

**MINUTES OF THE BOARD OF REGENTS
NEW MEXICO STATE UNIVERSITY**

1. CALL TO ORDER

The Board of Regents of New Mexico State University met in the Regents Room, Educational Services Center, Las Cruces, New Mexico on March 21, 2014.

Chair Cheney called the meeting to order at 10:31 a.m.

Regents Present	Mike Cheney, Chair Javier M. Gonzales, Vice Chair (present by phone) Isaac J. Pino, Secretary / Treasurer (present by phone) Kari Mitchell, Member Jordan Banegas, Member (present by phone)
Ex-officio Regents Present	Dennis Clason, Ph.D., Faculty Senate Chair David Maestas, President ASNMSU
Officers of the University Present	Garrey Carruthers, Ph.D., President Dan Howard, Ph.D., Executive Vice President /Provost
Chair NMSU Employee Council	Ms. Shawna Arroyo
Other Presenters	Mr. Glen Haubold, Associate Vice President for Facilities and Services Mr. Doug Martin, Head Coach, Football

2. INTRODUCTIONS

- a. Introduction of Press, Elected Officials, and Others by Maureen Howard, Associate Vice President for University Communications and Marketing Service

Senior Vice President Ben Woods announced that Lindsay Anderson from the Las Cruces Sun News was present.

3. APPROVAL OF AGENDA

Regent Mitchell moved and Regent Pino seconded to approve the agenda. The motion carried unanimously.

4. APPROVAL OF MINUTES

Minutes of March 10, 2014

Regent Mitchell moved to table the Minutes of March 10, 2014 to the April Meeting and Regent Banegas seconded. The motion carried unanimously.

5. ACTION ITEMS

- a. Approval of Sales Resolution for Subordinate Lien Improvement Revenue Bonds, Series 2014 – (Ms. Angela Throneberry, Senior Vice President for Administration and Finance)

Mr. Glen Haubold, Associate Vice President for Facilities and Services, provided an update on the proposed issuance of the Subordinate Lien Improvement Revenue Bonds, Series 2014. A required step in the proceeding to approval of the sale resolution for the bond issuance is the State Board of Finance Adoption, the State Board of Finance Parameters Resolution approving financing. NMSU representatives, representatives from the Higher Education Department, Energy Minerals, RBC Capital Markets, Modrall Spering and Ameresco attended Tuesday's State Board of Finance seeking approval of the parameters resolution. Unfortunately, NMSU received a 2-2 vote, so the request was denied. As a result of the denial, they are unable to proceed with this planned agenda item on today's board meeting. The primary concerns expressed by the State Board of Finance were, 1) if the guaranteed savings was not met and Ameresco was subsequently not required to pay NMSU due to one of the identified exceptions, then NMSU would be utilizing operating revenues to cover the debt service for the capital project and 2) guarantee requirements outlined in the contract place an undue burden on NMSU in order to insure payment to NMSU if the guarantee was not met. They are in the process of developing a plan on what actions need to be taken in order to get this item back in front of the State Board of Finance. Senior Vice President Angela Throneberry and Associate Vice President Glen Haubold visited briefly with the State Board of Finance Director on Wednesday afternoon, and she was able to provide some insight and advice on how to proceed, including visiting with individual members prior to resubmission. An update will be provided on their efforts for the issuance of bonds, which directly impacts the proceeding with the Energy Performance contract. They were able to lock in the interest rate of 3.07% with the Bank of Albuquerque, which expires on April 21, 2014. They are working with the Bank of Albuquerque to get an updated rate for a new lock.

Regent Cheney anticipates in light of this report that this item would be tabled, but will open this up for questions at this point.

Regent Gonzales wanted to hear the explanation on what issue the State Board of Finance had with the contract.

Mr. Haubold explained how the process works. The item was brought forward as two items, the project and the resolution of the sale of the bonds. It is then take to the Higher Education Department as two items also. When it is taken to the State Board of Finance, technically NMSU does not make the presentation, the Higher Education Department makes the presentation. At this point, they are only asked to approve the sale of the bonds and so the Higher Education Department sends the material that was presented. The State Board of Finance was looking at a lot of information strictly related to the bond resolution. It would have been better if there were more information on the project itself in front of the State Board of Finance. A lot of questions were asked from the perspective of the information they received. The Higher Education Department makes the presentation and NMSU answers questions on it. Their concerns were if the savings for some reason were not achieved, NMSU would have to cover this with operating funds. This is something that is fairly routine for NMSU. In 2010, the Satellite Chilled Water Plant was brought forward to the

board. A good bit of this is paid for from the savings that is generated from making iodine. The words performance contract and guaranteed savings jumped out that may have put NMSU behind right from the beginning. The other concern was the exception that says we must maintain the equipment that is installed as part of the guaranteed savings. NMSU does this all the time, for example a turbine that generates power was installed in 1992 and an ice plant that was installed in 2012 both came from revenue bonds. If staff does not maintain these items, it costs NMSU money. Another concern was what happens if NMSU changes the operating parameters. For example, if the Provost decides he wants to have Saturday classes, does this impact the savings? It impacts the cost of the university with or without the performance contract. If we elected to consolidate and close a building it would impact the baseline as it would with or without the performance contract. This was one of the questions on how can we control what the students and everybody does. We don't need to because the savings are guaranteed that are there once we execute the performance contract.

Regent Mitchell asked if there were any particular assumptions that they took issue with or was it the overall model that were used to determine what the exceptions were.

Mr. Haubold stated that the maintenance was an issue. A comment was made that state buildings are not well maintained and so we are worried about that exception. He feels that they maintain extremely sophisticated equipment here at NMSU. There was an inordinate focus where we had to furnish the guarantee insurance policy that Ameresco has. State statutes require that the performance contractor obtain an additional guarantee insurance policy. It has exceptions in it as most insurance policies do. But the insurance guarantee that they spent a lot of time on is the insurance policy that Ameresco has. They typically would self-insure this, but in New Mexico we require an additional level of insurance, which is the guarantee insurance. That is risk removed by a couple of layers. That is their insurance policy that they got that we require. Routine maintenance is something that we feel we understand and do properly.

Regent Mitchell asked if we incur any fees or costs with Ameresco if the contract doesn't go through if we are not able to do this project.

Mr. Haubold responded that we entered this with the investment grade audit in 2011. We do have that in hand. It is a work in progress. We just have to work out the details if we don't go forward. That cost of which was to be rolled into the performance contract when we executed. The investment grade energy audit was if the savings would cover the cost and NMSU elected enough to move forward then we would pay for the investment grade energy audit because we would keep it.

Regent Mitchell asked if the next step would be to go back to the Board.

Mr. Haubold said he would like to go back to the board to explain some of the issues that he feels he could do better explaining.

Regent Mitchell asked about the probability and timeline for this.

Mr. Haubold mentioned that the director indicated that we might be able to get back on there as soon as April. Jim Peach is reviewing our data one more time per President Carruthers, with anticipation of a little more horse power to go back and get this back to them and keep the good rate of 3.07%.

President Carruthers did ask Dr. Peach to read the documents again and evaluate them because some of the questions posed were by Dr. Tom Clifford who is an economist and Secretary of the Department of Finance and Administration. Dr. Peach and Dr. Clifford have worked along time on various projects together and he thought if we had issues it would be best for the two of them to have that conversation and we would have a better understanding of how we might satisfy Dr. Clifford going forward. Dr. Peach has agreed to do this.

Regent Pino moved and Regent Banegas seconded to table the Approval of Sales Resolution for Subordinate Lien Improvement Revenue Bonds, Series 2014. The motion passed unanimously.

- b. Approval of NMSU – Las Cruces: Artificial Turf and Drainage Improvements at Aggie Memorial Stadium – (Mr. Glen Haubold, Associate Vice President for Facilities and Services)

Mr. Glen Haubold, Associate Vice President for Facilities and Services, is pleased to be joined by Coach Doug Martin to help present this item. They are requesting the Approval of NMSU – Las Cruces: Artificial Turf and Drainage Improvements at Aggie Memorial Stadium, which consists of the installation of artificial turf at Aggie Memorial Stadium and associated drainage improvements that will allow for greater use of the facility. Glen then turned it over to Coach Martin.

Coach Doug Martin bragged about the faculty at NMSU. He just finished a great recruiting class and the faculty had as much to do with that as much as anybody. Faculty would come in on Saturdays to talk to the recruits about their degrees, which made a tremendous difference in the recruiting class. There are three areas where this turf will impact the football program and be a game changer for us. One is player development and strength and conditioning. In our off season, the Bermuda grass we have goes dormant and so when you are working on the grass and change direction, there is a lot of slippage and that tears the grass up. It is hard to keep it maintained when you have to be working on it in the off-season. Turf would allow us to use the field year round. It's a great surface and could prevent injuries that they have right now with pulled muscles and other injuries when these kids do slip during that time.

Secondly, it would help with recruiting. Primarily, this is the surface that young men want to play on and a majority of the schools right now are playing on this surface. They are able to keep it up and looking nice all year round. At the current time, when recruits come in for official visits, they actually have to paint the field to get it looking nice, which is a little difficult and a little costly. This recruiting tool would actually be imperative for the football program. The people that we are competing against, UNM and UTEP all have this surface and would put us on a more level field.

Lastly, if we had that surface it would allow us to play more high school games, middle school games, cheerleading camps, band camps and engage more people to get them on our campus, see our facilities and make them a part of this throughout the community. The university community can also be a part of this. The Greek community has asked to use the stadium for their intramural football games, but have been turned down. It is hard to tell them no when you are asking them to support the football program. This would open up an opportunity

to play their intramural football games or championship game at the stadium. The same goes for the ROTC people who have been very supportive of the football program. They would like to use the facility for different things, but have been told no because of the maintenance of the grass. This would open up opportunities to engage the community and get more people on our campus.

Regent Cheney mentioned the project cost is 1,373,000, which \$1 million is a private gift, \$250,000 are from student fees, \$100,000 are from plant funds, and \$23,000 from 2013 Severance Tax Bonds.

Regent Pino asked if the gift is specifically for the Turf project.

Regent Cheney replied that it was.

President Carruthers mentioned that when they talk to donors they normally have a specific request. In this case, some months ago, he did ask Mr. Fulton for a gift. He asked him for two gifts at that time and we were granted the first gift, which was \$1 million which was used to finish the Domenici building and told us to get back and talk to him later about the Turf. It was his intention and his discussion that the gift he was giving us was to be used for turf on the field. That is what we asked for and that is what he granted it to us for.

Regent Pino has some nagging alumni that are asking why an Ag school is going to artificial turf.

President Carruthers stated that they have had that discussion internally. Coach Martin outlined the condition of the grass and the President was told by others that we are right on the edge of the Bermuda grass country. Bermuda grass is much more common deeper south. Our growing season is somewhat short. In discussions with the Agricultural community, he wants them to continue their research on grass because we are developing a park east of the football field for the very purpose of demonstrating our acumen at putting in grass in parks and such.

Mr. Haubold mentioned that they put together a brief presentation. Annual maintenance for turf is \$59,000 and synthetic turf is \$12,000. There is some operational savings. The most significant one is the annual hours of use. We can get about 2300 hours of use with synthetic turf versus 600 with artificial turf. We can open it up to numerous activities.

Regent Mitchell asked what the life span is of the turf with the increased use and when would we have to replace this.

Mr. Haubold explained that they did a life cycle cost analysis over 10 years and the cost of additional equipment to maintain it. It would need to be replaced after approximately 10 years.

Regent Cheney asked if the replacement costs would be at this same level.

Mr. Haubold replied that the replacement cost would be significantly lower.

ASNMSU President David Maestas thanked the folks that are helping to modernize the field and to bring the athletic program up. The students appreciate their

efforts and consideration to allow student organizations to use the stadium. It means a lot to students and he appreciates the acknowledgment of this effort. He also mentioned that Dr. Carruthers will be happy to take his afternoon naps with the Pride band practicing at the stadium.

President Carruthers thanked President Maestas and ASNMSU for their commitment of \$250,000 in the event that the bids came in higher than the amount that Mr. Fulton gave us. One of the reasons they did this is because when you go to the Board of Finance for approval of this project, if in fact the cost of the project is 10% more, then we have to go back to the Board of Finance and ask them again to approve it, which slows down the process. We are trying to get the turf installed before the first game, August 28, 2014. We don't need any delays. The students have been very good at investing in several projects around campus. They see this as a wise investment for the students to use the stadium going forward. He appreciates Mr. Maestas leadership.

Regent Cheney asked for clarification that the turf would be installed and ready for use by Fall 2014.

Mr. Haubold responded that they do.

President Carruthers has spoken to Stan Rounds, Superintendent of Las Cruces Public Schools, regarding the use of the Field of Dreams for the first game, if needed.

Regent Mitchell moved and Regent Pino seconded the Approval of NMSU – Las Cruces: Artificial Turf and Drainage Improvements at Aggie Memorial Stadium. By roll call vote the motion passed unanimously.

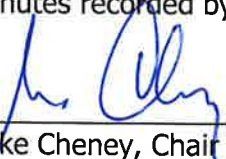
6. OTHER / COMMENTS

Regent Cheney congratulated the Basketball team for representing NMSU well in their overtime game at the NCAA tournament. Unfortunately, we didn't get the win, but he was thoroughly impressed by the caliber of play and they looked like a big time team out there playing. He commends the reputation that got extended of the university through the basketball team.

7. ADJOURNMENT

There being no more business the Board of Regents adjourned at 10:58 a.m.

Minutes recorded by Carolyn Aragon.



Mike Cheney, Chair
Board of Regents



Isaac Pino, Secretary / Treasurer
Board of Regents