



NEW MEXICO STATE UNIVERSITY BOARD OF REGENTS SPECIAL MEETING January 24, 2020 at 2:00pm

New Mexico Higher Education Department
Animas Conference Room
2044 Galisteo Street Suite #4
Santa Fe, NM

In Attendance:

Regents and Regents of New Mexico State University - Chair Dina Chacón-Reitzel, Vice Chair Ammu Devasthali, Secretary/Treasurer Luke Sanchez, Debra Hicks

University Officials - Chancellor Dan E. Arvizu, Ph.D., Provost Carol Parker, J.D., Vice Chancellor and Chief Strategic Financial Officer Ruth A. Johnston, Ph.D., Senior Vice President Andrew Burke, Ed.D.

MINUTES

A. **Call to Order**, *Chairwoman Dina Chacón-Reitzel*

The meeting was called to order by Chairwoman Chacón-Reitzel at 2:10 PM.

1. **Introductions**

Introduction of the Media and Elected Officials, *Associate Vice President Justin Bannister*

Vice President Bannister noted that there were no media or elected officials present for introductions.

2. **Confirmation of Quorum**, *Chairwoman Dina Chacón-Reitzel*

Regents staff confirmed a quorum with Regents Chacón-Reitzel, Devasthali, Sanchez and Hicks in attendance.

3. **Approval of the Agenda**, *Chairwoman Dina Chacón-Reitzel*

Regent Hicks moved to approve the agenda as presented with a second from Regent Devasthali. Motion passed.

4. **Public Comment**, *Associate Vice President Justin Bannister*

Vice President Bannister noted that there were no sign-ups for public comment.

B. **Approval of the Minutes**, *Chairwoman Dina Chacón-Reitzel*

1. **Regular Meeting on December 5, 2019**

Regent Devasthali move to approve the minutes of the regular meeting on December 5, 2019 with a second by Regent Sanchez. Motion passed.

2. **Special Meeting (Work Session) on December 5, 2019**

Regent Hicks moved to approve the minutes of the work session on December 5, 2019 with a second from Regent Devasthali. Motion passed.

3. Joint Meeting with NMSU Carlsbad Advisory Board on January 16, 2020

Regent Devasthali moved to approve the minutes of the Joint meeting with the NMSU Carlsbad Advisory Board on January 16, 2020. Regent Hicks noted a typo and agreed to second the motion given that the minutes were amended to correct the error. Motion passed.

4. Confirmation of Prior Closed Executive Session regarding NMSU Carlsbad Succession Planning on January 16, 2020

It was noted by board staff that due to inclement weather and audio issues with the conference call, Chairwoman Chacón-Reitzel could not participate in the closed session as planned.

Board staff read the confirmation of prior executive session as follows:

The Board of Regents of New Mexico State University met in closed executive session meeting at 6:30pm on Thursday, January 16, 2020 in Room 106, NMSU Carlsbad Main Building 1500 University Drive, Carlsbad, NM. The closed executive session meeting was held to discuss limited personnel matters, in accordance with NMSA Section 10-15-1 H(2) and of the New Mexico Open Meetings Act.

Those board members who were present please certify that only matters of that nature were discussed.

Regent Hicks responded yes.

Regent Devasthali responded yes.

Regent Chacón-Reitzel not present.

Regent Sanchez responded not present.

C. Consent Items, Chairwoman Dina Chacón-Reitzel

Regent Devasthali moved to approve the consent items as presented with a second from Regent Sanchez. Motion passed.

- 1. Request to name Devasthali Hall, Room 107 as the Turner Carroll Family Preparatory Room, Interim Vice President Leslie Cervantes**
- 2. Request to name Devasthali Hall, Room 113, as the Giffords Family Preparatory Room, Interim Vice President Leslie Cervantes**
- 3. Request to name Pan American Center, Room 259, as Don and Betty Lindsey Lobby, Interim Vice President Leslie Cervantes**
- 4. Request to name Devasthali Hall, Room H101, as the Mullennix Bridge Gallery, Interim Vice President Leslie Cervantes**
- 5. Request to name Domenici Hall, Room 249, as the Mullennix Business Classroom, Interim Vice President Leslie Cervantes**

D. Action Items, Chairwoman Dina Chacón-Reitzel

1. Financial Report for Fiscal Year Ended June 30, 2019, Senior Vice President Andrew J. Burke

Senior Vice President Burke noted that he is requesting the board's approval of the Financial Report for Fiscal Year Ended June 30, 2019 and he introduced John Kennedy and Pepper Cooper from KPMG who will lead the presentation. Dr. Burke noted that the report had previously been presented and discussed in the Regents Audit and Risk Committee meeting. Vice President Burke explained that the reason for coming before the board at this time is because the audit report has been released from the State Auditor's office.

Mr. Kennedy noted the very engaged dialog of the Regents Audit and Risk Committee when they met on October 30, 2019 to discuss the audit findings during the exit conference. Mr. Kennedy noted that a summarized version will be presented today. The timeline was described for the processes noting that the audit report was submitted to the State Auditor's Office on October 30, 2019 and about six weeks from that point the State Auditors Office approved the audit which clears the audit to be released to the public and presented to the full board.

Mr. Kennedy noted that NMSU has a talented staff and they were very diligent by following up on matters that were previously reported and addressed those issues completely. Mr. Kennedy noted that in addition to the financial statement audit for NMSU, there are also audits conducted for the NMSU Foundation, Arrowhead Center, regulatory audits for the TV and radio stations, and an NCAA audit. KPMG issued unmodified opinions on the financial statements for NMSU, the Foundation, and Arrowhead, in addition to KRWG-TV and KRWG-FM. There was one note that the Foundation had to adopt a new accounting standard. An audit of the grant programs was also conducted.

Mr. Kennedy highlighted the required communications and other matters where there were no concerns. There was some inquiry into what the Sunland Park matter may have contribute to the books from this year, but it was noted that there was nothing to record at this time.

Ms. Cooper stated that there were no material weaknesses identified in the report for all of the entities covered by the audit. There was one matter that was considered a significant deficiency that warranted the attention of the Audit committee which was related to the Foundation financial statements and was related to the adoption of the new accounting standard. Due to turnover, it was noted that there were not the resources to do a timely and effective implementation of the new standard. Additional effort and some adjustments were made to resolve the issue and the Foundation now has a Controller and she would expect the same issue in the future.

Chairwoman Chacón-Reitzel asked how long KPMG has been doing the audit for NMSU and asked for clarification about the rule for how long NMSU can use the same auditor. Mr. Kennedy responded that there can be a maximum of six years on and there is a requirement to be off for two years. This past year was KPMG's fifth year. Dr. Burke noted that NMSU needs to do a Request for Proposals (RFP) every three years.

Regent Hicks moved to approve the Financial Report for Fiscal Year Ended June 30, 2019 with a second by Regent Devasthali. Motion passed.

E. Informational Items, Chairwoman Dina Chacón-Reitzel

1. Legislative Agenda Update, Associate Vice President Ricardo Rel

Mr. Rel introduced a new staff member, Johnny Montoya, who is an NMSU alumnus and has been a supporter of NMSU for some time. Mr. Montoya's recent experience includes serving as the chief of staff for the Public Regulation Commission and worked in Government Relations for CenturyLink.

Mr. Rel discussed budget recommendations, opportunity scholarship, and an overview of bills. Mr. Rel noted

that while we are in a 30-day session, only items related to the budget are germane, however the Governor can add items to her call to be included in the session. Mr. Rel discussed the budget recommendations and funding formula recommendations noting that funding formula is a major focus. It was noted that HED/Executive and Legislative Finance Committee (LFC) put forward recommendations to the legislature. The Executive recommendation included a .9 % increase in new money which is about \$5.8 million for all higher education institutions. The LFC recommended an increase in 2.5% in new money, which is about \$15.6 million. Earlier, the HED had recommended an increase in 6% or around \$37.4 million. For the redistribution part of the formula funding, both the LFC and Executive recommended 1.5%. With respect to Dual credit the tuition is waived at a cost of about 8.9 million dollars for higher education institutions in the state. The universities are seeking reimbursement for the dual credit tuition, with HED recommending \$5 million dollars in reimbursements. In addition to the Instruction and General Funding (I & G) compensation is treated separately. Mr. Rel credited Marc Saavedra with the Council of University Presidents for advancing the issue of compensation. It was noted that in the past, mandated compensation was only appropriated a portion of the total cost of the increase. This year, the amount of funding to support the increases is close to 100%. Recommendations are for a 2% compensation increase from the executive. For LFC, the compensation increase recommendation was a 70% funding level recommendation. It was noted that minimum wage increases are unfunded in the current budget.

In addition to the formula funding, there is legislation being considered related to Education Retirement Board (ERB) benefits. LFC has included \$75 million in their recommendation to fund ERB directly.

Deferred maintenance was also discussed, including a \$50 million request of non-recurring funding by all CUP institutions directed toward deferred maintenance needs. In addition, a \$50 million request for Information Technology was also proposed by CUP. Neither recommendation made it into the LFC or Executive recommendations.

Opportunity scholarship recommendation includes \$35 million in recurring funds. It was noted that while it helps students, it does not help operating budgets for the universities. LFC, in contrast, proposed \$30 million in nonrecurring funds to bolster existing aid, including \$9.7 million for Lotter Scholarship, which is estimated to then pay for up to 80% of tuition for students. It was noted that the present level of funding is about 60% - 65%. LFC recommends funding the College Affordability Fund with an additional \$10 million, an additional \$5 million for Teacher Preparation and Development Fund, an additional \$5 million of funding in the Student Incentive Grant, and \$300 thousand for a Federal Application for Student Financial Aid (FAFSA) initiative which is aimed at having more students complete the FAFSA. There was also additional targeted funding for workforce needs, such as nursing.

Capital Outlay projects were reviewed including requests for all NMSU campuses and Athletics.

Regent Hicks inquired about the Capital Outlay requests for Athletics. Athletic Director Mario Moccia and Athletics Chief Operating Officer Braun Cartwright described the details of the request. Among the requests was one million dollars for a video board in Pan Am Center and one million dollars for a video board in Aggie Memorial Stadium as well as \$600,000 in lights for the soccer facility and \$600,000 for lights for the software facility.

Regent Hicks asked if the board of regents has voted on campus housing at the Carlsbad Campus. It was noted by Board of Regents Chief of Staff Adam Cavotta that the item had been removed from the request during the Regents Financial Strategies, Performance, and Budget Committee meeting ahead of the board meeting when the capital outlay requests were approved. Dr. Burke noted that it had move forward to HED but indicated that the approval was preliminary in nature. Regent Hicks asked the chair to consider this topic for later discussion.

Chancellor Arvizu noted some of the challenges of funding for all the various higher education institutions in New Mexico, noting that while New Mexico has typically ranked among the top states for support of higher education from the state, relatively lower levels of income of students/families in the state coupled with decreases in expenditures puts higher education in a situation of underfunding.

Chancellor Arvizu noted that there is open dialog between the universities and HED about the specific details, including definitions and the order by which the scholarships get applied.

Chancellor Arvizu referenced a recently drafted LFC analysis of the Opportunity Scholarship which referenced different options and analysis of different state programs like what is being proposed. Chancellor Arvizu discussed the proposed Memorandum of Understanding (MOU) regarding both tuition guidelines and student success outcomes used to determine eligibility for the institution receiving the Opportunity Scholarship funds. Noting that there are twelve measures from which the institution would pick three of these measures. It was mentioned that there is ongoing discussion about the specific details which will develop over the course of the session.

Chairwoman Chacón-Reitzel asked if the details of the Opportunity Scholarship would be covered through the rules process. Mr. Rel responded that it isn't know but speculated that the legislature would set ground rules in the legislation and he also mentioned the importance of timing in the legislation or rulemaking process that may occur as universities have already committed financial aid packages for new students and would soon deliver financial aid packages for all students. If it's a rulemaking process, it could be further delayed.

Chairwoman Chacón-Reitzel asked about not providing Opportunity Scholarship in the first semester noting that there is no Bridge scholarship currently. Mr. Rel responded that at NMSU the Bridge scholarship was replaced with a multi-semester scholarship in order to better retain students. In speaking to the reasoning of policy makers, it was presumed that cost of the first semester played a role in that decision. Mr. Rel noted another potential factor was academic preparedness, noting that when Lotter Scholarship was first introduced, higher education saw many students that were not prepared and were not able to be retained.

Mr. Rel described the hearing process, in that each of the chairs of the respective higher education committees will present their proposals to the House and Senate Finance Committees. Legislators will ask questions of the universities, HED staff, and LFC staff.

Chancellor Arvizu discussed HB 233, the Energy Grid Modernization Roadmap, which he has been following closely and provided consultation and support to the legislators that are sponsoring the bill.

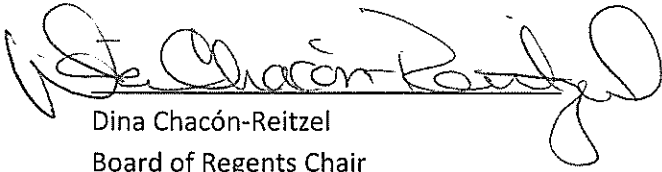
Chairwoman Chacón-Reitzel asked about the bill that Rep. Lente is sponsoring and how it might affect NMSU. Mr. Rel noted that HB 134 provide funding to UNM, New Mexico Highlands, and NMSU with NMSU to be funded about \$600,000. Mr. Rel noted that this does include the 1994 land grant schools.

Mr. Rel also described some legislation impacts NMSU and/or higher education, including an Agriculture Omnibus bill supported by New Mexico First.

F. Adjournment, Chairwoman Dina Chacón-Reitzel

Regent Devasthali moved to adjourn the meeting. Meeting adjourned at 3:41 PM.

Meeting Minutes Approved on April 21, 2020 by the New Mexico State University Board of Regents.



Dina Chacón-Reitzel
Board of Regents Chair



Luke Sanchez
Board of Regents Secretary/Treasurer