



**NEW MEXICO STATE UNIVERSITY BOARD OF REGENTS**  
**SPECIAL MEETING MINUTES**  
February 2, 2021 at 2:00pm

**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.

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

**MINUTES**

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

Chairwoman Chacón-Reitzel called the meeting to order at 2:12pm

**1. Confirmation of Quorum and Roll Call**

The Chief of Staff confirmed the quorum and took the roll call.

Chairwoman Chacón-Reitzel – Present

Vice Chair Devasthali – Present

Secretary Treasurer Sanchez – Present

Regent Hicks – Present

Regent Romero – Present

Chancellor Arvizu – Present

President Floros – Present

Vice Chancellor Johnston – Present

Vice President Burke – Present

General Counsel Collins – Present

**2. Pledge of Allegiance**

Chairwoman Chacón-Reitzel led the Pledge of Allegiance

**B. Approval of Agenda, Chairwoman Dina Chacón-Reitzel**

Chairwoman Chacón-Reitzel entertained a motion to approve the agenda as presented.

Regent Devasthali made a motion to approve the agenda as presented.

Regent Hicks seconded the motion.

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 the motion passed.

**C. Consent Items**

**1. Operating Agreement with NMSU – Alamogordo, Community College President Ken Van Winkle**

**2. Operating Agreement with NMSU – Grants, Community College President Ken Van Winkle**

Chairwoman Chacón-Reitzel entertained a motion to approve the Consent Agenda as presented.

Regent Hicks made a motion to approve the Consent Agenda as presented.

Regent Romero seconded the motion.

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 the motion passed.

**D. Action Items**

**1. Collaboration Agreement between the Regents of New Mexico State University and NMSU Foundation, Vice President University Advancement Derek Dictson**

Chancellor Arvizu stated that this agreement is a very important agreement for the NMSU system, community, students and institution. It's one that they've been operating under an agreement that was put in place a number of years ago. It needed to have a little bit more refinement and updating so that it could better capture where they are and what they need to be. They have been working on this for 2 years. The previous Regents had gone through and did a few things to get started. More recently, they ended up having to delay on a couple of accounts based on the fact that they didn't have a pleaded hiring of their new president for the Foundation and the vice president of their University Advancement organization. Until they had that done they felt that it would be prudent to let the new individual who's going to be in charge of to give them the best that they could actually provide in terms of insights, structure, and strategy. That was a deliberate attempt to make sure that they were moving in a direction that was sustainable. They were fortunate that they were able to hire Vice President Dictson and his vast experience in advancement. They delayed and COVID has continued to put additional challenges on that as well as having scheduling issues and a variety of other things. The Foundation's executive leadership, Chair, and Vice Chair of their board met on a number of occasions. At the end of this process they've concluded that they have an agreement. It is a direct reflection of a couple of things that they intended to put into the agreement. The first thing that they all intended was that this document would live beyond the personalities that are presently engaged in negotiation and for that matter for a new set of regents, administration executives and members that are in the leadership positions at the Foundation. If all of those change, they wanted this agreement to continue to be the guiding light and relationship parameters around how they organize themselves and how the Foundation can help with the mission objectives of the university. That was front and center an important part of their deliberations was how this document can be essentially good for all times and personalities. That guided them a little bit in how they structured things. One thing they agreed upon and it's embedded in the agreement itself is the idea that they have a foundation that's a bit of a hybrid from the extremes that one could contemplate in terms of how you manage and or structure a

foundation for an institution. There are no right and wrong way to do this. That these are models that others have used. There's one model where the Foundation is completely independent, pays for everything itself and they use the tariff on the endowment as their revenue stream from which they use all of their operating funds. They've chosen a 50/50 model, which means that half of the Foundation's funding will come from the university (typically from ING funding) and the other half is from the tariff on the endowment. Presently, that number is 2%, but they are agreeing with the Foundation to make that number smaller because the tariffs on the Foundation endowment are best practices. The expectation is that over time it will reduce from 2% to 1 ¼ over 10 years. That will be done in concert with a number of other metrics and return on investment metrics in progress that they intend to make over time so that at the end of 10 years they will be in a 50/50 split in terms of how the Foundation is funded. Lastly, there are a number of things that are important for them to work out. Some belong in the MOU and some don't. VP Dictson and Chancellor Arvizu will prioritize those items, note which need to be revisited. They have regular reviews on an annual basis already established to do some of the things that relate to being on the right track and doing the right things to make the progress they need in order to progress down the path. An additional change is that it will no longer be known as an MOU, but rather as a collaboration agreement. That is to indicate that this is a partnership, strategic, and embracing how they all work together. It's an important change in tone and the relationship that they expect to have, cultivate, and evolve in a positive direction over time.

Vice President Dictson stated that the Foundation and the University began working on revisions of this agreement in April 2020. It's intended to replace an agreement that's been in place since 2007. When they entered into the process they began with two goals. The first goal was to build relationship and trust that will last well past the end of the negotiation and would be every bit as important as the words on the paper itself. The second goal was to utilize national best practices then tailor them to the unique aspects of NMSU so that this agreement would work for them. Vice President Dictson and Chancellor Arvizu worked closely throughout the process. They also retained Dr. Ed Davis as an outside advisor. Dr. Davis was the former president for Texas A&M Foundation where he served 25 years and was a member of the Association of Governing Boards Task Force that built a model memo of understanding for foundations and universities to use. That was put in place back in 2005. Dr Davis really helped as they went through this process as well. Also, they received MOUs from several peer and aspirational universities that they reviewed and borrowed what they considered the best aspects from those MOUs. They developed a collaboration agreement that they hope will stand the test of time and will allow for a long term relationship between the university and the Foundation. The Foundation board voted unanimously to approve this draft of the agreement at their special meeting last Friday. The high points that the collaboration agreement achieves are as follows: First, it defines the responsibilities and expectations of both the university and the Foundation. At its core the Foundation is charged with raising gifts and managing the endowment on behalf of the university. The university is charged with supporting the work of the Foundation. The agreement provides a framework for a close working relationship between the university and the Foundation. The Foundation continues to be staffed by NMSU employees, just as it is today. They've allowed for the participation of six university leaders on the Foundation board, including the Chair of the Board of Regents, Chancellor, President, Vice President and a Dean that can be appointed as well as the President of the ASNMSU. The Chancellor will be participating on the Foundation's Executive committee. They've formalized a process for communicating regularly and collaborating on things like strategic planning and priority setting for fundraising. They've also defined what they believe to be a sustainable long term plan for financial support and the sharing of unrestricted gifts. They've included annual reviews in the agreement on items that may need to be adjusted from year to year. They believe that this agreement is going to ensure the confidentiality and privacy of donors, but also enable a broad sharing and access to data from the Foundation with its university partners. They've also established a joint commitment to become and remain regionally competitive with regard to the recruitment and retention of talent in the Office Advancement. Vice

President Dictson stated that he believes that this agreement that they've put together is going to help accomplish all of these goals as they continue to work together.

Chancellor Arvizu added to his point earlier that he and Vice President Dictson will work out. Some of those things relate to HR and how they will treat NMSU employees that are loaned to the Foundation. In that case they have worked with HR to build a new approach so there can be a different kind of compensation scale that is unique to the kind of roles that they play at the Foundation. That is a work in progress and they are taking it slower than normal because they don't want to do anything that would compromise the HR system. Those kinds of things will be included in the agreement in the future, but they weren't ready to put those in the agreement now. That also includes things that have special circumstances associated with them. Donor privacy is still important. There are a number of things that they have to work through that aren't explicitly part of the arrangement, but will be in the future.

Regent Hicks stated that they have been at a full MOU, not just the beginnings of a full MOU, three times now. Regent Hicks stated that her concern is that, one, it gets highly competitive amongst the development officers and two, that takes a significant amount of money out of NMSU students' and citizens of New Mexico states' pocket. Is that purely going to be an administration and the leadership of the of the Foundation board? Who's on that committee? How are those next steps going to be taken care of? They're looking at starting fundraising that hasn't ever stopped. How are these folks going to be compensated between now and then?

Vice President Dictson stated that their proposal has not necessarily been to greatly increase the funding for the Office of Advancement Foundation. What their proposal has been is to make sure that they attract and are able to retain a core group of highly talented staff. Vice President Dictson stated that he'd rather have fewer people that are highly talented and that he can retain than more people that turnover at a 20 or 30% clip. They've largely kept their budget process level. They've tried to index it for inflation so that they can keep up with inflation over time. Their ultimate goal is to go from a current situation where we're funded at about \$51 per alum to the point that they're funded at about \$59 per alum. That's about the 25th percentile nationally, as far as funding. They're trying to reach that threshold, then index it more or less to inflation, so that they can we can keep up over time. Vice President Dictson doesn't believe they're going to be spending a great deal more money, but does want to try to build a situation where they can provide appropriate salary increases. Over the last 11 years their staff, along with all the other staff at the university has received four pay raises. A person 11 years ago that was earning \$50,000 is now earning the equivalent of \$45,000 after inflation. It's hard to retain people. It's hard to retain highly talented fundraisers, especially when they have lots of other options. They're just trying to set up a situation where they can retain them. They're not anticipating for the overall budget to grow substantially.

Chancellor Arvizu added to that statement in terms of philosophy on how they are approaching the overall budget of the Foundation. That is an item that Chancellor Arvizu is looking at from the perspective of how many ING dollars, state dollars, or university offered in dollars in terms of an investment have they provided to the Foundation as well as what return they get on that investment. In looking at it strictly through that lens at this 50/50 model, for every dollar that they put into salaries for the Foundation they get back \$6 of fundraising. It's a six to one sort of return on investment. They want more money from the Foundation going to our students and on their mission. To do that they do not put as much of a tariff on the foundation endowment for operating expenses. That is 2% and that means less money for mission. The best industry standard is like more like 1%. So, they want to move from 2% to 1%. That puts more money on the mission and on their students. Obviously, the portfolio generates a certain amount of income, and then they use that for what the donors intended. What they get in terms of return shows the efficiency of the investment that the university is making in the advancement function. The less money they take out of the endowment for operational funds, the

more money they put on the mission. Both of those things are working together in the way in which they've structured the collaboration agreement. If they keep the Foundation budget the same, then that means more money coming from the university and less money coming from the tariff endowment. Those two things are working against each other, but if they keep the Foundation budget the same what is being looked for in 2025, 'is there a bigger return on investment?' That depends on hiring the right kind of people that are productive and that will be bringing in the resources that we need. If those things aren't playing appropriately, then that return on investment for every dollar invested from the from the ING side will not come to fruition. That's what they'll look at on an annual basis. They're looking at it through the perspective of, "Let's make sure they right size the Foundation." The bigger you get, the more services you provide. They hold them accountable through the metrics of progress on return on investments of every ING dollar that's invested. Chancellor Arvizu is confident in this new approach with all the transparency and pieces that they put in place. They need to give the Foundation personnel the opportunities to succeed. That is why they've approached it in that manner.

Regent Hicks stated that NMSU Foundation is the only entity designated to receive and manage funds and so forth. Are there any unintended consequences out there right now that they are aware of where this would affect such as athletics, Aggies without Borders, or other organizations?

Vice President Dictson stated that this won't have much impact on the organizations that they are fund raising for. It'll strengthen their ability to work collaboratively with athletics to make sure that they have access to the tools that the Foundation is already invested in technology and systems, rather than having to recreate the wheel on their side in certain situations. They're also building an organization that's going to allow the student organizations on campus to have the ability to utilize technology and data more fully in order to raise money for things that they're wanting to do as well as steward those donors. In past years in some certain circumstances it's been difficult for the recipients of the of the fund, such as a student group, to know who actually donated to them. They are able to steward those donors appropriately. The donors want to hear from the kids. They're going to make sure that they're enabling that to happen in a way that that also takes care of donor confidentiality and privacy that they expect. They don't see any major changes nor downside. It's just going to be a lot more collaborative, open, and able to purchase and utilize technology that's available.

Regent Hicks gave a scenario of what she runs across on a regular basis. The consulting engineers and various organizations have conferences at the Conference Center in Las cruces. It's handy because NMSU is there and they're very closely working with NMDOT. So, if student chapter is there and they have a table set up. They're selling mugs and different things like that, but they also asked for donations for their concrete canoe or something. Those are the kinds of things that Regent Hicks is referring to. The student chapter is asking for funding, then you have to weave in all those other outposts.

Vice President Dictson responded that one thing that they can envision is that they would be able to do is that those student groups will work closely with the Foundation. They can outfit them with tablets and ipads that they have to be able to accept those types of gifts. It kind of cuts out the friction in the process. They want to be able to work with those groups as they do fundraising. If somebody walks up to their table and gives them a check, then it's in everybody's best interest to know who that was and feed that back in the central database. The donor may expect a gift receipt for their taxes. They can't get that if it doesn't come through the Foundation. It's their intention to make that work well.

Regent Hicks stated as they talk about trying to get the Department Advancement as it is, some of those employees that will separate and have a transitional type of arrangement. Regent Hicks' biggest concern what the state benefits that they receive and what that benefit package looks like. In the whole document on page 34, it reads "Once the Foundation becomes financially sustaining, the parties will

establish a separate transitional arrangement where you might have jointly assigned employees.” How would they handle the benefits in that regard?

Vice President Dictson stated that they don't envision a situation where employees become solely Foundation employees in the foreseeable future. They wanted to allow in this MOU for the situation where someday that might exist. Right now the Foundation does not have the financial ability to do that and probably won't until we're close to five or \$600 million in size in the endowment. Over a 10 year period they envision ramping down the tariff that they charge on the endowment. That may push it bigger and they may need to be a billion dollar endowment before they can really think about this. If they ever get to that point they will need to have a benefits package that is competitive with the university and that also allows people who have been in the university retirement system for a number of years to stay with that system and retire from the university. It will be a number of years before considering this and fleshing it out.

Regent Hicks stated that she wanted to know about the audit or being able to understand the fees and have someone go through the fees and those types of things and if that is within the document.

Vice President Dictson stated that they included a description of the annual audit in the packet. It states that the Foundation will continue, as it has, to use the same audit firm as the university that's required by university rules and by State law. The Foundation and the university will collaborate together to define the scope and the fees for that audit. That is the addition, they will get together with the people who are negotiating the RFP for the new audit firm. As that is being led, they will try to define of what the Foundation scope is going to be and hopefully get a separate price when the MOU is being negotiated with the new audit firm so that everyone knows up front the scope and price of the Foundation audit.

Regent Devasthali stated that in section 9B is states that it will go through the audit committee. Later this month they have an audit committee meeting, which is an exit conference for KPMG. They will be starting negotiations with whoever they get the new external audit from that they hire.

Regent Hicks stated that it's been a long time since the foundation has actually gone out for RFP with regard to the management of the funds. Regent Hicks wants to make sure that that's also a part of this discussion that that they're regularly, whatever regular means and maybe it aligns with the audit, going through a management RFP process, those that are managing the fund investments.

Vice President Dictson stated that they refer to Bank of America Merrill Lynch's outsourced chief investment officer OCIO. They are currently preparing for a review and an RFP for the OCIO, which will take place this spring. They intend to engage a firm out of Atlanta that partners with foundations to help manage that process, which is pretty complex, especially today. There are around 90 firms that provide that service in the US. They're going to go through a very comprehensive process of evaluating their current OCIO and selecting either to stay with that current firm or to engage with the new one going forward. They hope to have that finished in their firm of the future in place beginning in July is in sync with the new fiscal year.

Chairwoman Chacón-Reitzel entertained a motion to approve the collaboration agreement with the NMSU Foundation. Regent Devasthali made a motion. Regent Hicks seconded the motion.

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 the motion passed.

#### **E. Closed (Executive) Session**

At 3:00pm Chairwoman Chacón-Reitzel moved that moved at the Board of Regents go into close meeting for the discussion of the performance evaluation, Exhibit A Performance Evaluate Instrument and Exhibit B the Objective Statement for the 2021 academic year for Chancellor Arvizu as presented under the personnel matters exemption in the New Mexico Open Meetings Act NMSA Section 10-15-01 subsection H(2).

Regent Sanchez seconded the motion.

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 the motion passed.

- 1. Close meeting to discussion the performance evaluation and objective statement for the 2020 – 2021 Academic Year for Chancellor Arvizu as permitted under the personnel matters exemption the New Mexico Open Meetings Act, NMSA Section 10-15-1, subsection (H)(2).**
  - a. Quantitative Performance Targets and Goals (Objective Statement) for Chancellor Dan Arvizu for Fiscal Year 2020 – 2021**
- 2. Reconvene in open session and take final action, if any, on such matters which shall be acted upon in open session following conclusion of the closed session.**

At 3:46pm Chairwoman Chacón-Reitzel called the meeting back into order.

The Chief of Staff confirmed the prior closed executive session which occurred February 2<sup>nd</sup>, 2021 at 3:00pm. This was held virtually via Zoom. The closed executive session meeting was held to discuss the performance evaluation Exhibit A performance evaluation instrument in Exhibit B objective statement for the 2020-2021 academic year for Chancellor Arvizu as permitted under the personnel matters exemption in the New Mexico Open Meetings Act NMSA Section 10-15-01 subsection H(2).

The Chief of Staff proceeded with certifying that only 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 certification.

Chairwoman Chacón-Reitzel made a motion that if they take action on Exhibit B to include it in their official binder.

Regent Romero made a motion to approve Exhibit B.

Regent Sanchez seconded the motion.

The Chief of Staff restated the motion. This is approval for Exhibit B the objective statement for Chancellor Arvizu 2020-2021 academic year exhibit.

Regent Romero - Yes

Regent Hicks - Yes

Regent Sanchez - Yes

Regent Devasthali - Yes

Regent Chacón-Reitzel – Yes

The Chief of Staff confirmed the motion passed.

F. **Adjournment, Chairwoman Dina Chacón-Reitzel**

Chairwoman Chacón-Reitzel entertained a motion to adjourn.

Regent Romero made a motion to adjourn.

Regent Sanchez seconded the motion.

The meeting was adjourned at 3:50pm.



Ammu Devasthali  
Board of Regents Chair



Arsenio Romero  
Board of Regents Secretary/Treasurer