



**NEW MEXICO STATE UNIVERSITY BOARD OF REGENTS
REGULAR MEETING MINUTES
December 2, 2020 at 8:30am**

Regents of New Mexico State University

Chair Dina Chacón-Reitzel, Vice Chair Ammu Devasthali, Secretary/Treasurer Luke Sanchez, Debra Hicks, Arsenio Romero

Non-Voting Advisory Members - ASNMSU President Mathew Madrid, Faculty Senate Chair Julia Parra, Employee Council Chair Letty Gallegos

University Officials - Chancellor Dan E. Arvizu, Ph.D., President John D. Floros, Ph.D., Provost Carol Parker, J.D., Vice Chancellor Ruth A. Johnston, Ph.D., Senior Vice President Andrew Burke, Ed.D., General Counsel Roy Collins III, J.D.

MINUTES

The Board of Regents meeting is available by webcast through the link at <http://panopto.nmsu.edu/bor/>

A. Call to Order, Vice Chairwoman Ammu Devasthali

Regent Devasthali called the meeting to order at 8:33am.

Pledge of Allegiance

Cadet Victoria Martinez from NMSU Air Force ROTC led everyone in the Pledge of Allegiance. Cadet Martinez is from Albuquerque, New Mexico and was raised an Air Force brat. Cadet Martinez is trying to fulfill the same goal in becoming an Air Force Officer. Cadet Martinez is in the NMSU ROTC and finishing up Level 2 Nursing School. Cadet Martinez is planning to become a nurse in the Air Force.

1. Introductions

Introduction of Ermelinda Quintela, Senior Administrator in Strategic System Services, Vice Chancellor Ruth Johnston

Vice Chancellor Johnston introduced and thanked Ermelinda Quintela for her service as Chief Audit Executive for NMSU. Ms. Quintela served as Chief Audit Executive from February 1, 2017 through October 31, 2020 reporting functionally to the Board of Regents and the Audit Risk Committee and administratively to the Chancellor. Vice Chancellor Johnston stated that Ms. Quintela is in a new position in her organization as Senior Administrator in Strategic System Services. Ms. Quintela will continue providing a variety of services and is involved with the policy revision development approach, which includes Provost Parker. Ms. Quintela began her employment at NMSU in 2005 and has worked in many different areas around the university, including Auxiliary Services, Athletics, Physical Science Lab, Foundation, and Audit Services. Ms. Quintela began her education at the NMSU Carlsbad campus where she got her degree in Pre-Business, then transferred to the main campus and completed her bachelor's in Business Administration and Accountancy. Ms. Quintela received her CPA in 1991 and obtained her master's degree in Accountancy in 1994. Vice Chancellor Johnston stated that Ms. Quintela has hit the ground running and thanked her for her work in all the different areas that she's been in.

Introduction of Carlos Lobato, Acting Chief Audit Executive, Vice Chancellor Ruth Johnston

Vice Chancellor Johnston introduced Acting Chief Audit Executive Carlos Lobato. Mr. Lobato previously served as the Privacy Officer for Cyber Security. Mr. Lobato began his professional career in 2000 as an Internal Auditor in an international mining company. Mr. Lobato has done auditing work externally and internally. Mr. Lobato came to NMSU in 2005 doing an internal quality assurance review of the department to ensure compliance with international internal auditing standards. Mr. Lobato participated in external quality assurance review. In 2008 the City of Las Cruces hired Mr. Lobato as part of the City Managers Leadership Team conducting internal audits of the various city departments and including managing the anonymous reporting line. In 2012 Chief Audit Executive Lobato was recruited back to NMSU to serve as the IT Compliance Officer. Mr. Lobato worked with ICT, then was moved over to reporting in through me, although he works closely with the Chief of Staff for the Chancellor Leonard Martinez. Mr. Lobato has performed audits externally in New Mexico, Texas, Colorado, and Arizona. Mr. Lobato speaks frequently, and writes articles about audit, privacy, and compliance issues nationally. Mr. Lobato is a Certified Public Accountant, Internal Auditor, Fraud Examiner, and Information Systems Auditor. Vice Chancellor Johnston stated that she is delighted that he's willing to take on this acting role and thanked him.

2. Confirmation of Quorum, Vice Chairwoman Ammu Devasthali

The Chief of Staff proceeded to confirm the quorum and take roll.

Regent Chacón-Reitzel – Present

Regent Devasthali – Present

Regent Sanchez – Present

Regent Hicks – Present

Regent Romero – Present

Chancellor Arvizu – Present

President Floros – Present

Provost Parker – Present

Vice Chancellor Johnston – Present

Vice President Burke – Present

General Counsel Collins – Present

ASNMSU President Madrid – Present

Faculty Senate Chair – Present

Employee Council Chair Gallegos – Present

The Chief of Staff confirmed all Board members, university administrators, and university officials were present.

3. Approval of the Agenda, Vice Chairwoman Ammu Devasthali

Vice Chair Devasthali entertained a motion to approve the agenda. Regent Hicks moved to approve the agenda as presented. Regent Sanchez seconded the motion. The Chief of Staff took a roll call vote.

Regent Romero – Yes

Regent Hicks – Yes

Regent Sanchez – Yes

Regent Devasthali – Yes

Regent Chacón-Reitzel – Yes

The Chief of Staff confirmed the motion passed.

4. Public Comment, Associate Vice President Justin Bannister

Associate Vice President Bannister reported that no one had signed up for public comments.

B. Approval of the Minutes, Vice Chairwoman Ammu Devasthali

1. Regular Meeting September 18, 2020

Vice Chair Devasthali entertained a motion to approve the minutes for the Regular Meeting on September 18, 2020. Regent Romero made a motion to approve the minutes. Regent Sanchez seconded the motion. The Chief of Staff took a roll call vote.

Regent Romero – Yes

Regent Hicks – Yes

Regent Sanchez – Yes

Regent Devasthali – Yes

Regent Chacón-Reitzel - Yes

The Chief of Staff confirmed the motion passed.

2. Special Meeting November 2, 2020

Vice Chair Devasthali entertained a motion to approve the minutes for the Special Meeting on November 2, 2020. Regent Hicks made a motion to approve the minutes. Regent Sanchez seconded the motion. The Chief of Staff took a roll call vote.

Regent Romero – Yes

Regent Hicks – Yes

Regent Sanchez – Yes

Regent Devasthali – Yes

Regent Chacón-Reitzel - Yes

The Chief of Staff confirmed the motion passed.

3. Work Session November 2, 2020

Vice Chair Devasthali entertained a motion to approve the minutes for the Work Session Meeting on November 2, 2020. Regent Romero made a motion to approve the minutes. Regent Sanchez seconded the motion. The Chief of Staff took a roll call vote.

Regent Romero – Yes

Regent Hicks – Yes

Regent Sanchez – Yes

Regent Devasthali – Yes

Regent Chacón-Reitzel - Yes

The Chief of Staff confirmed the motion passed.

4. Special Meeting November 10, 2020

Vice Chair Devasthali entertained a motion to approve the minutes for the Special Meeting on November 10, 2020. Regent Sanchez made a motion to approve the minutes. Regent Romero seconded the motion. The Chief of Staff took a roll call vote.

Regent Romero – Yes

Regent Hicks – Yes

Regent Sanchez – Yes

Regent Devasthali – Yes

Regent Chacón-Reitzel - Yes

The Chief of Staff confirmed the motion passed.

5. Confirmation of Prior Closed Executive Session September 18, 2020

The Chief of Staff confirmed the prior Executive Session, which occurred on September 18, 2020. The Board of Regents met in a Closed Executive Session at 2pm on Friday, September 18. This was held virtually via zoom. The closed session meeting was held to discuss bargaining strategy preliminary to collective bargaining negotiations between the Regents of New Mexico State University and the American Federation of State, County, and Municipal Employees Local 2393 in accordance with the New Mexico Open Meetings Act and MSA Section 1015-1 Subsection H 5. Those board members who are present please certify that only the matters of that nature were discussed.

Regent Romero – Yes

Regent Hicks – Yes

Regent Sanchez – Yes

Regent Devasthali – Yes

Regent Chacón-Reitzel - Yes

The Chief of Staff confirmed the completion of the prior Closed Executive Session.

C. Conferral of Posthumous Honorary Degree

Vice Chair Devasthali reported that it had been planned to welcome the guests to campus, but current health orders prevented them from doing that; therefore, presentation of the posthumous degree is being done via Zoom.

1. Posthumous Honorary Degree, Provost Carol Parker

Provost Parker read the proclamation confirming a posthumous degree to Mr. Zachary Aurada. Presenter were Mr. Zachary Aurada's mother and father, Ms. Sarah Burkhalter and Mr. Eric Aurada. Also present was Academic Department Head and Director of Hotel Restaurant and Tourism Management, Dr. Jean Hertzman. The following proclamation was read into the record by Provost Parker:

“Whereas, New Mexico State University shares with the family and friends in the loss of Mr. Zachary Aurada;
and

Whereas, Mr. Aurada was a student in the Bachelor of Science in the Hotel Restaurant and Tourism Program and had completed 91% of his coursework for the degree; and

Whereas, the faculty of the School of Hotel Restaurant and Tourism Management and the Dean of the College of Agriculture Consumer and Environmental Science have recommended Mr. Aurada to be granted a posthumous degree; and

Whereas, I have reviewed the recommendation and support the granting of a posthumous degree to Mr. Aurada.

Now, therefore, be it resolved in official session that the Board of Regents of New Mexico State University hereby approved granting a posthumous Bachelor of Science Hotel Restaurant and Tourism degree to Mr. Zachary Aurada today, this 22nd DAY OF DECEMBER 2020 in Las Cruces, New Mexico.”

Vice Chair Devasthali entertained a motion to adopt the resolution. Regent Sanchez made a motion to approve the resolution. Regent Romero seconded the motion. The Chief of Staff proceeded in taking the roll call vote.

Regent Romero – Yes

Regent Hicks – Yes

Regent Sanchez – Yes

Regent Devasthali – Yes

Regent Chacón-Reitzel – Yes

The Chief of Staff confirmed the adoption of the resolution.

Dr. Hertzman confirmed that the resolution and materials from NMSU, Sam Society, College of ACES, and the School HRT will be sent to the family. Dr. Hertzman appreciated the support of Dean Flores, Associate Dean Connor, and Provost Parker in making this happen so quickly. Vice Chair Devasthali offered heartfelt condolences on behalf of the Board of Regents to Ms. Burkhalter. Ms. Burkhalter was grateful to everyone and expressed how much it meant to them.

D. Awards and Recognitions, Vice Chairwoman Ammu Devasthali

1. Proclamation Recognizing Elizabeth Titus for her service to NMSU as Dean of the Library, Provost Carol Parker

Provost Parker read into record the proclamation, that she and the other members of the administration who have enjoyed working with Dean Beth Titus over the years, would like the Board to consider.

“WHEREAS, Former Dean of Library Dr. Elizabeth Titus has been a visionary who has embraced diversity and opportunities, and always expressed appreciation to her staff for their hard work by supporting and encouraging their pursuit of higher education; and

WHEREAS, under Dr. Titus time at NMSU as Dean of Library she hired a total of 45 library faculty and 59 library staff, including for associate Dean's and reviewed approximately 200 promotion and tenure files; and

WHEREAS, Titus was instrumental in planning and overseeing a \$1.6 million extensive renovation of the second floor of East Grandson Library, totaling 16,000 square feet, in order to house the P.B. Dementi Papers and

hired a Political Papers Archivist to support this collection and to create visual exhibits; and

WHEREAS, Dr. Titus was instrumental in working with Herbert and Joan Zul in housing at the Zul Library assorted petrified rocks that they had gathered throughout the years. Zul Library is named in Zul's honor after NMSU received a \$3 million gift from Herbert and Joan in March 2000. Dr. Titus was a speaker at the June 16, 2000 Naming Ceremony attended by over 325 people, which nurtured the warm relationship she had with Herbert and Joan Zul throughout the years. Dr. Titus worked actively with the Zuls whenever a new piece of unique fossilized wood was available for display; and

WHEREAS, Dr. Titus at NMSU Library was honored for her efforts with donor campaigns. She was the recipient of the John Cotton Anna Dana 2001 Dynamite Campaign, a public relations award from HW Wilson that the American Library Association featured a dinosaur skull, named Stan, that is still on display in the Zul Library; and

WHEREAS, Dr. Titus was instrumental in 2013 in working with Tim Parker, whose generous support made possible the development of numerous programs and support of Sunshine Week, which every year Foster's transparency in government; and

WHEREAS, she was able to negotiate a recurring 5% library budget allocation from the research grant in direct cost recovery cost revenue to assistance supporting the collection used by the researchers; and

WHEREAS, she held leadership roles in the American Library Association Committee and served as Vice President, President Elect for the New Mexico Consortium of Academic Libraries and President of New Mexico Consortium of academic libraries; and

WHEREAS, Dr. Titus was a tireless advocate for state library legislative activities, including the legislative obligation bond; and

WHEREAS, Dr. Titus was a trailblazer for nursing mothers on campus and was the first on NMSU to offer a nursing room; and

WHEREAS, she was born teacher having insights gained from both book learning and professional interaction.

NOW, THEREFORE, BE IT PROCLAIMED in official session that the Board of Regents of New Mexico State University thanks and commends Dr. Elizabeth Titus for her dedicated service proclaimed this second day of December 2020 while in regular session."

Provost Parker added that she has had the pleasure of knowing Dean Titus since 2005 and always enjoyed working with her. Vice Chair Devasthali extended her gratitude to Dean Titus for her service and wished her the best of luck in all her future endeavors.

2. Proclamation Recognizing Susan Brown for her service to NMSU as Dean of the College of Education,
Provost Carol Parker

Provost Parker acknowledged the presence of Dean Brown and other family and friends. Provost Parker read into record the proclamation.

"WHEREAS, Dr. Susan Brown served New Mexico State University as a loving educator, researcher and

administrator for 25 years; and

WHEREAS, Dr. Brown served as a Senior Administrator in the College of Education for the last three years, serving as both Interim Dean for the College for two years and Interim Associate Dean for Research for one year; and

WHEREAS, Dr. Brown served as a Research Professor and Director of the STEM Outreach Center at New Mexico State University and was responsible for Research Awards, totaling in \$23 million in research grants over the years; and

WHEREAS, Dr. Brown's outreach and service work has served underserved and bright students in Las Cruces Hatch and Gadson school districts for decades, with more than 8,000 students served in a single year; and

WHEREAS, Dr. Brown's outreach and service work has had an overall economic impact of \$15 million since 2009 generating more than 200 jobs and contributing positively to Doná Ana County; and

WHEREAS, Dr. Brown's was often recognized for her excellence in teaching and dedication to research in STEM.

NOW, THEREFORE, let it be proclaimed on this second day of December 2020 that the Board of Regents formally acknowledges Dr. Susan Brown's accomplishments and advocacy on behalf of faculty, staff, and students have made NMSU a better place."

Provost Parker extended her gratitude to Dean Brown for her service and wished her the best in her retirement, continued advocacy and mentorship work.

Vice Chair Devasthali stated that she has known Dean Brown for many years, wished her the best of luck, a good retirement, and thanked her for her service.

Regent Romero thanked Dean Brown for her influence over NMSU, the program, entire state, and creating new teachers in STEM programs. The work Dean Brown has done over the last 25 years has provided support to every classroom, teacher, and principal.

Regent Hicks stated that she has had the pleasure to work with both Dean Brown and Dean Titus over the last six years and extended her gratitude to them both.

President Floros stated that they had been looking for someone to lead the college. President Floros offered Dean Brown the opportunity. Dean Brown knew that it would be a difficult position during a difficult time for the college and university in terms of transitioning into something different. Dean Brown accepted the challenge and for the last two years did a wonderful job of moving the college forward and keeping it together until they had permanent leadership in that role. President Floros personally thanked her on behalf of the college and NMSU.

President Parra extended her gratitude to Dean Brown for her mentorship years ago when she was teaching science. President Parra said that she made it because of her mentorship over the years.

Dean Brown commented by saying that it was an unexpected honor. It was a been a privilege and honor to be a member of the NMSU team and family. Dean Brown stated that she has been in the world of education for many years, beginning with teaching at Las Cruces High School, then continuing to earn her PhD from the prestigious university, NMSU. As a first-generation student Dean Brown knows how important everyone at

NMSU is and stated that she would not have majored in sciences, nor would she had gone on her educational path without help and guidance. Dean Brown stated that she joined the NMSU community with a grant. Dean Brown said that in her heart she wanted all of their students to know that they could be whatever they wanted to be and since she was in STEM she told her students ‘you can be a mathematician, scientist, doctor, nurse, or whatever you want to be.’ Dean Brown wanted all children to have access. Dean Brown stated that the STEM Outreach Center has been successful and there have been a lot of students that have gone through the in or after school program. Dean Brown stated that it would not have been as successful if she had not been located on the campus of NMSU. NMSU is dedicated to the students. Dean Brown said that her kindergarteners and elementary school children don’t find it scary and think that they may go there one day. Dean Brown stated that it’s been a whole community effort and with the STEM Outreach Center. It wouldn’t have happened without the love, devotion, and dedication of everyone on campus. Dean Brown stated that President Floros asked her to help out by becoming Interim Dean, which worried her at first. Dean Brown saw that every part of the NMSU campus was excited. Dean Brown said that the current leadership team is more intense, where students may be able to register for classes for 2 years or 4 years, and are guiding students. Dean Brown is grateful everyone for doing what they do and feels like NMSU is the best place for faculty, staff, students, and administrative personnel. Dean Brown is proud to be an Aggie and that they felt that her contribution to the NMSU was worthy of this recognition.

E. Regent Committee Reports

1. Real Estate Committee, Regent Dina Chacón-Reitzel

Regent Chacón-Reitzel reported that the Real Estate Committee met twice since the last report at their Regular meeting that was on September 18, 2020. The last Real Estate Committee meeting was on October 29. Several items were presented for review and approval. Included in the agenda was a discussion of proposed updates to the membership of the committee by adding an additional voting member position for an Academic Administrator, such as a Dean. This makes the membership more consistent with Aggie Development Incorporated and more consistent with a composition of the public NMSU membership on all other regent committees. The committee voted to recommend this change to the board and it is an item on today’s agenda, which is H-6 on the Consent agenda. Also, the committee recommended approval of an easement to El Paso Electric Company, which is part of the Campus Solar Project. This item is H-4 on the Consent Agenda. The committee recommended approval of a Right of Way Agreement with the New Mexico Department of Transportation for signage on the west campus at Valley Drive. The committee recommended approval of the electric infrastructure safety and reliability improvements, which are items H-5 and H-3 on the Consent Agenda. There was a special meeting called on November 19, where the committee was presented with ground and improvements lease and facilities leads between NMSU and Municipal Acquisitions. The committee recommended approval and requested that some additional information be gathered and presented today at this meeting, which is an Action Item on the agenda.

2. Financial Strategies, Performance and Budget Committee Report, Regent Debra Hicks

Regent Hicks stated that the Regent Financial Strategies, Performance and Budget Committee met in the latter part of October and there were several updates provided to them. Tuition revenue, scholarship expenditures, tiered tuition and fees were discussed.

3. Student Success Committee Report, Regent Arsenio Romero

Regent Romero reported that an update for the planning of the spring semester was given by Provost Parker and Vice President Scott. There are 25% courses that will be held online, 30% will be hybrid, and the rest are face to face. They will keep up to date with any new information with the pandemic. The start date for spring semester has been pushed back. There will be changes to spring break. There are many services that are offered online such as tutoring, advising, and others. Staff are ready to pivot as needed to support students on

campus. Co-curricular activities for graduate and undergraduate students are provided. They know that students are isolated and are keeping eye on issues, such as depression and anxiety. Mental Health Services is doing a good job in supporting students in that regard. They are moving forward with recruiting faculty to help make online learning better. A Faculty Fellow at each college, which will be implemented, will dramatically increase the student experience in the online environment. President Floros gave an overview and talked about how the university moved all courses online, how hard everyone worked to get it done, even with a few bumps in the road. Chancellor Arvizu reported that NMSU is supporting the community through food distribution and testing. There have been days where they had 1,000 tests done and they have shifts for coverage 24/7. NMSU has the greatest testing capacity in the state. Dean Camarena reported that he has met with faculty in regard to undergraduate research. Provost Parker discussed differential tuition and aligning it with student needs and NMSU needs, which will go towards staffing, who can run some of the needed programs to make sure they get the best staff in their programs. Vice President Scott presented on Navigate, which is collecting data to help support students in the intervention support to help improve virtual and in person learning. Also, in keeping students on track with credits and graduation, as well as engagement and success.

Regent Hicks asked that the spring semester start date be clarified. Provost Parker stated that their scientific advisors cautioned them that December through February will be the most challenging in regard to transmission of infection and advised them to push the start date for the spring semester as much as possible. They still want to end the semester at the usual time, the middle of May. Therefore, they delayed the opening of the spring semester and eliminated the traditional 5 day spring break; however, those five days will be distributed throughout the semester to provide some respite from the workload, yet not encouraging travel out of concern of contributing to further transmission of the virus.

4. Higher Education Regents Collation Report, *Regent Debra Hicks*

Regent Hicks reported that they have had two meetings and a couple of executive meetings for planning since the last Board of Regents meeting. The conversations that they had in their meeting yesterday was in regard to broadband. Broadband has been a concern, in particular, the loss of connection of more than 10,000 students in public education in the state of New Mexico. Possible initiatives and actions that the Higher Education Regions Coalition could put forth in the coming year were discussed. An executive team meeting was held. There were only four of five regions present, although it was announced to everyone. UNM, NMSU, Highlands, and others were represented to discuss broadband. There will be a CUP meeting on Friday. There will be several proposals that will be put forth and provide data in reviewing if there's something that this body can do in order to come up with a proposal to present to legislature. Rural communities are very limited. They are looking at other institutions, such as Utah, in regard to helping their state adjust to coping with COVID-19.

F. Advisory Member Reports

1. NMSU Faculty Senate Report, *Chair Julia Parra*

President Parra reported that they are working on a variety of propositions. Proposition 3 is to amend the curriculum approval process, further discussion is underway with Provost Parker. In the past, the approval process has been lengthy. They are working hard to figure out how to be more competitive in that process. This proposition has been approved. Proposition 7 is a Memorial to request the restoration of Shared Governance. There were concerns related to the reorganization of NMSU. They have been working hard in conversations amongst themselves, administration, and everyone who is part of those conversations. The proposition was approved. There are other propositions up for approval that will be voted on in their meeting tomorrow. President Parra noted that Faculty Senate is re-structuring, redoing, and re-envisioning committee structures. In that process, they are looking at the structure of the Board of Regents, student structure, and other universities in a variety of ways in how their committees can better aligned with the community and

campus. There is work being done, envisioning, and idea generating on that.

Vice Chair Devasthali asked why there was a name change for Kinesiology and Dance. It now reads, 'Department of Kinesiology.' President Parra answered by stating that the change is to align with the more common name that is used across the country. It supports their mission, what students access and what is prevalent in their field. When asked if the removal was a concern, it was noted that it was not a concern and everyone agreed to it. President Parra confirmed that dance is still a part of the department.

Vice Chair Devasthali noted that in Regent Romero's report he discussed the importance of focusing on the mental health of students. Vice Chair Devasthali stated that it is just as important to pay attention to the mental health of faculty because they have been going through intense reorganization pivoting to online instruction and asked if they are paying enough attention to that. Vice Chair Devasthali stated that the headline of the latest edition of The Chronicle was "Burnout Amongst Faculty." Vice Chair Devasthali asked if President Parra could address that. President Parra stated that she would note that 100% of problems are equally shared amongst everyone, including administrative staff. In areas of professional development that has been strong for NMSU, in particular the needs in online and digital learning support. Only some of the faculty take advantage of it. A survey was completed in regard to how faculty felt about the move online and what the challenges and barriers are to that. There were 100 responses received and good recommendations. President Parra stated that everyone is ready for Fall and Winter Break. President Parra encourages taking breaks in her updates and messages. There will be much to do in the spring as well as professional development for Faculty Fellows; therefore, it is important to take advantage of breaks so everyone can come back revitalized. President Parra is concerned that not everyone is reaching out for support.

President Floros commented that faculty have support around campus and the whole system from training people to deal with online issues, changes, and other aspects. There have been many events to address the stress factor. They have tried to monitor the overall health of faculty, staff, and students. It's difficult to get to a point where you know exactly what that looks like because many people are private and don't come forward with major issues. There is much evidence that the NMSU community is extremely supportive of each other. They see examples of people helping, reaching out to others to lend a hand and going through this together. It has a huge effect throughout the community. What is seen is that they trust people to behave properly and get through this Coronavirus Crisis. Faculty and Staff have exhibited resiliency. They have asked managers, supervisors, department heads, and deans to reach out to people on a regular basis. Some supervisors or people from a supervisor's office reaches out to others just to ask 'how they are doing?' That goes a long way to restore the trust in the university and community. Vice Chair Devasthali responded that she is encouraged to hear that. Vice Chair Devasthali continued by saying that it is a hard time for everyone; therefore, having that support and reaching out is wonderful and thanked them for that effort. President Parra stated that if anyone has any ideas or strategies to let them know. One of the things they are doing to help is providing professional development and implementing Faculty Fellows as a support. President Parra posed the questions, 'What are different ways they can approach faculty, staff, students, and everyone who needs to be a part of services and outreach?' and 'What are different ways they can do that using centralization and decentralization technology?' Navigate has been phenomenal from what is understood, for the students. Also, 'what are additional tools and strategies they can keep working on implementing over time?' There's a potential for fundamentally changing the way they do things in a positive way. Anytime anyone has any ideas, please let them know. Vice Chair Devasthali said that it's wonderful that they have the community that they do at NMSU. Not all universities have that, so they are fortunate. The usual ways to get that feeling of community, they can't do anymore. Therefore, it's very important to come up with innovative and creative ways to accomplish that.

2. Associated Students of NMSU Report, *President Mathew Madrid*

President Madrid reported that they have had some virtual events. One of the events was a Thank You Las Cruces effort where they got a collection of videos thanking the frontline workers in their community.

President Madrid will be sending them to the Chief of Staff. President Madrid stated that he was told that one of the nurses who received it nearly cried. He is glad that they are doing their part in strengthening the community. Bonds for ASNMSU Capital Outlay Projects from this past legislature were indeed sold, which includes \$130,000 for the Veterans Housing Project. They will be meeting with Facilities and Services to get that underway. Currently, they are moving forward in planning for next semester. ASNMSU is working on a re-branding for the organization. Since learning from COVID-19, they will have to be a very different student government moving forward and moving with the times. They will introduce that to students early next semester.

3. NMSU Employee Council Report, Chair Letty Gallegos

Chair Gallegos reported that nominations are underway for council members. They are encouraging employees to self-nominate. Employee Council has supported and provided input to reports and memos from the various committees and action teams that have emerged from last year's climate survey. They look forward to working with them in the administration on initiatives stemming from those reports and recommendations. They are encouraged that the administration held the climate survey and has set up Task Force groups. Chair Gallegos participated in the Budget Town Hall on November 17 and was able to represent the views of staff.

President Floros commented that over time they have seen many contacts to his office that were mostly negative. In the past 3-6 months there have been many positive messages from students, faculty, and staff thanking the university for its actions and what they're doing to help students, faculty, and staff. It's good to see the evolution of how people feel about where they are as a university. The movement is definitely there from negative to positive. Our faculty, staff, and students are doing some things well. President Floros directed to Chair Gallegos that they are doing a good job at the university.

Vice Chair Devasthali followed up on President Floros' comment by saying that they had had a conversation about wanting to create a sense of family that everyone works together, even with each other's differences. It's testament to the university for all their hard work in trying to pull people together that they are hearing about the good things that are happening on campus.

G. Affiliated Entity Reports

1. Aggie Development Inc. Report, President & CEO Scott Eschenbrenner

Mr. Eschenbrenner reported that he is giving an update on the Aggie Uptown and the Development Project. They were supposed to have a meeting with contractors. They have been challenged with the contractors and subs because they ran into some COVID-19 issues. However, there will be substantial completion next Friday. There had not been much activity in the interest of tenants. They put a hold on that in February due to COVID. Presently, they have had a Letter of Intent. They are reviewing the Ground Lease with their senior community. They have two medical users. One is a small single tenant user, who is looking to locate a new building. The other is a larger regional medical provider that they will be meeting with next week. Also, they have a letter of intent that they have signed with a retail user and are reviewing a Ground Lease. They are working on final site selection and placement. They had a meeting yesterday with another interested retail tenant. They are very similar to the ones they are presently working on; therefore, it will be put on hold. They have had some preliminary talks with the Big Box Retail, who is showing interest again in their market. With all the challenges they are seeing with COVID-19, it's exciting to see their market begin to get some interest and have capital flowing. They are hoping to have some approvals to bring early next year.

2. NMSU Foundation Report, Vice President Derek Dictson

Vice President Dictson thanked Chairwoman Chacón Reitzel, Vice Chair Devasthali, and Chancellor Arvizu for their work to help the Foundation lay a productive groundwork for the future of their relationship between the

Foundation and the university. They hope to have the MOU ready for their vote at their next meeting, which will be early next year. NMSU Endowment is in a better position now than it had been previously. Their current market value, which was September 30, was approximately \$181.5 million. The 1 year return was approximately 5.9% and fiscal year to date was approximately the same. They continue to actively monitor their asset allocation investment strategy. The Foundation Board and the Investment Committee are currently undertaking a review of the OCIO that manages their endowment for the Foundation. They are preparing an RFP to solicit proposals from investment managers, which will probably go out early next year. The FY 20 fundraising totals are good. They have raised about \$4.6 million, compared to about \$4.4 million at this time last year. They're up approximately 5% as compared to last year at this time. Giving Tuesday was yesterday and their preliminary estimates were given this morning, which their staff were up after midnight tabulating everything that was raised. The total amount was \$253,000, which was approximately 1000 gifts. Vice President Dictson appreciated one of their local donors who made an anonymous gift of over \$1,000,000. It went directly to Athletics and Nursing and \$500,000 of that was established for a Heros of Compassion Program in the School of Nursing. This funding was immediately spendable and the donor wanted it utilized over the coming months and is considering another donation in the near future. It is for enrollment growth, student success programming, simulation center enhancements, one additional faculty member, and many student scholarships. Vice President Dictson recognized Alexa Doig in her work in being instrumental in helping with this donor, generating over 30 thank you letters, and being a wonderful partner in helping to raise that money.

Regent Hicks expressed her gratitude to the Foundation and the leadership of the Board of Regents in working diligently on the MOU that has been 3 years in the making. Regent Hicks looks forward to its completion. The outreach for Advancement and the Foundation has been incredible. Regent Hicks is appreciative for the notes from the scholarship recipients.

3. Arrowhead Center Inc. Report, Director & CEO Kathryn Hansen

Director & CEO Hansen reported that Arrowhead contributed to the Regional Entrepreneurship and Innovation Ecosystem during 2020. They have been working with DACC and NMSU branch colleges to identify ways Arrowhead can expand entrepreneurship initiatives to their colleges and communities. Collaborating with the College of ACES has been great to identify ways to leverage its statewide network for entrepreneurship and economic development. Providing investment capital to startups responding to the demand for entrepreneurship services during COVID 19 and providing entrepreneurial experiential learning opportunities for the next generation of employees and entrepreneurs K through 16 plus. Some recent highlights include receiving funding from the Daniels fund for Innoventure and Studio G for 2021. There are pictures included in the report that show the environment of pre-COVID and post-COVID activities. Arrowhead and Navajo Tech NMSU Indian Resource Department were awarded funding through the Native American AG Fund to hold an intervention for the Native Youth AG Camp. The purpose is to develop cattle and sheep ranching business management plans. They held a conference recently that was focused on university and college student entrepreneurs in Studio G across the state, as well as American Indian students in our American Indian Business Program. They had an outstanding keynote speaker Mr. Bill O'let from MIT. Mr. O'let is really well known in the entrepreneurship field and they adopted his curriculum that he uses at MIT for teaching university entrepreneurs. It has worked very well for them and their students. Another focus that continues to grow is the clean energy business technology and acceleration. They have funding from both Department of Energy and Economic Development Administration for that. They've recently formalized a partnership with the SBA, which will be a catalyst to leverage resources across providers, such as the small business development centers that they have at various colleges and universities in the state for the benefit of small businesses and entrepreneurs.

Tribute was paid to this year's NMSU Entrepreneurship Hall of Fame Inductee, Dino Cervantes. The Entrepreneur Hall of Fame honors NMSU graduate to have launched successful businesses introduced innovative entrepreneurial concepts and practices into workplaces and/or who have contributed to the

entrepreneurial climates of the regions. The Hall of Fame Advisory Council chose Mr. Cervantes to receive this year's honor. Their virtual reception will be on December 17 from 5pm – 6pm. The registration information is on their website. Director Hanson got to know him through the Ag Shark Tank. Mr. Cervantes was an investor in student businesses at the first Shark Tank and several years thereafter. Mr. Cervantes is a third generation member of a farming family. Cervantes Enterprises consists of a chili processing facility and a 1400 acre farming operation that produces crops such as chili, cotton, and alfalfa. They have grown and processed various types of chili peppers, which would then be used in the production of Louisiana style hot sauce. Mr. Cervantes is an NMSU graduate with a bachelor's degree in Business and has been dedicated to the Ag community and NMSU for many years. Mr. Cervantes is a founding member of the Chili Pepper Pass Force. Mr. Cervantes won the NMSU Line Decker Agricultural of Distinction in 2006. Mr. Cervantes' father, Orlando Cervantes, is a graduate of the College of Engineering and his mother, Gene, won the Line Duggar Award in 1996. Mr. Cervantes met his wife, Leslie, when they were both students at NMSU. Mr. Cervantes has demonstrated great success as an entrepreneur in his own business and in guiding and supporting others in their entrepreneurial path. Director Hanson is grateful to Mr. Cervantes for all he has done.

Regent Chacón Reitzel extended her congratulations to Mr. Cervantes and to his family for the Alumni Entrepreneur of the Year Award. Regent Chacón Reitzel said that people often think of agriculture as stayed, old, and traditional. Although there are traditions, they are quick to adopt innovations and think outside the box to build their agricultural businesses. This is a great example of agriculture at its best in doing what it needs to do, thinking beyond their own boundaries to extend their businesses, and provide food to the world. Regent Chacón Reitzel has worked with him and said that he is deserving of this honor.

Regent Romero extended his congratulations to him as well. Mr. Cervantes is not only a wonderful support and has done tremendous work in the community, but is a good person as well. Regent Romero looks forward to what else he does for their community.

Chancellor Arvizu added that the Cervantes family has been a pillar in the community. Chancellor Arvizu invited everyone to celebrate with them on December 17 at 5pm to acknowledge him virtually in person. Chancellor Arvizu read a quote from Sally Stallman, who is the operator from Stallman Pecan Farms, about Mr. Cervantes, "His love for agriculture and his community comes from the heart." Chancellor Arvizu thought that was wonderful, extended his congratulations, and stated that they will formally celebrate on December 17.

Regent Hicks requested that she be on the schedule for the celebration so that she can make her comments there.

Vice Chair Devasthali has known the Cervantes family for a long time and extended her congratulations to Mr. Cervantes as well.

H. Consent Items, Vice Chairwoman Ammu Devasthali

Vice Chair Devasthali entertained a motion to approve the consent agenda items as presented. Regent Romero motioned to approve. Regent Sanchez seconded the motion. Regent Hicks asked to have discussion, which Vice Chair Devasthali granted. Regent Hicks encouraged the Regents to not include the BAR on the Consent Agenda going forward. Vice Chair Devasthali thanked her for her comment.

The Chief of Staff proceeded with the roll call vote.

Regent Romero – Yes

Regent Hicks – Yes

Regent Sanchez – Yes

Regent Devasthali – Yes

Regent Chacón Reitzel – Yes

The Chief of Staff confirmed the Consent Agenda was approved.

1. **Temporary Investments Report for the Quarter ended 09/30/2020**, *Senior Vice President Andrew Burke*
2. **Budget Adjustment Requests (BAR) for Fiscal Year 2020-2021**, *Senior Vice President Andrew Burke*
3. **NMSU Las Cruces: Electrical Infrastructure Safety and Reliability Improvements**, *University Architect Heather Watenpaugh*
4. **El Paso Electric Easement - Solar Project**, *Special Assistant to the President Scott Eschenbrenner*
5. **NMDOT Right of Way Agreement – West Campus Signage at Valley Drive**, *Special Assistant to the President Scott Eschenbrenner*
6. **Amendment to Regents Real Estate Committee Charter**, *Special Assistant to the President Scott Eschenbrenner*
7. **Labor Management Relations Board Resolution**, *General Counsel Roy Collins III*
8. **Fall 2020 Degree and Certificate Conferral**, *President John Floros*

Vice Chair Devasthali entertained a motion to take a break and return at 1:20pm. Regent Hicks made the motion and Regent Romero seconded the motion.

BREAK (10 MINUTES)

Vice Chair Devasthali called the meeting into order at 1:21pm.

I. Action Items, Vice Chairwoman Ammu Devasthali

1. **Grounds and Improvements Lease and Facilities Lease between NMSU and MACQ-NEW MEXICO I, LLC**, *Special Assistant to the President Scott Eschenbrenner*

Mr. Eschenbrenner reported that they have been presented with an opportunity to lease and eventually own 408 existing student housing beds at The Flats at Ridgeview.

Mr. Eschenbrenner introduced the following guests: Eric Jouane, representing Sodexo; Jeff Pacey, Managing Director from Municipal Acquisitions, Michael Moss, Managing Director from Municipal Acquisitions, D’Anne Stuart, Associate Vice President for Admin and Finance, Kim Huddleston, Director of Auxiliary Business Support, Reney Scott, Vice President for Student Success, and Scott Field from General Counsel office.

Mr. Eschenbrenner stated that they are putting before the board an opportunity to lease, for 30 years, The Flats at Ridge View with the opportunity to own at the end of the 30 years. It presents a strategic and economic benefit for NMSU. It is a newly constructed and purpose built facility for student housing. They have completed phase one and phase two, which is 408 beds in 252 units. Phase three includes an additional 84 beds in 48 additional units. That is a total of 492 beds in 300 units. The property is located at 2050 Wisconsin Avenue. Currently, the occupancy of The Flats at Ridgeview is made up of 98% of students who attend NMSU or Burrell College of osteopathic Medicine (BCOM.) The break up of that is 55% NMSU students and 45% BCOM students. The Flats is less than a mile from the horseshoe at NMSU and close to Corbett Center, Student Union, and other services. The first phase was completed in 2018 and the second phase of construction was completed in the summer. They’ve added 156 new beds and have leased 103 of those. The

total occupancy for the whole facility is 87%. They have 30 more beds to lease before they reach their stabilized occupancy of 95%. The property was appraised by a member of the Appraisal Institute from El Paso. The property is appraised at \$41 million as is, not stabilized and not in lease. Municipal Acquisitions, who will be their partner, has a purchase agreement with the owners at the same value conclusion of \$41 million. The appraiser came up with a value as complete by July 31, 2021, including 84 additional beds, at \$47,950,000. It is anticipated that they can deliver on that date. Once it reaches stabilization nine months thereafter the total value will be \$48.1 million. The appraiser's opinion of land value was at \$5 a square foot or \$2.7 million. It's important to note that this is land that they had sold to them at \$2.5 million 3 or 4 years ago; meaning that there has been an appreciation and value since that project. When they build an additional 48 units and 84 beds, Sodexo estimates the cost at \$6.7 million. They will be at \$47.7 million in costs for Municipal Acquisitions. Mr. Eschenbrenner said "that if you back out the land value from that, you're just shy of \$45 million and if you divide that by the total square footage of the project, it's about \$160 a square foot. That is a price point that is very attractive." Mr. Eschenbrenner stated that the appraiser looked at the list of properties that were actual transactions on the sales comparison report. They are all complexes between 1 and 9 years old and within walking distance of a tier one or tier two university. The price per bed value range from \$67,000 to \$163,000. The acquisition price that they're looking at for The Flats is just under \$100,000, which means that they are within the mid to lower end of that range of comparable sales. The capitalization rate is the relationship between sales price to net operating income. This ranges from 4.1% to 5.92%. The average is 5.05%. When looking at the pro forma, it means that they are acquiring the property. As of today, the capitalization rate is 5.6%, which is without it being stabilized. In year 3 and with the additional units and stabilization the capitalization rate reflects a 6.7% return rate. The higher number of the capitalization rate, the better value of investments.

Mr. Moss stated that they designed transaction in this structure with several key goals in mind. First, they wanted to make it as simple and straight forward as possible from a documentation stand point. It isn't a traditional P3 deal with hundreds of pages of documents. It's a lease. Second, they wanted to make sure that NMSU owned and operated the property as part of its own housing stock. Third, they wanted to provide NMSU with an avenue to obtain ad valorem tax exemption, which is a way that will provide the university with additional cash flow. Fourth, they wanted to make sure that all residual income flow to the university. There is no revenue split with Municipal Acquisitions or anything of that nature. Every dollar that falls to the bottom line will flow to the university. Lastly, it's a structure that they've actually implemented with several other universities across the country, as well as healthcare systems. They know it works and is easy. It is a lease based transaction and a long term lease. However, NMSU has the option to cancel or prepay the lease at any time. Municipal Acquisitions has a purchase and sale agreement currently for The Flats. The transaction would be that at closing they would cause fee title to the property to be conveyed directly to the university. In exchange they would enter into a lease lease back, they'd have a 40 year ground and improvements lease that would be prepaid. Secondly, they would have a facilities lease, which is a triple net lease from the university to Municipal Acquisitions, which is 30 years. The reason that the ground and improvements leases is a little longer is to give flexibility to the university, such that if it didn't make all the lease payments it would have an additional 10 years to do so. Even though the grounds and improvements lease is longer, it will collapse once the facilities lease is paid off. The cause fee title to be transferred into the university, then enter into a lease lease back. They will structure the transaction such that the university will be able to obtain ad valorem tax exemption. The transaction is cash flow positive to the university beginning in year one through year 30. They've estimated that the positive cash flow to the university to total around \$23 million. At the end of year 30, once all the lease obligations are met, the asset reverts lean free to the university. The university will hold the title from day one and then enter into a lease lease back once all of the lease obligations are met. The university will hold a free and clear title to the asset in year 30. The value of that asset using a conservative 7.5% cap rate on year 31 rent is about \$59 million. The university has the ability to pre pay the lease at any time. They could close the transaction tomorrow, then two days from now the university can elect to cancel or prepay the lease. These are important points that not only does it give the university economic incentive, but

also provides it with adequate flexibility. It is a straightforward transaction, unlike a lot of other P3s that have been done. There is no affiliation agreement. The transaction is not going to go in front of the rating agencies. There are no offering documents for publicly issue debt. It is a straightforward transaction. The leases are plain vanilla 30 year triple net bonded leases. The documentation consists of leases and approving resolution enforceability opinion and they want to make sure that all the real estate documents are in place. The university will hold the title to The Flats from day one and will own the lean free title after the lease obligations are met, either in year 30 or before if the leases are cancelled. The university does have control of The Flats and it will be part of the university's housing stock. It will be able to own and operate the property as it sees fit. All the residual cash flow will flow through the university. The qualitative benefits are this ability to provide the university with high quality housing in a timely manner. They anticipate the transaction closing in early 2021 once they get past all the approvals.

Mr. Eric Jouane stated that the project is connected to the Master Collaborations Agreement that was signed in September. They provided Municipal Acquisitions a report for the funding. Sodexo operates in a wide range of services, such as reporting facilities, maintenance, construction, and food. They propose to operate the construction of the additional 84 beds as Phase 3 of the program. They can finance the overall additional construction with a very good price per square foot or less than 80,000 euro per bed, which is much lower than the phase one and phase two for a total of \$6.7 million. Municipal Acquisitions and Sodexo will secure the funding and secure the contract with the contractor who built up in Phase One and Two with Crestline. The agreement is secured with them as well. They will call on independent trustees to manage all the financial institution or the financial elements related to the additional 84 bedroom construction. An independent construction company will monitor and track the work execution. They will obtain the authorization to build the additional 84 beds. It relates to funding, finance, and will commit to deliver the aspect of budget. Also, to take a risk as it relates to the overall price so it's fully capped and fully bought up the transaction as well.

Ms. Kim Huddleson reported 406 beds to rent for fiscal year 22 with 90% occupancy. Those numbers and the rent per bed number is based on what is actually happening right now at The Flats. The rent per bed per year is \$8,460. Included is a Miscellaneous Income line and vacancy rate. In fiscal year 23 there is an increase by 84 beds, which will be a total of 490 beds. They've decided to take a conservative approach with the occupancy rate of 92.5% for the first year with the additional 84 beds. With the 84 beds there is an incremental increase of \$842,000. The 84 beds is key to making this pro forma as positive as possible. In continuing the increase in occupancy to 95%, which is stabilization, in the third year. In looking down through the income level to the expense level, these are standard expenses. This will be related with the management of the property by Sodexo. One of the things that they have taken into consideration with this pro forma is the fact that there is tax abatement available because of the property being owned by the university. There is no tax being reflected in this report. There is discussion on the tax law with the tax assessor on whether or not they will be eligible for a tax abatement. They have been asked to talk with Counsel about that. Counsel will be issuing an opinion about whether or not they will be able to reflect tax abatement. They have equipment depreciation, as well as R and R or deferred maintenance for the property. With total expenses, they create an NOI with over \$2.3 million the first year. The second year they have an incremental amount of the NOI of over \$732,000. The flow through of that to the bottom line is a positive number and grows between the total cash flow in year one to year two, then a stabilization rate in year three. In the far right column there are notes regarding the assumptions made for this pro forma. One of the things noted is the different rates per bed per type. There are one bedroom and two bedroom types. This is a property that leases by the bed, so that makes it convenient for students. In the left hand corner of the pro forma there is a cash flow amount for the 10 year pro forma of \$6 million. The break even in the first year with 406 beds is 85%, which reflects the 347 beds occupied. In year two, including the 84 additional beds and the total being 490 beds, the break even amount is 80% or 392 beds rented.

Ms. D'Anne Stuart said that in addition to evaluating the economic value that The Flats could add to the university, they are looking at the strategic alignment from their housing inventory perspective and looking at

'does this align with where they want to go to take the university to their strategic vision leads 2025?' From a housing perspective, it expands their housing inventory without the construction risk. This project is an upper division and graduate student housing complex. They have focused their on-campus efforts primarily through their 2017 bond issuance in improving their residence halls, which has been seen through the addition of Juniper Hall, which aligned with their first year residency requirements. Their focus has been on first year students. This provides a higher standard of housing stock that can be used to support their recruitment and retention. They have an unmet demand. The major apartment units on campus are Chamisa 1, Chamisa 2, and Vista del Monte. Vista del Monte is the only apartment complex on the south campus that the university agreed to invest in in the 2017 bond improvement measures. They are at high occupancy for the last three years and the Fall of 2019 was higher than what is represented because they were preparing for the Juniper Hall opening that they weren't sure would make. Cervantes is another south campus facility that was scheduled and slated to be DE densified and taken offline. They have moved much of their group housing, such as Greeks, LLC, and band. They are using this facility as overflow for single students, which was not planned. They have demand on campus. A question that came out of the Regents' Real Estate was, 'are we dependent on enrollment increases to support this project?' The answer is, "Absolutely not." The occupancy rate has been running at 97% since opening with the lease up. With the addition of Phase 2, they were at 87%. Half of that population are NMSU students and the other half are BCOM students. Under the housing agreement, they could lease this as is. They could lease to NMSU students and under their affiliation they could lease to BCOM students. However, there's a great strategy in offering this to NMSU students first. The first residential status was their demographics for Fall of 2019 for their non-first year students and how many lived on and off campus. Their capture rates are small and there is a great opportunity, especially with graduate students. They only capture 3% of their grad students. As they try to grow that enrollment, there's a great market out there that would be very interested in this property. From their housing master plan in 2015, their demographics based on their survey that was performed by Brelsford and Mr. Tim Levy shows who lived on campus and who would live on campus. There is a potential opportunity for students to live on campus. The elements that they provided, in addition to affordability, is improving the physical condition, which was important for 90% and 95% of the respondents. Providing and improving attractive amenities was important to 93% and offering attractive housing to prospective students. Not only from an inventory stock is this important, but from a student success strategy. It elevates the quality of their housing. They won't have this type of property that sits on campus. They have the ability to attract a more diverse student population and an opportunity to retention. Currently, this operated as a student housing facility. That programming that takes place is very generic. They have the opportunity to connect those programs with NMSU strategies. Connect the facility better to campus through transportation, events, bringing students on to campus for campus life activities, athletic activities and similar activities. Making those connections is key to student success. They have a property across the street that will sell. If this falls through, the buyers have another seller. It could be another property investor that is collecting rent from half of their students. They can capitalize on the design features that support student success and support the programming. It's a great facility. The space is equipped with study spaces, the most up to date technology, meeting rooms, printing services, program and engagement spaces, and those amenities that students say they want. There is both indoor and outdoor space for socializing and networking. It's a very secure property and gated, which is one of the top concerns of their students. There is also a fitness center, game room, swimming pool, hot tub, and washer/dryer in unit. They started in 2017 with the addition of Juniper Hall, which was a student success measure in focusing on-campus housing for first and second year experience. They've done with the first year experience. Now they have the opportunity to continue that and develop that second year experience because they know that those two years are critical to student success.

Vice President Scott started by making two points. One being that there is a retention strategy that this might open up for them and the other being college affordability. Retention strategy is key in terms of residence in living on campus. One of the reasons the university committed to a first-year residency program is because oftentimes student success at a university is equal to the idea of success in the classroom, but also success

outside the classroom. There are plenty of opportunities for pitfalls outside the classroom that can derail a college student's career and now in the age of COVID there's another one. Keeping health and safety is an increased notion of stress. In the student life area, they use a Student Development Theory as the grounding theory of all of the programming for students. They're inheriting in their first-year residency programs 18 and 19 year olds. They hope that under the development theory it will begin helping students successfully develop the knowledge, skills, and dispositions to be successful and a responsible adult. The first-year residency program and their living learning communities have been vital in helping them with that co-curricular strategy. It helps keep their students out of situations, such as alcohol and social personal type issues around dating relationships and other relationships. It gives them an idea of helping and supporting their students. Something exciting and new that has come up in literature is a second-year residency requirement. Michigan State University just announced one. One of the opportunities that's available, if this facility is available to us, is moving some of their upperclassmen and graduate students to this facility. This frees up an opportunity for a second-year residency program, whether they choose to make that a requirement or not. If they can create the second-year sophomore dorm or that second year living learning community so it's more attractive verses a mandate; although not opposed to that strategy either. They can build on the student development theory and better equip sophomore students for success in academic programming. In the literature, it shows that it is helping second year to third year retention. More importantly, is the second point, which is student affordability for college. Many people think that the cost of college is tuition, fees, books, and maybe a computer. The fact that their out of state recruiting strategy is one that they are trying to grow enrollment at New Mexico State. They are being really aggressive with recruitment in Mexico. COVID derailed that, but there's some optimism with potential for vaccines now that maybe they can get more international students on campus and they're going to want opportunities to live on campus. They will need to live on campus. They've been recruiting a great deal of out of state students. They've had a 10% increase this fall of out of state students. It is a big focus because as population decreases in New Mexico. Ways for them to grow their enrollment is keeping New Mexicans in New Mexico and not going to online institutions out of state. That's where NMSU comes in. Second is to go to out of state markets and bring people here. Housing becomes more important. The recruiting factor of that has to do with safety, affordability, and proximity to campus. Operating a housing facility is about supporting their mission and their mission is to support underrepresented minority students. They're going to price in such a way that it doesn't make them money, but it's a balance between supporting their mission and making sure they break even. College affordability is very important. If college is not affordable, that's the main reason students drop out. It isn't usually academic reasons that's given to them. It's usually financial reasons and often those financial reason are not just related tuition fees and books. It's related to the cost of living and being able to be here in Las Cruces.

Mr. Eschenbrenner brought everyone up to date on their timelines. It's important to note that on October 29th they had an initial introduction to the Regents' Real Estate Committee. Then they had a Special Meeting on November 19th with the Regents' Real Estate Committee. There were four actions items. The committee made a recommendation to move this forward to this Regular Meeting. One of the action items were to explore the property tax implications. They have asked Mr. Scott Field to work on that and he may be asked to comment on where they stand with outside legal counsel's advice. Also, the housing story and how they accommodate their students. Another item is how this obligation impacts university bonding. The final item that came out of the action was the preferred option to acquire the property, as well as do the construction of the 84 additional beds. With that, they are meeting at this Regular Meeting today. The next step will be on January 13th to make this presentation to the Higher Education Department Capital Outlay. The final approval process will be the State Board of Finance in February. Mr. Eschenbrenner requested Mr. Field to provide information and updates on the property tax implication.

Mr. Field reported that at the request of the Regent's Real Estate Committee he sought outside tax counsel on the question of ad valorem taxes and their ability to get a tax abatement using this mechanism. They reached out to Tracy Sprouls from Rodey Law Firm. There isn't a case law that's directly on point. There is an old

Attorney General's opinion that is closer. Basically, it states that the tax abatement is based on the owner of the property, not the use of the property and ad valorem taxes. In this case, NMSU will be the fee owner of the property. They will become the fee owner and then immediately ground lease it to Municipal Acquisitions. Then they will become a tenant on the property. It's complicated in that regard. The indications are that they should be able to receive the tax abatement, but he can't say that it is a sure thing in the sense that they don't have case law directly on point. There's always a possibility that courts will change their mind. At this point, it hasn't been challenged and has been going on for quite a while. The university can terminate this deal early, but there is a cost to doing that. One can think of it as a defeasement fee or early termination fee. In this case, a yield maintenance fee. This is notable if they get 10 years down the line and they run into a lot of free money. There are ways to remove themselves from the transaction, but it will cost them something. Another thing to point out is that anytime one enters into a complex business transaction like this there's always a possibility that the IRS will look at the transaction, how it's characterized, and want to re-characterize the transaction. Generally when that is done it's because it will generate the tax revenue as opposed to decrease it. There's always that possibility. Mr. Field doesn't have any reason to suspect that will come up here, but he wanted to point that out to the Board because these are complex transactions. There are underlying risks and tax implications that create underlying risks.

Mr. Eschenbrenner stated that he would like a comment to be made by either Mr. Andrew Burke or Ms. Stuart on a question that was raised by the Regent's Real Estate Committee, "how does obligation impact the tax university bond rating?"

Mr. Burke stated that after the Regent's Real Estate Committee meeting, he reached out to the RBC Capital and spoke with Eric Harrigan to more formally asked him if he would look into what could be the implications for bond rating if they go through with this transaction. The transaction itself would not be rated, as was indicated earlier. It is a large transaction at \$47 million. He will reach out to Moody's and do some financial ratio calculations based on the transaction. It is a reportable transaction. In this case, after the fact to their bond agencies, it is possible with a new Governmental Accounting Standards Board pronouncement 87 leases depending on all the specifics and conditions of the lease that he has heard verbalized, but hasn't seen the fully completed document. That would be useful for analysis. Based on that, it could be that they need to record on their balance sheet or in their case in Higher Ed, a statement of net positions, a liability in the amount of \$47 million and the acid on the other side, which would be something that would be evaluated by bond rating companies going forward.

Mr. Eschenbrenner reported that the net present value of the cash flow is at \$2.6 million. In going back to the pro forma and add the 490 beds, that increases to \$4.6 million. It's a \$2 million increase in net present value of those cash flows. Some of those cash flows is \$23 million, which assumes a 95% occupancy. Revenues would be increasing at 2%, along with their operating expenses and rental payment. This is their baseline. They did some 'what if' scenarios. What happens if occupancy is only 90%? They are still in a positive cash flow in years 1 through 10. If they have zero rent growth, but still increased their operating expenses at 2% years 1 through 5, they would have a net positive cash flow of \$12.6 million. They have a 'what if' scenario of 'what if COVID continues and they have to lower rents from \$8,046 per bed to \$8,000 per bed?' They still show a positive cash flow. The annual lease payments in other entities is shown in the last 4 slides. Two of them were at 3% annually and the other two are at 2%, which is similar to what their proposal is at 2%.

Chancellor Arvizu stated that this process in this project has been in the works for more than a year and it is exemplary of the kind of innovative thinking that they had challenged both their partners to do and to challenge themselves to do. Chancellor Arvizu is extremely supportive of the project, specifically because it meets the needs of their strategic plan. It meets them in a way that is consistent with their growth strategy. It's consistent with the expectation that they have to do things differently and more creatively. It fits a particular niche and avoid while providing revenues. The reason for doing it is not because of revenues. The

reason for doing it is because it is a part of a portfolio that more effectively meets the needs that they will have going forward. It is precisely what they asked their partners to do, Sodexo and Municipal Acquisitions. This is a deal that has been in the works for a while and has come to them on the basis of the fact that people in the private sector have done something creatively and brought it to them. They don't have the luxury of saying, 'what if they would have done this on their own?' or 'what if they got another set of financing?' or 'what if they dispense with this partner and go with a different approach?' They've done their due diligence. There's still a few puts and takes that they need to worry about obviously, the tax abatement and how it affects their bond ratings. Even under the worst case conditions, it's still a good deal. In that context, Chancellor Arvizu is extremely supportive and it's something that he would strongly endorse. The rewards outweigh the risks.

Regent Romero stated that they talked about how this could affect the bond rating. Regent Romero would like to know how this will also affect the bond capacity. Also, do they see any future implications to how this could affect any future projects? How could this affect their bonding capacity and future projects? Secondly, this is a partnership with Sodexo. They will be maintaining the facility. How will they move forward in that partnership? Regent Romero would like to know about the staffing around that with maintenance and what that relationship will be between NMSU and Sodexo. Will there be an increase in staff? Will they be NMSU employees or Sodexo employees? Also, who is currently working there and if they are looking at current staff to be in on this project? Lastly, Regent Romero would like to know about the liability insurance. Where does that fall into this? Who's going to be responsible for that and this partnership? Is this something through NMSU or Sodexo?

Mr. Burke stated that there isn't a bonding capacity that the university has on revenue bonds. Bonding capacity is more related to general obligation bonds and property taxation. In this case, future bonding capacity would relate to revenue either from a housing project or potentially from student fees for those facilities that support their students. What revenue bonds can affect is the bond rating. If the bond rating were to go low enough, which is where they are trying to get counsel from RBC Capital, it may not be advantageous or possible for them to sell bonds because the market wouldn't be attracted to them. They will get Mr. Harrigon's opinion on that shortly. There's not a bonding capacity per se. They have facilities on campus that have deferred maintenance requirements, such as Garcia Hall. They will want to look into replacing that facility in the future. As far as the direct question on bonding capacity, there isn't a limitation.

Mr. Eric Jouane stated that they have been working on this project for the last 3 to 4 months. Today, they provide the main dining services at NMSU. They have some people involved in the management of housing. They work on staffing and staffing evaluations. How many people do they need to upgrade this place and run maintenance? They just collected information from the existing manager and owner of this place. Details such as, what they operate and what the subcontract is. They have done their homework on the management, estimated cost, maintenance, and management of grounds and cleaning services. They are expanding more and more around campus, such as consumer services and maintenance services. They are constantly optimizing staffing and the number of people they have brought on the location.

Ms. Stuart pointed out what is most important is the real estate transaction with Municipal Transactions and the property management with Sodexo. Because they have this collaboration agreement with Sodexo, what this allows them to do with Sodexo is make sure that NMSU has some control over what those rates are, what the entire budget is, how they will operate, and have their hand in student programming and student life component. This structure will allow NMSU to maintain much more control than what one would see in a typical housing P3 arrangement.

Ms. Kim Huddleston stated that as part of the pro forma they included an insurance cost based on what they are currently experiencing on campus. NMSU uses a state agency. All of the state is included under the

insurance program. They did this based on square footage of what they have experience on campus insurance cost. It has been included in the pro forma.

Regent Hicks stated that it is important to remember that this property was sold years ago to a private entity. Now the private entity is wanting to sell it or lease it back to the university for funds. Mr. Eschenbrenner confirmed that they sold this property about four years ago. NMSU used those funds to help with infrastructure that's gone into Aggie Uptown, certainly not knowing where this would head or this opportunity would exist. This opportunity came up in September of last year. The partnership group was interested in selling and taking advantage of some favorable market conditions. At that time, they approached them directly. When the partnership with Sodexo and Municipal Acquisitions came about, the idea of leasing the facility instead of acquiring debt to do it looked attractive. The partnership that they sold the land to are local investors. This was never a game plan as something that would happen. It is something that fell into their lap. Regent Hicks stated that she wanted to make sure there was full disclosure moving forward.

Regent Hicks stated that in looking at the occupancy rates that have been estimated, she is concerned because of the pandemic, where they are right now, and where they see themselves moving forward. There's no doubt that as an NMSU entity, they want to see students on campus, but they have to expect that this is going to change things in the future as they go and they will probably have more students who are virtual. Regent Hicks is concerned that the basis in modeling may be high in occupancy rate. Regent Hicks knows that they have looked at off campus housing for students who are in their sophomore, junior, or senior year. Regent Hicks asked if they have received feedback as they have had these proposals. The Regents' Real Estate Committee house private individuals. Regent Hicks asked if there has been expressions of going into competition with private industry. Mr. Eschenbrenner stated that that specific question has not come up in the Real Estate Committee. They are capturing students who are saying that there are other complexes around. NMSU's ownership of this facility will help mitigate some questions and concerns that Ms. Stuart and housing have had with other complexes and not having any control over how those are being run and the issues they have. Ms. Stuart stated that rather than looking at it as a competition, they have looked it as a compliment to what they do on housing and more. As was represented, the success of their students knowing that this is a student housing run facility. The concerns that they see is that they have two other apartment complexes in close proximity that are run the same way. Those aren't run with student success in mind. The perspective they are looking at this is, they know there will be students living off campus and how can they help those students be successful within the mission of the university? From the Real Estate meeting, Regent Chacón Reitzel stated that she is concerned about this because there was a lot of play in Albuquerque and in the Albuquerque Journal about COVID and the effects on students not being able to get refunds on their housing in a privately owned type of arrangement and a lease arrangement, which the university has some of its housing. Regent Chacón Reitzel feels better about this after hearing this discussion and seeing the presentation. Regent Chacón Reitzel was looking for operational control of the university on this housing. There's more protection, coming from the students' stand point, that the university will have the operational control on this housing. Hopefully, they will be more cognizant and sympathetic to student situations going forward. What was also discussed is that it is incumbent of the future Board of Regents that they are looking at those rent increases because there's a 2% increase that's formulated into the revenue. There are some reviews from students in there, so it sounds like they have already had increases. They need to make sure that they continue to do that or their revenue will be affected. The quality of this housing is outstanding and allows them to improve the quality of life issues for students, especially for their upperclassmen students. There are a lot of pluses on this arrangement. Again, they are called on to think outside the box. This lease to purchase option is a way for them to do things differently and get some of the improvements and funded by a private entity at that.

Regent Hicks would like more to be said and explained on pre-paid lease and exactly the mechanics of how that works. Mr. Moss said that in looking at it as a debt instrument, which could be a tax exempt bond issued

by NMSU or a bank loan that is taken out by NMSU or something that looks and smells like a commercial real estate lease. In the tax exempt bond world, typically people issue 30 year bonds and that debt is not callable or pre-payable before year 10. There's a 10 year lockout and after 10 years those bonds are pre-payable typically at par. However much money or debt is outstanding that's what the bar will pay and it will be paid at par. They can take advantage of interest rates if interest rates go low to restructure their debt and move on. It's a 10 year lockout with a 20 year par call thereafter. A bank loan can have several different forms. There are different ways that banks structure their pre-pays. Banks may have a couple year lockout and say, 'if you want to pre-pay this debt, then you'll have to pay a 5% premium.' That 5% premium may go down 1% every year. It's a give and take in negotiating a point with a bank, but typically there is a lockout period followed by some sort of pre-payment penalty. What they are talking here is a yield maintenance or make hole. Typically, any debt has a yield maintenance fee associated with it. It's based off a mathematical formula driven solely by interest rates. The goal of the yield maintenance is to always get back to par or something above par depending on where interest rates are. Let's say if one enters into a lease and the inherent interest rate is 3.5% and rates go up. What happens if this lease is paid off, the lender can use those proceeds and lend them out into the marketplace at a rate higher than 3.5%. From the lender's perspective that's advantageous. If interest rates go up like that, then the yield maintenance fee, the amount that NMSU would have to pre-pay this lease would be the principle amount or par amount of the lease outstanding, plus a 1% fee. That 1% fee is to pay administrative expenses and the like. Let's say interest rates go down and the market rate is 2.5%, then they take that hundred basis point difference, present value it, and it's simply the present value of that hundred basis point, plus the par amount of the lease. A yield maintenance or make hole means that the lender always gets back to that original amount that was lent. It's a mathematical calculation and a common formula in commercial real estate. It's the only formula people use when talking about pre-paying leases. Unlike bonds or bank loans, it can be done at any time. NMSU could close on this transaction tomorrow, then two days from now say they want to borrow somewhere else and pre-pay the lease. NMSU holds the title. If it did pre-pay the lease, then the leases would terminate and NMSU would own lean free title to The Flats. If it never pre-paid, in 30 years after all the lease payments were made ownership of the facility would revert to NMSU lean free. Regent Hicks asked if they pre-pay what kind of dollar figures are they looking at, roughly. Mr. Moss stated that they will follow up with a diagram with different points in time and different interest rates and what that will look like. Mr. Field pointed out that at the minimum there will be a 1% fee. The rate of the actual fee will be determined on what interest rates are at the time. If interest rates are higher and the investors can invest money and gain money, then the fee will be less. If interest are lower than they are now and it will be harder for those investors to the same money, their fee will be higher. It will always be at least a 1%.

Regent Sanchez asked if The Flats will be incorporated into the existing agreements with BCOM as an option for their students. If so, then how will they navigate that in relation to providing these options to undergraduate and graduate students. Ms. Stuart stated that they currently they lease housing to BCOM students. They are part of that student housing affiliation agreement where they do certain services and buy meal plans. The switch with The Flats is that under NMSU control, they can give first rights to NMSU students and fill beds first with their students. Regent Sanchez stated that BCOM advertises BDM as an option for their students and there's some options at family housing. Regent Sanchez asked, "Is there any expectation that The Flats would also be advertised to the same extent to BCOM students and if their occupancy is factored into the rates that were estimated in the predictions?" Ms. Stuart answered by saying that into the current pro forma, assuming that occupancy level, does include the current BCOM population. NMSU advertises and BCOM does advertise The Flats to their BCOM students. It gives first rights to NMSU students. If they filled up with NMSU students, that's what their choice would be. Because they do offer beds to BCOM, if they need to fill those beds, they will offer to BCOM. It also means that they can offer different rental prices for BCOM and NMSU students because now all of that is in their control. They need to strategize on where they think they need to be. All of those strategies need to make sense. Ms. Stuart likes the idea of a higher price point for a non-NMSU affiliation if they're going to lease them out. They will control all of that and what they want that

strategy to look like and what role they want to provide to BCOM. The pro forma is based on the occupancy levels that The Flats have seen currently. There is a demand and the rental rate is based on the average rental rate that is collected. The break even point is at 80% occupancy level with the additional beds, which is impressive. All of those decisions are yet to be made and can be made by the university.

Chancellor Arvizu stated that BCOM is currently in the process of leasing to their students right now. What they don't want to do is suggest that this will change that particular process because that's a business deal that they have right now, which NMSU is not part of. NMSU has a good relationship with BCOM. There's plenty of room at this point for NMSU and BCOM students. Chancellor Arvizu doesn't want to compromise what's already going on with BCOM right now in terms of leasing the next class of students coming in. There is a certain clientele for that type of housing. It's a positive thing. If NMSU is in control of that, they have a way to manage that. There will be a large demand from NMSU and BCOM. Vice Chair Devasthali agreed that they will honor whatever lease is currently in existence between BCOM and the entity they are leasing from. Giving preference to NMSU students is something that will be in the future and will be passed current leases.

Chancellor Arvizu stated that he wanted to speak to something that was brought up earlier, 'how do we manage this in a COVID world?' Chancellor Arvizu stated that if it's under NMSU control and with the caveats that were just discussed, they are in a position to manage the COVID effects and implications much better than what they've seen in the papers in Albuquerque. In this case with NMSU, if they have this in a running sort of load, they can generate a reserve that can be used to offset those challenges and costs of the future. This offers NMSU another level of flexibility in that it's not about NMSU making money. It's about serving the needs of their students. NMSU is in a position to offer discounts and those sorts of things as conditions warrant. They heard from private sector partners in the Regents' Real Estate Committee meeting that managing operations and those kinds of things with escalating rents is a good thing because they don't want to get themselves in a position where they are behind the curve on things that need to be repaired. That's all built into that pro forma.

Regent Chacón Reitzel stated that this was discussed at the Regents' Real Estate Committee meeting. It was recommended by the committee that the lease be signed and sent to the additional Board of Regents meeting with requesting some additional information, which some has been brought before them today; however, some is still lacking, such as the tax abatement and bond rating. Regent Chacón Reitzel asked what needs to be done today to be clarified. Mr. Eschenbrenner stated that they still have 2 leases that are getting finalized through legal. One is the facilities lease and the other is the grounds and approval lease. They are close to finalizing those points. They will need a second meeting, but what they would prefer is to get an approval for the project from the Board of Regents that you're in agreement where they're headed with this. It's an important message to send to Santa Fe when they have to meet with Higher Education Department and State Board Finance. Mr. Eschenbrenner stated that they will have this lease completed in fairly short order, but he envisions another meeting where they will bring the lease to them for approval, which will be the document that the Regents sign off on.

Regent Chacón Reitzel made a motion that the Board of Regents is in favor of The Flats project going forward to appropriate state agencies with the additional information coming forward to review the lease agreements that will come forward from the Regents' Real Estate Committee at a future meeting.

Mr. Field suggested the additional verbiage, "The Board of Regents will consider and make a final decision on acceptance of this lease once the negotiations have been finalized and an approval has been granted by the appropriate state agencies.

The Chief of Staff read the combined statements, "The Board is in favor of The Flats projects and going forward to state entities and will consider the lease once negotiations have been finalized." Mr. Field requested to

add, “once negotiations are finalized and appropriate approvals have been granted by the various state agencies.” Mr. Burke reported that the lease needs to be approved before the HED or Stated Board will consider it for approval. Mr. Eschenbrenner stated that he is looking for two asks. One being that the Board is in favor of the project going forward. Second being that when Mr. Eschenbrenner has the leases prepared, reviewed, and signed by legal that they bring those to the Board for consideration of approval. At that time the questions in regard to property tax and bonds will be answered. Regent Hicks made a point of order to use the verbage, “... agree to the project, subject to confirmation of the lease terms.”

Regent Chacón Reitzel made a motion, “The Board of Regents is in support of the project for The Flats, subject to finalization of the lease terms.” The motion was seconded by Regent Hicks.

The Chief of Staff took the roll call vote:

Regent Romero – Yes

Regent Hicks – Yes

Regent Sanchez – Yes

Regent Devasthali – Yes

Regent Chacón Reitzel – Yes

The Chief of Staff confirmed 5 votes in favor and the motion passed.

2. Recognition for Essential Employees, Chancellor Dan E. Arvizu

Chancellor Arvizu stated the next item on the agenda is to the essential personnel on campus who have been doing heroic efforts. These are people who are critical to the university’s operations. They need to be available for work in the event of an emergency and in the case of COVID they have been in emergency conditions for almost 10 months. They are bringing this to the Board of Regents because any modification of policy needs to be approved by the Board of Regents. They are asking for approval of a one time and one day approved leave added to those individuals who fall under the categories of their emergency operations policy manuals as essential workers. They are asking for a Board motion that that opportunity be provided to those essential workers and would do so by delegating authority to Chancellor Arvizu under these special conditions. They would then offer that benefit addition to these essential workers over the time period December 21 through January 15 so that they can have a rest for the work that they have been doing.

Vice Chancellor Johnston stated that they have had it reviewed by legal, Gena Jones, who is the approving body of this benefit. It can be done through all of their legal processes.

Regent Romero stated that this a wonderful idea and is glad that it has been vetted through. These people are taking care of their community and NMSU facilities are deemed as essential workers.

Regent Romero made a motion to approve. Regent Sanchez seconded the motion.

The Chief of Staff made a point of order that Regent Chacón Reitzel had to leave the board room at this moment and will not participate in this vote as the roll is taken. The Chief of Staff proceeded in taking the roll call vote.

Regent Romero – Yes

Regent Hicks – Yes

Regent Sanchez – Yes

Regent Devasthali – Yes

J. Informational Items, Vice Chairwoman Ammu Devasthali

1. Authorization of Doña Ana Community College District General Obligation Bond Sale, President Mónica F. Torres

Vice Chair Devasthali introduced President Monica Torres, Vice President Kelly Brooks, and guests. Vice President Brooks reported that she is bringing forward an information item for the DACC that was approved by the DACC Advisory Board. It is for the authorization of the DACC Community College District General Obligation bond sale in the amount of \$8 million in early 2021 based on the issuance voters in November 2019. Additionally, for the purposes of refunding and saving on interests. They will be refinancing and decreasing DACC's General Obligation Tax Bond Series 2011, which are maturing on or after August 1. This refunding will be issued in conjunction with the \$8 million General Obligation Bond that's saving on issuance costs. Vice President Brooks introduced Vice President for RBC Capital Markets, Regina Gaysina, who is there for the DACC Bond Advisor, Eric Harrigon. Also on the line is Catherine Kenny, who is an attorney for Module Sperling and is representing the DACC Bond Council.

Vice President Gaysina reported that what is listed in the presentation is the history of the assessed evaluation for the college is a steady growth in tax base from tax year 2019 to tax 2020 maintained a steady growth of about 3% that broaden the 5 year average growth to 3% and the 10 year average growth rate to 2.4%. The history of residential and non-residential tax rates is also shown. The district has maintained a stable debt service tax rate of 75 cents and with the upcoming bond sale of \$8 million, will plan on maintaining the tax rate stable. The debt management plan is to sell the first installment of November 2019 authorization in early 2021 and maintain debt service tax rate level. The college carries an average maturity over about 13 years. This sale of the new money bonds will be in conjunction with refinancing of currently outstanding series 2011 bonds. The average rate of the series 2011 bonds is 4%. The debt is currently callable. The cold date is August 1 2020. They can be refinanced on a tax exempt basis. These bonds will have a final maturity of August 1 2024 and based on the current interest rates the college can refund the series 2011 bonds to generate approximately \$105,000 or 5% savings on a net present value basis and savings in excess of 3% are considered to be economically beneficial.

2. Summary of Revisions to the Administrative Rules and Procedures of NMSU (ARP) for the period September 9, 2020 through October 13, 2020, General Counsel Roy Collins, III

General Counsel Collins and Ms. Warren stood for questions on this informational item. There were no questions presented.

K. Report from the New Mexico Department of Agriculture to the Regents of New Mexico State University (Board of Agriculture), Cabinet Secretary & Director Jeff Witte

Director Witte extended his gratitude for his team at the NMDA. They continue to do good work across New Mexico, even in these challenging times. Field staff have been doing routine inspections. It's a tribute to them. Last month Director Witte held an all employee meeting and awarded service awards via Zoom. Director Witte thanked Regent Chacón Reitzel for attending and speaking to their staff for a few minutes. It helped and was important. The non-exempt award winner was Mr. Jorge Senegal. Mr. Senegal works in the Marketing Division. Mr. Senegal started as a student employee in the NMDA. While Mr. Senegal worked on his degree, he worked as a temporary employee. Now he is permanent staff member. Mr. Sengal was nominated by his peers and was awarded Outstanding Employee Award for non-exempt employees. For exempt employees, the award went to Mr. Michael King. Mr. King works in Albuquerque in the Standard Consumer Services Division. Mr. King was also nominated and received a Colleague Award by his colleagues around the state. Mr. King stepped up and works in rotation in and out of the State Emergency Operations Center during COVID. The Community Service Award went to Ms. Jennifer Truby. Director Witte reported that in January he will give an update on their organic program, how they operate and their path forward. They are working with USDA to transition that program so

they can be more effective for their producers.

L. Report from the NMSU System Chancellor to the Regents of New Mexico State University, Chancellor Dan E. Arvizu

Chancellor Arvizu reported that since the last Regular Board of Regents Meeting he and President Floros held two university addresses to all their stakeholders. It is on the webpage if anyone would like to view it.

President Floros proceeded with highlights from his university address. President Floros stated that although they have been in crisis mode for 10 to 11 months, faculty, staff and students have worked very hard. They are in their third year. President Floros stated that he and the Chancellor make a good team and for the second year in a row they have stabilized enrollment at the main campus. This is important when compared to what other universities have done around the state or possibly country. Also, they have stabilized many of the Student Success characteristics such as retention, graduation rates, and reducing gaps between underprivileged groups and the Caucasian students from NMSU. NMSU is the most affordable university within the state of New Mexico and probably one of the most affordable all throughout the country. They have stabilized their research enterprise, expanding research expenditures, faculty and staff are working on becoming more competitive. They are making progress towards their Strategic Plan. In regard to outreach, extension, and service, they are in the process of integrating that throughout the university and having units of faculty, staff, and students understand that they are a university that is there to help the community and industry. Also, to improve the situation and life for all New Mexicans. That part of the outreach and extension component is important to them and they are making progress in integrating that approach throughout the university as well as using those services so that they can have benefits in their students and research. They have made significant progress when it comes to improving the university and making the university a better place for staff, students, and faculty as well as making the university more efficient and a more well organized institution. They will start to see the fruits of that in another year or two when they have the processes, automations, and different types of things that they are starting to apply to their system overall.

Chancellor Arvizu stated that there are some structural things that they have done that have affected their branch campuses as well. One being that they are trying to put their integrated system of perspective across all campuses so that they are better meeting the needs of the communities in which they serve, especially in the three smaller branch campuses that they have in Grants, Alamogordo, and Carlsbad. The governance restructuring that they've been about is one that doesn't come with challenges and opportunities. Dr. Ken Vanwinkle is in charge of the three smaller branch campuses because they serve a different demographic in each of those communities than they do, for example at DACC under President Monica Torres. They looking at that from a holistic standpoint and trying to manage those in a way that does two things. One being, to provide better support, capacity, capability, and meet students where they are in the smaller rural communities, especially since they have been challenged nationally and in New Mexico at a much greater proportion than students who are pursuing four year degrees. That is apparent in their enrollment numbers. Their enrollment numbers system wide is down and some of that is the restructuring what they are doing on their own campuses. Chancellor Arvizu has been in contact with many of the legislators who will be weighing in on what happens at the next session. Obviously, they are still dealing with budget challenges that they are addressing through those initiatives, such as the strategic plan, new ways of bringing revenue, looking at new governance models that allows them to do some strategic consolidation, and looking at streamlining and efficiencies. They have instituted an early retirement program. This will provide an opportunity to faculty and staff for early retirement with an incentive. It will reduce operating expenses and give them the opportunity to restructure some, so that they are putting their budget on the key priorities that they have in order to make their budget consistent with their priorities. In this time of budget reductions, it gives them an

opportunity to do that strategically. On December 8, there will be an LFC Hearing talking about Higher Ed and a variety of other things that the Finance Committee will be doing in the next session. They will be giving a joint presentation by the Council of University Presidents as well as presentations by the community colleges, and affiliated community colleges. All three will have similar messages associated with them. Chancellor Arvizu is the Vice Chair for the Council of University Presidents. The President is Dr. Joseph Shepard. Chancellor Arvizu and President Shepard met this week with the Vice Chair of LFC Patty Langstrom. Later this week they will meet with the new LFC Chair, Senator Bobby Gonzales. Chairman Smith resigned and Senator Gonzales will take over until after the session, then it will revert to representative Patty Langstrom. In all conversations with each of them they are talking about 'how do they re-imagine higher education' and 'what kinds of things can higher education do?' They're clearly wanting them to do more collaborations that they aspire to do. Some are more challenging to do than others, such as the gen ed core curriculum approach that Trifecta and other things that can be done at the higher ed level in a collaborative fashion to help support the serious budget concerns. NMSU is positioned in a leadership position, such as everything they do in terms of changing or thinking outside the box. It isn't easy for HED or LFC to understand. They are asking them to think innovatively and creatively. Much of what NMSU does is educate them on what these things are and what they are not because they haven't seen some of these things before. They have to be engaged at the legislative level with the principles to get them to understand what challenges they face and what they can provide that is unique, different, and "what's the art of the possible?" Let's actually be creative and innovative. Those things are challenging because if they haven't seen them before, they worry a lot about what the risk is and what it will look like as they move forward. That's an understandable response. It is a challenge as they move forward, 'how do they get that information to those decision makers in a way that they can digest it and feel comfortable that these are good things for them as a state to do. He is extremely pleased with what their teams have done across their entire system. They have done remarkable work and continues to be impressed with how well they've stepped into the challenging forefront of the things that they need to do to put themselves in a sustainable position for the future. He remains optimistic that they are on the right track. They are doing the things that are necessary. This pandemic will have an end at some point. It won't be what they've grown used to in the past, but it will be different and get back to normal. In the next couple of months, they'll likely have some vaccines. NMSU is well positioned and has a cryo refrigerator on campus that holds 170,000 samples at -80 degrees Celsius. They will be a test bed for the Pfizer vaccine. They are working closely with the state on doing testing, variety contact tracing and doing some things in a leadership role in this pandemic. It's very challenging. There's sadness everywhere. They power on and continue to do their mission within the context of keeping faculty, students, and staff safe. The NMSU system is alive and well. They will weather the storm and get through it. It will be challenging, but they have demonstrated over time that they have the quality of personnel necessary to meet these challenges, and is very proud of what all they're doing.

M. Announcements and Comments, Vice Chairwoman Ammu Devasthali

1. "Gun's Up" – Good News for NMSU!

Regent Romero gave a Gun's Up to the NMSU Basketball Team. They have had two wins. He is very proud of the coaching staff and players. Regent Romero also gave a Gun's Up to Regent Sanchez and stated that the Student Regent position is very important. Regent Romero is very impressed with Regent Sanchez and the work that he has done in the community and to support students. No matter what they're talking about Regent Sanchez always reminds Regent Romero about what's best for their students. Regent Romero is very grateful to Regent Sanchez.

Regent Hicks gave a Gun's Up to the Foundation and Advancement.

Regent Sanchez gave a Gun's Up to all students who are working as essential workers and getting school done online. Also, a Gun's Up to students who are in nursing school, doing their clinicals, and working in hospitals as techs, scribes, patient care transporters or any of the numerous roles that students serve in hospitals around New Mexico. It's an incredibly stressful and emotional time to be working in the hospitals with COVID. Many of those students haven't been able to see their families as much as they wanted to or at all. They're still coming home at night and getting homework done online. Regent Sanchez is in a Spanish Speaking class for students interested in healthcare. Every single student in that class is in a clinical setting. Gun's Up to all other students who are working hard on the front lines in this pandemic.

Regent Devasthali gave a Gun's Up to Regent Sanchez. Regent Devasthali also gave a Gun's Up to their sports teams. In addition to only being able to play in one, the game was postponed, they had to play on Sunday, etc, they are away from family, friends, and being in a bubble, which is difficult.

President Floros gave a Gun's Up to faculty, staff, and essential workers. President Floros also gave a Gun's Up to the NMSU band. There was an article in the New York Times about the band. The national recognition for their band is amazing and what the faculty, students, conductors, and director have achieved during this crisis. As well as other bands across the country are simulating what they are doing. It gives a clear idea of why students are thankful for the things that they are doing throughout the time. Big Gun's Up to the students who persevere and continue to perform and work during this time of crisis. President Floros gave a Gun's Up to the Provost all the way down to the Vice Presidents and Deans. They have all stepped up to do very important work during this time. They have supported each other. They have done a tremendous job and they wouldn't be where they are today as a university without their leadership, hard work, and continued support.

Chancellor Arvizu gave a Gun's Up to the band as well. They did a free concert with the city. It's on youtube and went through NPR. It was a concert by the wind ensemble. They are outstanding and it made Chancellor Arvizu emotional. They all had their masks on and had a guest conductor. It's inspirational. Chancellor Arvizu is amazed at all the creative things students and those who support their student body do on a daily basis to get through this challenging time. The national recognition is amazing. Gun's Up to all Aggies and the programs that they have.

N. Adjournment, Vice Chairwoman Ammu Devasthali

Vice Chair Devasthali entertained a motion to adjourn the meeting.

Regent Hicks motioned to adjourn the meeting.

Regent Sanchez seconded the motion.

Vice Chair Devasthali adjourned the meeting at 12:56pm.



Ammu Devasthali
Board of Regents Chair



Arsenio Romero
Board of Regents Secretary/Treasurer