Albuquerque for those upper division students. But the real impact is through UNM Los Alamos and it's to the Los Alamos National Lab and supporting employment at Los Alamos National Labs. All that to say that I think member Hoehne's point is a really good one. We need a more full set of metrics to measure the real impact of a campus like UNM Los Alamos because, you know, just the raw enrollment number doesn't capture it.

Chairman Burke: Harry?

Member Rommel: Thank you for the second round, Mr. Chair, real quick to that point, Provost Holloway, that's a really excellent point you made. I was just having this discussion about branches yesterday with one of my colleagues, and this is something that I think is you're starting to think about how your data is showing the number of students served. What I would like to see and this is not necessarily something for this committee, but just for my colleagues at HED and I'm just kind of putting a pin in this, is how are you serving the local workforce, because that's where we don't really have that piece of data like how is LANL being served, how is Facebook being served down in Valencia and if there's ways we can get that information to us, and of course to the legislature, I think that'd be very, very helpful. So, I'll stop there, Mr. Chair.

Chairman Burke: Gerald.

Member Hoehne: You know, Mr. Chair. I'll just continue with Doctor Rommel's point, you know, as these projects come forward for funding, that's one of the biggest questions that

is asked, right, is what's the workforce impact? And how are these projects going to tie into that? And I think to Doctor Rommel's point and of course, Provost Holloway, you're on the right track as well because I know these discussions have been had. But it's really just doing that full circle, right? We know initially when the project comes forward, there is an



anticipated workforce need that they're addressing, but then also being able to really just close that circle out and say funding has been provided, projects are completed, workforce is actually being addressed and this is the numbers, and this is how we can see it. So, we're on the right track, you know, to Doctor Rommel's point, that is something that is exactly what it is, it would be great for all of us to have. So even for you Provost, I know that's something that you would be looking for. So, thank you again for the presentation. Mr. Chair, I'll make the motion if there's no more questions.

Chairman Burke: Yeah, that's what I was gonna, go ahead.

Member Hoehne: Mr. Chair, I'd like to move approval of the UNM Los Alamos, let me get the name right here, workforce development and career technical education lab renovations in the amount of \$2,322,500, contingent upon, and I'm going to add this contingency, submission of the grant that Mr. Harmon mentioned was going to be used in order to furnish all of the equipment, so we can have that for our files for submission to the Cabinet Secretary and then on to the State Board of Finance.

Chairman Burke: Is there a second?

Member Rommel: I'll second Mr. Chair.

Chairman Burke: OK, Harry, seconded. Is there any other comments. If not, it stands approved as submitted.

## **11. University of New Mexico – \$1,320,000**

### **Student Support & Success Center Renovation**

*Presenters: Dr. Garnett Stokes, President, UNM; Ed Manzanares, Associate Director of Athletic Events Management, UNM*

Chairman Burke: The student support and Success Center renovation UNM athletics, Ed?

Ed Manzanares: Good morning, Chairman Burke rest the members of the committee. I want to present this project to you. It's a project we're excited about. We are currently planning to move our executive offices for athletics. We're located on the South campus next to the football stadium across street from the pit. We're looking to move across the street to the student Success Center, 2<sup>nd</sup> floor. Currently we have half our department is there currently with the academic Center, tutoring, compliance and other entities of athletics. Our plan is to move the rest of the executive offices across the street to the second floor that will house our athletic director's office, Deputy Athletic director, senior associate, local club, Lobo Sports Properties, our marketing department. Currently we're in the Colleen Maloof building



on South campus. The building is probably older than me for sure and it's definitely dated in several aspects, Lisa Marbury can attest. So, this will give us a chance to get our department back together in the same location, which is located on the corner of University and Cesar Chavez across from the pit. So, we're excited about it, it's a project that is currently at 1.3 for cost, we're planning to use 700,000 in 2023 severance tax bonds and the rest will be funded internally. So, we are asking for approval and I open to any questions from the committee.

Chairman Burke: Other questions? If not, I move approval of the UNM's request for \$1,320,000 for the student support and success center renovations for submission to the governor and with the Board of Finance. Is there a second?

Member Hoehne: Mr. Chair, this is Gerald, I'll second it. But I also like to make a comment. If I'm not mistaken and you can correct me if I'm wrong, this is a project long time coming right? I think this has been a conversation that has been going on for quite some time.

Ed Manzanares: It has been Gerald; it was a building that was being used by an outside entity that moved out. And obviously the idea when that entity moved out, we obviously were very excited about the possibility of moving over there. It's a great building. It's going to obviously it's modernizing our entire department. So, it has been a long time in the works. We made the request last year through legislature, got the \$700,000 which we're greatly appreciative for and we're excited about it. But it has been a long time coming for sure because it's going to just continue to get our department in one area.

Member Hoehne: Thank you, Mr. Chair.

Chairman Burke: If there are no objections, we'll move on to the renovation of the materials and technical lab quantum materials and technical lab.

## **12. University of New Mexico – \$800,000**

### **Renovation of the Quantum Materials and Technology Laboratory**

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

Chairman Burke: Lisa, are you presenting that or?

Member Hoehne: You're muted, Maria.



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Maria Dion: Thank you. I'll be presenting that. Chairman Burke, you may have noticed my cameras blinking on and off, so I just shut it off. If it's distracting, I can keep it off. Just let me know. OK, so the quantum materials and Technologies Lab project is located at the Center for Technology and Materials, which is a 62,462 square foot building located in the South Campus Science and Technology Park. A renovation of 3275 net square feet, which includes the replacement of laboratory furniture, ceiling, meaning casework, ceiling lighting, floor tile, and finishes will take place there. The current lab spaces are limited in their ability to support current and ongoing research, and the new lab will attract research funding. The project is funded at the amount of 800,000 dollars, \$700,000 of that is from 2020 general obligation bonds and 100,000 from 2022 severance tax bonds. And I stand for questions.

Chairman Burke: Gerald

Member Hoehne: Mr. Chair, thank you. Thank you again, Maria, for the presentation. This particular project just so everybody's aware because I want the committee to be aware the general obligation bond, the E5332 appropriation is a large appropriation, right? It's over \$13 million and this committee as well as the Higher Education Department has previously with projects that had been submitted had made note that the construction of this particular project and the source of the installation was going to be University of New Mexico's internal IT staff. So just so everybody's aware right now, we are still waiting on a determination from the State Board of finance on whether or not funding can in fact be used in order to reimburse internal service Centers for installation of the work. That's something that is still in process. So as a result of that, any project that UNM has requested that has this particular funding source. The question has been asked of UNM is the is the installation going to be done internally with internal labor or is this project going to be issued as an RFP and having outside vendors come in and do the work. The other projects that we have held back on and have not pushed forward for approval, we're all projects that UNM notified us that they would be doing with internal labor, this particular project as I understand it from UN is actually going to be issued or put out for procurement and that's the reason why this particular project that has the GO bond funding in it, is being submitted for approval. I just wanted to make that note, and make that clarification, because I know that there are projects that we have not moved forward that include that GO bond funding, but that's the reason why this one is being pushed forward. I hope that's clear for the committee. I just wanted to make that point known. But if anybody has any questions, please let me know and I can elaborate. Thank you, Mr. Chair, that's the only comment I wanted to make.

Chairman Burke: Any other questions? Hearing none, I move approval of UNM's request for \$800,000 for renovation of the quantum materials and Tech Lab for forward to the governor



or to the secretary, and then to the Board of Finance. And I think, Gerald, when this is presented to the Board of Finance, you need to clarify clearly that this is going out to a vendor.

Member Hoehne: Thank you, Mr. Chair. Yes, that that's something that I'll definitely have a conversation with director Leach.

Chairman Burke: Is there a second?

Member Rommel: I'll second that, Mr. Chair.

Chairman Burke: OK. It's moved and seconded. Is there any objection? If not let's reroof.

### **13. University of New Mexico – \$671,277**

#### **Family Practice Center Roof Replacement**

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

Chairman Burke: Family practice center roof.

Maria Dion: OK, family practice center roof. This next project encompasses the full removal and replacement of the 15,101 square foot roof at the family Practice center at UNM's main campus. The current roof is asbestos containing and must be and must be tented so that particles are not released into the air. The new roof will be a TPO roof with a 20-year warranty. The family practice center serves as one of the campus medical clinics, you may be aware of that. So, there are multiple and frequent leaks that impact the finishes and the facility which affect the faculty, students and patients using the building. The roof is at the end of its life and is no longer weatherproof. So, with that I stand for questions.

Chairman Burke: Questions?

Member Trujillo: Mr. Chairman, this is Harold. Just a reminder, we do have a new energy code, so I hope that the required installation is being installed on the roof. OK, thank you.

Maria Dion: Chairman Burke and member Trujillo, yes, that is the case.

Chairman Burke: Is there a motion? Hearing none, I'll move that the family practice center roof replacement for \$671,277 be approved for submission to the secretary.



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Member Trujillo: Mr. Chairman, I second that motion. This is Harold.

Chairman Burke: Is there any objection? Hearing none, we go to the Fire Protection upgrade.

**14. University of New Mexico – \$516,000**

**Center for the Arts – Fire Protection Upgrade, Phase I**

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

Al Sena: Good morning, chairman Burke. My name is Al Sena. I am the director for Facilities Management Committee members. Thank you for the opportunity to present our project for of the Center for the Arts Fire Protection. This is a life safety project that we have at the University of New Mexico, the Center for the Arts Building is a 56-year-old building located on Main campus, Central campus. It is also 374,779 gross square feet, of that we have spaces that will be affected by the project. The existing Fire Protection system will be reconfigured and expanded upon to extend the Fire Protection system with a wet system to cover the areas about the building that currently do not have coverage to include the basement ground floor and 2<sup>nd</sup> floor levels. Construction will include new risers, main branch lines, branch lines, sprinkler heads and back flow preventers, as well as of floor control assemblies. And the new system is expected to have a complete inspection and approval from the State Fire Marshall, both prior to the project and of course afterwards. So, we have funds from the 2019 severance tax bonds that we have received. We are utilizing \$439,000 of those funds and we also have 77,000 funds participation level from Popejoy. The Popejoy facilities are integrated into the project as a result of the infrastructure and trying to make sure that we have coverage that we can expand into phase two at some point. We have included their resources as a help for us to complete the project and we know that they are an ineligible in terms of I&G, so we wanted to bring that to the committee's attention and I'm available for questions at this time.

Chairman Burke: Questions?

Member Hoehne: Mr. Chair, I don't have any questions and just a comment. I just want to say thank you Al for the work that you did and in bringing Popejoy into the conversation, and I appreciate you reaching out to us, having the meeting to discuss the match requirement. And I'm disappointed that you weren't able to do the entire project as

originally scoped out. I know that was because there was insufficient match but I'm really glad that you have an opportunity to be able to address this project in phases and hopefully



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give enough opportunity for your other cost centers to be able to adapt to the need for setting aside some funding to assist with some of these renovations that are auxiliary. So again, I appreciate all of your efforts and everything that you all have done. So, thank you.

Al Sena: Thank you.

Chairman Burke: Any other questions? Is there a motion?

Member Billingsley: Mr. Chair, this is this is Wesley. Just one quick comment. Same one as before, I noticed this is a 2019 general fund project. Please make sure that those funds are fully expended by June 30th, 2023.

Al Sena: Members, Wesley Billingsley, we are looking at that currently and have already started to identify how to get those remaining balance of funds utilized.

Chairman Burke: Is there a motion?

Member Hoehne: Mr. Chair, I move approval of the University of New Mexico Center for the Arts Fire Protection Upgrade phase one request in the amount of \$516,000 for submission to the Cabinet Secretary.

Chairman Burke: I second. Is there any objection?

We now go to the informational presentation about the ABQ real property, which we dealt with about 3 years ago, I don't remember 4?

## **15. University of New Mexico – Informational Presentation**

### **Transfer of Innovate ABQ Real Property – Annual Update**

*Presenters: Thomas Neale, Director of Real Estate, UNM; Kelly Ward, Director of Business Development, UNM Lobo Development Corporation*

Chairman Burke: Tom Neale.

Thomas Neale: Mr. Chair, members of the committee, thank you for the opportunity to present the annual update on Innovate ABQ. This project came before this committee in October of 2020 and the transfer of ownership from Innovate ABQ occurred in December of 2020. I have Kelly Ward with me today, who's executive director of Lobo Development. They are the entity that is responsible for managing the day-to-day operation and bringing development projects forward. What we'd like to do today is provide what we think is an actually exciting vision for the future of Innovate ABQ, and then also provide kind of a financial overview summary of where we've been post-closing, and you know what our look is for the



next three years. Since the acquisition, we engaged an entity to update our master plan and the primary change in vision from the original master plan was lowering the density of development on the site. Our original vision for the site had much larger multi story buildings, high density, and the need for substantial parking structures. Our current master plan points to smaller floor plates, 2-3 story buildings that can be constructed over time in a way that can push the need for significant parking structures out in the future. An addition to that, in April this year, we entered into a lease with hatch spaces for about 30,000 square feet of space, you may have read about that in the paper. Pretty exciting use, they ended up terminating the lease during their due diligence period because of the significant rise in construction costs or proforma no longer work from when we negotiated the lease to the date they terminated in August. The pandemic and the subsequent. Rising costs have slowed progress down, but we feel we're on the cusp of some pretty exciting work, and these innovation districts take many years to bring to fulfillment. So we believe we've got a pretty exciting plan. I'd like at this moment to turn that over to Kelly Ward to talk about what we call the jungle concept. And then after his presentation, I'll provide a brief overview of financial overview of the project as it sits today.

Kelly Ward: Mr. Chair, members of the Commission, thank you very much for having us this afternoon. I know you've been sitting here for a while. We've got a presentation that I believe is in front of you that's fairly lengthy. I'll try to truncate that in the in the effort of getting you on with the rest of your day. But I'll hit some of the highlights, and Gerald, do I have permission to share my screen?

Member Hoehne: Yes, please do, Kelly.

Kelly Ward: And are we seeing this or are we seeing the?

Chairman Burke: Yes.

Kelly Ward: OK. Perfect. One of the original thoughts around Innovate ABQ when it was formed a number of years ago was to include the creative community on that site. So, if you recall, this is a technology development innovation area, 7 acres that's devoted to this, and creatives are a key component of that and so when we when we started to look at this, as we updated our master plan, realizing that we were now needing to bring in this significant portion of the New Mexico economy and the social framework of New Mexico onto the campus. And so we started in earnest to do this. We hired a gentleman named Vince Kadlubek who's got a company called Spatial Activations. You may know his name as one of the founders of Meow Wolf and a former CEO of Meow Wolf, he's back with me in an advisory capacity. But he's also helping owners of properties to imagine or reimagine what their sites



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can be and as we look at New Mexico, as you all probably also realize, we are a blank canvas of opportunity and in this particular case with regards to creatives. There are very few if any places in which those folks can gather and collaborate with, innovative industries and so when we're thinking about Innovate ABQ this is what we want to create. I'll skip around just a bit but this is this idea of trying to find a great, actually develop, a galvanizing home for creatives. This is the site as it exists and what it will look like. So this is existing building here, this is existing building here, but what we're going to talk about today are these buildings right here, they're existing, they're vacant right now. We've got CNM in a building that's situated here. It's a smaller footprint than this one. And then these are all future buildings going forward. So, again our goal here is to design space that can attract and support. creative entrepreneurship in New Mexico and this effort is really to build community, to build momentum, to build success stories in this area. And the reason that we believe that this is important and the types of things we'll talk about today are the examples of Meow Wolf, of Electric Playhouse and others in New Mexico that are on the cutting edge of creativity and technology. Our mission here is we initiate collisions and facilitate momentum so that creativity can transform our community. And then I'm gonna go now to the targeted emerging industries that we see, you know in the words of the great Wayne Gretzky, skate to where the puck ought to be, or is going to be. And so this is our idea for about 60,000 square feet on the property. One of those emerging industries is Web Three Technologies, so we're talking spatial computing, blockchain, mixed reality. The other is game engine development, so we're talking about AR and VR. So augmented reality, virtual reality, traditional gaming, mobile gaming, virtual production. We wanna include human performance and so ultrasound and stroke therapy, meditative technologies, this is really where biotech and neuroscience and psychology all merge to help ourselves either enhance or to repair damage in the human and all aimed at performance. And then our traditional creative industries like music production, film production, which are emerging more and more in this country as a leader with of course Netflix putting a significant footprint here along with NBC, Amazon, Facebook. This is, we want to be supportive, and we think that the industries like game engine and Web Three Technologies will support also traditional film and design and music production. The final is really not an industry, it really is a way in which we do business in New Mexico. We've got a significant number of benefit corporations; we've got a robust benefit corporation act in New Mexico and we see that more and more social entrepreneurship is a sort of a must in New Mexico. And I'll skip down through some of this entrepreneur services, located on the campus. And then the expansion of that to target it toward creatives is an important aspect of what we will be doing in these spaces. Social gathering spaces like a food hall and event space. This is again a public entry into the site and then demonstration spaces for technology and creativity. And then development spaces, this is where actual work gets done and companies get formed and growth happens. I'll skip through a little bit of this because we want to get to what the program actually looks like within these spaces. And so, this is not, you're not seeing

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designs that that we created especially for these sites. We're pulling imagery from other places to depict what we what we think will be here. So, food and beverage is a key component to social gathering and to the promotion of collisions and cooperation and collaboration. And so, we would want a very active food and beverage hall on the site, this cross-reality event space is, will be, a one-of-a-kind, a really first of its kind space in the country, and this is a fully censored with LIDAR and Bluetooth technology that allows for the spatial computing guys to fully map the interior of this site and then program live events that can be very experiential if you're viewing them either live or via the Internet. So, if you're virtually attending this an event in this space, it will feel as though you are actually there and you'll be able to interact with people that are live. This is where entertainment is moving itself, where the next iteration of our interface with live events and with entertainment on the Internet is going and we've got significant interest from folks who are playing in this and trying to vision how an event would play itself out. The back end of this is the individuals who actually program these live events and the expertise that gets developed to fully utilize a completely mapped and completely censored event space, so we think this is pretty exciting aspect of what we're doing here. New media event space if you went to the Van Gogh exhibit or currently, there's a Frida Kahlo exhibit happening, this is a multimedia event space this is again a wave of entertainment that is coming to us in a very rapid form. We think it's a great attraction to bring people onto the site, to introduce them to Innovate ABQ, but then also, once again, the back end of designing that and creating the technology and creating the business model around these types of events will be an important driver of job creation, business creation off the sites. New tech demo space, we want to be able to have fully interactive for the public, opportunities to see and feel in real time what is being developed as next level technology from these businesses and individuals who would be on this site. And then of course we're in New Mexico, we need to have outdoor space that's oriented towards food and beverage and entertainment and socialization, and so a rooftop bar we believe is a must. Game development and mixed reality, these platforms are platforms that are not just for our young people to play games on, they are business tools that are robustly used in the private sector as they do modeling and simulation, but also the next level of gaming is really the next level of how we're going to work and engage in the world. There's a lot of money being put out on the streets by the Defense Department because currently their war fighter of the future is the gamer of today. But as that gets developed, which we've seen time and time again in other areas of technology development, what happens at the Defense Department obviously spills out into the rest of the world. And I think we, through the pandemic, saw the robustness of different kinds of environments in which we can get work done. And so, this is game development but what we also see the spillover into much of what we're doing as just as humans these days when it comes to work. And then Web Three Technologies, again, this is blockchain mixed reality. This is the next level of how we're going to communicate and exchange information on the interweb. And then this is a traditional film



and art production design that we see we want to house some of those assets on this campus so that there's an interplay between the game developers, for instance, and music production or video production, they're very much interrelated. And then, human performance and again, this is a very exciting arena, it includes therapies for PTSD, for depression, for addiction, but it also includes our day-to-day living and how to maximize either memory or language learning or movement, and so lots of great research happening in this area. And that research is leading to devices and techniques and modalities that will be important for all of us going forward. And then, I would skip over this. This is a number of the companies that are interacting with us right now to understand how when we build this out, what it needs to look like and how it's designed and so there's a lot of work to be done yet in this arena, but these are a couple of the names that that are in this arena of the sort of the next-next in terms of industry development and business. So, I think that's all that I have. Happy to stand for any questions and I'll stop presenting.

Member Hoehne: Thank you, Chairman Burke. Thank you, Kelly. Thank you, Tom. I know that you had had some additional items that you wanted to touch on, but before we get further, I'd really like to, I guess gather a little bit more information as to I think that when this transaction happened, it happened as a result of one of and I want to just make sure because I know we have a new committee members, Member Chavez is on now with the LFC. She wasn't part of this committee at the time when this originally came forward. But I want to, just if you can Tom, actually it's probably better coming from you, if you can just kind of just give us a quick overview of specifically what happened, why the property then got transferred statutorily, of course, right? It was a statutory required transfer back to the university, and then the university then taking this to Lobo Development in order to continue the mission of expanding this property to what it is that you're showing us here today. But if you can talk a little bit to that, Tom, just real quickly, I'd appreciate it.

Thomas Neale: Sure. I think the short answer was really to gain economies of scale and operation. Innovate ABQ had suffered separate staffing and expense responsibilities and expense lines and by bringing it back to the university we had, you know, a lot of shared resources and reduction in cost. And so that was really you know kind of driving that transaction back at the time is really to save operational expenses and engage the expertise of folks at the university. Then you know, obviously an added benefit of that is a lower at the lower cost structure under the ownership of UNM.

Member Hoehne: So just for clarification and this is for myself also, I'm not sure if the other committee members remember the transaction, but my understanding was that Innovate ABQ at that time actually had, in essence folded, right? There was no longer a board Innovate ABQ at that time you know was no longer a functional board and per the statute you know



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that that was the reasoning and the justification for why the properties would then transfer back to the university because that particular research park entity in essence was no longer able to continue. And so, if you can clarify that for me that would be great.

Thomas Neale: Yeah, I think there was a timing issue on that, Gerald, what really happened was that the board was no longer able to fund the activity of the Innovate ABQ or the entity was no longer able to sustain the funding for operation and post transfer to the Regents, the board was dissolved, but many of those board members are now on our Advisory Board, so the expertise from those board members is still supporting Innovate ABQ, but in an advisory role through Rainforest Innovations.

Member Hoehne: Well, thank you for that, Tom. I would need to pull up the information and I apologize, I don't have it in front of me, but I, if that's the case, then then I don't remember it quite that way. I think I remember it as being the board was dissolved and as a result of the board being dissolved, the statute then triggered the need for those facilities to be transferred over. But what I'm understanding is the board wasn't resolved, dissolved should I say, until after the transfer happened and, but there is still an Innovate ABQ, is that correct? There's still an Innovate ABQ board and so I'll let you explain that a little bit more.

Thomas Neale: Yeah, thank you. So again, the entity, Innovate ABQ, the nonprofit entity was dissolved. And with that dissolution came the dissolution of the Innovate ABQ board. But many of those members have stayed on in an advisory role for the Innovate ABQ project, and that is organized through Rainforest Innovation, who was one of the technology transfer entity that's housed in the Lobo Rainforest Building. So, expertise is still there. The legal structure of innovate ABQ as a nonprofit entity under the Research Act has been dissolved. And I reviewed the kind of the memo earlier this morning Gerald, on the justification for that, I think I'm consistent and glad to share that with you.

Member Hoehne: No, I appreciate it, Tom. Like I said, I wanted to just make sure that because it has been several years, right, several years and we've been through a pandemic, right? So, so there's a lot that's happened from then to now, which is you know, which is again like I say one of the one of the biggest reasons why it's important to really just understand where you all were and then get an understanding of where you all are going with this space, right? I think that at that time one of the biggest concerns that the agency had, and we had these conversations, was really just having an understanding of how UNM was going to ensure that these facilities were able to continue to be to be utilized in the way that was originally intended, how you were going to be able to, as you mentioned, really look at bringing all of these resources together to really be able to get something off of the ground that wasn't able to get off the ground initially through Innovate ABQ, as it was structured at that time and then



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to just understand how it is that we're moving forward. And I think that what you've provided here you know is, is good Kelly as far as a good understanding of what it is that your vision is for this space, looking at what this is going to be, you know what you're looking at doing as you're moving forward and so just a couple of questions that I have and then I think Doctor Rommel also has some additional questions and maybe other members as well. But what's the timeline that you all are seeing in regards to kind of moving this forward? What does that look like as far as what it's going to take in order to really start to get this off the ground? And then of course you're going to go through the pro forma, so I won't ask anything about that right now. But really if you can just talk to timeline and maybe if you do your proforma presentation and then talk to timeline, with that it may be best, but that that's what I wanted to understand.

Kelly Ward: Tom, you want me to speak to some of the activities that are going on?

Thomas Neale: That would be great Kelly, thank you.

Kelly Ward: Yeah, so, Gerald and Chairman Burke and the members there are a couple of things are going on in tandem. So, what I just presented, called the jungle is 1 aspect of what we'd like to be doing on the site. The other is we've got four or five buildings that we'd like to eventually have built and have activity in those. And what will happen in those building has is not prescribed by us at this juncture. We have a Brokerage firm, Colliers International, working on our behalf to go attract developers and users for these new buildings and so they're actively pursuing bioscience, life science type of developers and companies as end users to come on to the site and hopefully start to build out the rest of the property. With regards to the jungle, through Rainforest Innovations we have a grant into the National Science Foundation. It is an initial grant of \$1,000,000 to do the further development of this concept which would include specific design, further conversations with those entities that we noted and others to bring them along to actual either tenancy or joint development opportunities and remember that the idea on the site is that we have private sector developers coming in as co-developers with Lobo Development and the university on the site, so we're actively recruiting, actively soliciting participation by private developers. And as Tom mentioned, we had a terrific developer, bioscience lab developer in hatch spaces and nexcore up in Denver on the site, they're still interested. They got caught in what we all got caught into, which was the spike in construction cost and then subsequently the spike in interest rates. So those two forces really made that already somewhat tight project just from a rent rate perspective. You know once the cost go up, then the rent rate really doesn't support it. So, it's a little bit tight right now. We think we're actually taking a second shot at trying to find sources of funds that can augment that construction and perhaps return that project back to the site. So, we're working pretty hard to make all this happen in the next couple of years.



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Gerald, I don't have a specific timeline for you, but we think that we've generated enough excitement out in the private sector that that we will start to see these projects materialized in the next 24 months.

Member Hoehne: Thank you, Kelly. I appreciate that. That was helpful, just as we're as we're moving along, you know, again this is informational, right? I mean, we appreciate you guys putting this together for us so we can see and understand you know where you all have come, you know and of course where you all are planning on being you know it's good to be able to see the development in these areas and I'm excited about what I've seen you know and it would be really nice if that area of town could really host some of these things that that you all are looking at here. So that definitely looks like something that would be, beneficial. But Mr. Chair, that's really the only questions I had. I know that Doctor Rommel had questions and maybe some of the other committee members. Then of course I'd also still like to see the pro forma Tom once we're done with questions.

Chairman Burke: Harry?

Member Rommel: Thanks, Mr. Chair. I'm admittedly confused and hopefully you can clarify. You know, I'm looking at the, I'm confused about the footprint of this space. Are there more? Is there more than one building? I'm looking at the slides and it looks like a single building.

Mainly because you know you've got the CNM ingenuity in there somewhere, I guess. So, please help clarify this for me because I don't see a makerspace in the printout, in the plans that you showed me.

Kelly Ward: Absolutely, happy to clarify that. So currently on the site, on the seven-acre site is CNM in a separate building. Yep, and so they're in 13,000 square feet, was the old gymnasium for the First Baptist Church parochial schools. So, they're in the parking lot that sits in the southwest corner of the site. Then we've got the rainforest building. And that's a six-story building about 160,000 square feet. That was built approximately 5 years ago. And that's got first floor commercial tenants, including Rainforest Innovations, Sandia National Labs, and the Chichi incubator and I think that might be it. No, no, we got a couple other companies in there and then we've got 3 vacant buildings that operate as a single building. So, they were built at different stages. One in I think the 1920s, the other was completed in 1950s, and then the final one in the 1970s. They all have internal circulation. So, they act as a single building, but they were, they're actually 3 distinct buildings. And that's what we're targeting as the jungle space.



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Member Rommel: So, you want to combine the three buildings into basically this single unit jungle space. OK, I just need to go down there and walk around and take a look and get oriented. All right, so.

Kelly Ward: Yeah, I'd love to have you come down. We'd be happy to walk you through that. And as you walk through it, you will see that you can seamlessly move from building to building internally. And then if you're on the external, you will see three distinct building envelopes because they were built at different times, different material. And so, it does not look like a single building, but it operates as one.

Member Rommel: All right. So, let's talk about how we're going to pay for this. And I apologize if I missed it because I was playing, because I was multitasking while looking at your presentation, but you know, give me the 30, give me the elevator speech. About what, you know, really to what's germane to this committee is like, let's talk about the funding sources. What are you going to do?

Kelly Ward: So right now, that is undefined. But our goal on this entire site is to bring private sector development money onto the site. So, we would lease our facilities either ground or those existing buildings to a developer to come in and build out something specific. We're generating the idea with that specificity, and we've mapped this to research areas at the

university. So, we believe that we've got some continuity with some expertise either at the university or the national labs in which we can entice either users or developers to see New Mexico, to see Innovate ABQ, to see Albuquerque as the place in which to make this significant investment in these future technologies.

Member Rommel: OK, so what I'm hearing is that we're not talking about state dollars at all of any source for this, correct?

Kelly Ward: That's correct. Right at this time, we are looking at other sources of money to make this happen.

Member Rommel: OK. And in your last slide, next steps, you talked about grants. So, what kind of grants, are we talking private grants?

Kelly Ward: Yeah, so the current target is the National Science Foundation. They've got a grant application out right now; in August it was the deadline we submitted. We'll hear about that grant in the February time frame and that's an initial first phase grant of \$1,000,000 to do the additional development work to then submit for another grant that has an upper end of about



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\$154 million. That would be the implementation grant, operational grant, construction grant. So that's one avenue that we're pursuing. The other avenue is we're talking to developers and end users like Live Nation, like AWS, like Meta, who are who are also looking for facilities and partners to further develop these technologies.

Member Rommel: OK, so now I see a slight problem then with one of your potential operators and partners you lists, and that's MAPS, which is the Multidisciplinary Association for Psychedelic Studies. Last time I checked most of those psychedelics are still schedule one, even though it's an active area of research. And actually, I'm of an age where I used to go to raves. That's all I'm gonna say, but you know you could run into some conflicts if you're trying to pull down federal dollars and there's research being done that's not necessarily been completely endorsed at the federal level. So that's just something that you might want to keep an eye on. And I would be really interested on how that nexus occurs going down the road.

Kelly Ward: Yeah, Doctor Rommel, let me state that we don't want to figure out how to thread that needle right now. What we would like to do is really be a center of information sharing. Understanding that this research has led to a terrific explosion in technology that is assistive in this same area. So binaural beats, certain sound frequencies, certain VR technologies that mimic the impact that mimic what the brain would do under a psychedelic, under a magic mushroom or LSD or something like that. And for the application that is currently being researched for, which is PTSD, addiction, and other sources. But the next iteration of this is really for more public use, which is how do you create a 5-minute session to increase your focus so that you can learn a second language, for instance. So, things like that. What we'd like to be really is the thought leader in this, I don't think we see ourselves at creating labs that do research on psychedelics. What we see ourselves doing is the technology side of that but using the excitement that is going on in the industry right now, the excitement around, there's a lot of sex appeal with the psychedelic research, particularly that came out of Johns Hopkins in 2019, and that's happening in other entities also. There's a lot of money that's moving towards the expansion of that research or the application of that research. So that's what we really want to capture.

Member Rommel: All right, I don't want to belabor the point. I just noticed that and that's a fine explanation. So, I'll leave it there in case my colleagues have other question.

Chairman Burke: Other questions? Tom you were gonna present something on the money side?

Thomas Neale: Ohh yes, I'm trying to, can you see my screen?



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Chairman Burke: Yes.

Thomas Neale: Does it show the budget?

Member Hoehne: Not anymore.

Chairman Burke: It was there. It's now gone.

Thomas Neale: Let me try again. I apologize, I have lost that somehow.

Member Rommel: I actually have it up, Mr. Chair. Let me see if I can put that up.

Thomas Neale: Great. So if it's OK, then I'll just speak generally to the, thank you, Doctor Rommel. I'll speak to where we originally thought we would be at this time and the budget that I presented back in 2020 and it's in the exact same format in case there was an interest in comparison. We had originally thought by this time we would have a, a, a slight positive margin of about \$100,000. This was in anticipation of a higher rental rate for CNM and then some bio lab revenue coming online in future years. So, what's shown, what you see here is the actuals for fiscal year 2021, fiscal year 2022, FY20 21, the large deficit there was a result of ad valorem taxes that were paid in 2021. Taxes are typically paid in arrears. That large amount drops off the pro forma for 2022 in future years. The other kind of large financial event that happened in our pro forma for FY 2022 was expenditure to repair some settlement problems in the existing classroom additions. So those resulted in you know some deficits for those first two years. The other item in our pro forma that drives this relatively minor deficit is security for a vacant building. We've had an explosion of homeless incidents throughout the city in vacant buildings are a significant target. So, we have budgeted money to make sure that the building is secure from intrusion in and our students adjacent to the project are safe. Those numbers will likely come down as we occupy the existing building and bring new construction onto the site. This is a conservative budget forecast, and it does not include any additional revenue coming into the project for the next three years. Then Kelly mentioned that as we implement some of the concepts of the jungle, it's likely that we won't see construction for 24 months and occupancy at some point thereafter. So that's and generally that's, you know, a quick overview of the budget looking forward, relatively minor deficits. We've got a lot of money budgeted for in the professional services in the interim building maintenance. That amount that was spent in 2022, we just forecasted that we will have similar events going forward and so fairly conservative, and I think you know my estimation, we certainly won't encounter any more significant deficits in these numbers. And I see Doctor Rommel, you have a question, I'll stop there and answer questions.



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Member Rommel: Thanks. Yeah. So, glad you brought this up because I was going to come to the budget afterwards anyway. This is not the first time I've seen a structural deficit at UNM, so it raises red flags for me to see any kind of structural deficit like this. Because the money's, I mean, you know, UNM is a large enterprise, you have, and I know that Lobo Development is, you know, not exactly, you know, the relationship with UNM is not you know it's a component unit so that's OK. But I still but you know those deficits eventually have to get paid somewhere and so not only do you need to get that net operating out of the red and into the black, but you can't keep carrying those forever. Eventually you have to pay the piper just as UNM had to do with the athletics department. So, you know what kind of, so give me ballpark, give me ballpark figures what you know, you get the sanctuary tower up and running and ready to for rentals. I mean, what kind of revenues are we anticipating for this?

Thomas Neale: Doctor Rommel, if I could just jump in these deficits are being covered by the real estate department, so we're not creating additional deficits, they're paid for through the operations of the real estate department in the margins that we create. Going forward as far as what we're going to generate, you know, it's hard to determine. I think our efforts this, this will not be a project that will generate huge sums of money for the institution, but it will certainly generate more revenue to more than cover these deficits and insure for capital replacement in the future, but we just don't know what those numbers are going to be. That's why I've modeled 0 new revenue in this proforma that would be highly speculative at this point to populate you know the last year this pro forma with additional revenue.

Member Rommel: Sure, but I mean you could still ballpark some of this you know X number of events at a you know a particular rental rate. You know, like I said, these are just, you know, these are things that I'm going to be keeping an eye on moving forward. You know, you're already up to almost a half a million dollars in losses and you know half a million there, half a million here. You're talking real money soon enough. So no, I get it and there's nothing I'm not criticizing the fact that it's running a deficit just, you know, I would like to have a better idea of what you know, self-sustaining or if you're going to continue to operate at a deficit, you know how you're going to cover that in the future, that's you know, and we don't have to have those answers today, but you know, as this moves forward, those are the kind of questions I'm going to have.

Thomas Neale: Doctor Rommel, those are great questions. And I think what we can do in our next cycle, next year we will we'll be further down the road and we can provide a 10 year look forward if you think that might help. But I think by next year we'll have a better handle on what the future looks like.



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Chairman Burke: Well, if that's money wasn't being spent here, it could be spent elsewhere also. For other purposes. So, I agree it's got to come to zero and before too long. Or to me, it's your pouring money down a rat hole.

Member Rommel: I somewhat agree with you, Mr. Chairman, and somewhat disagree. I mean, I see that this is a public service and universities you know, can lose on enterprises when it, you know, creates a public service as long as there's another source of revenue to cover it.

Chairman Burke: Providing a public service is worthwhile.

Member Rommel: I don't want to belabor the point. Like I said, you know, I've, I don't have a problem with, you know, an operating deficit even in perpetuity. But I wanna know where that you know, where it's being covered from, right, you know.

Chairman Burke: Saying the same thing.

Member Rommel: Yeah, I think so.

Chairman Burke: Other questions or comments?

Member Hoehne: Mr. Chair, I just want to thank again, I want to thank Tom and I want to thank Kelly for providing the information. Again, like I say, I mean this is something that the committee requested when whenever this project came forward in October of 2020 because again for this very reason right, because we wanted to make sure that we had a good understanding of what was happening in this particular space, so that ultimately, was transferred to the responsibility of the Board of Regents and of course, you know, back to Lobo Development for you know for them to continue to move forward on so with that said, you know I think, I hope that the information that was that was provided was beneficial for the committee. I hope that the questions that the committee asked and the conversations that we had kind of steer what it is that you all need to prepare as we look forward you know in another year because we definitely want to see this presentation again to see where you're at. In another year and really just kind of understand that, that particular location and what kind of progress you all have been making. I think to Doctor Rommel's point, I know this is not a University of New Mexico facility, but it is a University of New Mexico facility. I know that it has no capital involvement from the state, but I still think that it would be a good opportunity to be able to go by and view the space right just to have that opportunity to be able to see exactly what you have. Because there are, you know, looking at on Google Now and just kind of looking at the space and having looked at some of the renderings from before and even



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the site plans, you know it's still always good to see the space in person and also Kelly as you're talking about some of the things that you are planning on doing, it would be nice to actually see the space and see the concept as well. So definitely like to see about maybe scheduling something sometime soon to be able to get by and look at this space. But other than that, again, I appreciate it, appreciate the information and look forward to seeing where you guys are a year from now.

Kelly Ward: Thank you.

Thomas Neale: Thank you, Mr. Chair, members of the committee, appreciate the opportunity.

Member Rommel: Thank you, gentlemen.

Chairman Burke: Thank you. With that, I believe we're ready to adjourn unless some committee member has something else. So, the meeting is adjourned.

Member Hoehne: For the minutes, meeting adjourned at 11:38.

Meeting adjourned at 11:38am