

**NORTHERN NEW MEXICO COLLEGE  
BOARD OF REGENTS MEETING  
NOVEMBER 21, 2013**

**I. CALL TO ORDER**

A special meeting of the Board of Regents of Northern New Mexico College was held on Thursday, November 21, 2013, in the Boardroom of the Montoya Administration Building on the Espanola Campus. Regents present: Michael P. Branch, Alfred Herrera, Feliberto Martinez, Rosario (Chayo) Garcia and Cecille Martinez-Wechsler. Also present were Lisa Salazar and Gregg Padilla, Co-Student Representatives to the Board of Regents. Board President Michael Branch called the meeting to order at 8:05 a.m.

Northern New Mexico College staff present: Dr. Nancy "Rusty" Barceló, President; Domingo Sanchez, VP for Finance and Administration; Ricky Serna, VP for Institutional Advancement and Amy Pena, Assistant to the President and Recording Secretary. Others present: Lindsey Bright, Reporter with the Rio Grande Sun, Samuel LeDoux, Student Senate Vice President, Paul Cassidy, Northern New Mexico College Financial Advisor and Representatives from Monument, LLC.

**II. APPROVAL OF AGENDA**

**The Agenda was approved as presented.**

**III. NEW BUSINESS**

**A. Overview and Approval of Deliverables**

Regent Branch stated the documents for the deliverables was not received until the day before the Board Meeting putting the Board at a disadvantage. Upon review of the documents, overall Regent Branch believes the project is doable and questions will be addressed.

Domingo Sanchez, Vice President for Finance presented an overview of the Contract approved by the Board of Regents on September 26, 2013 along with the deliverables stated in the Contract (including pages related to deliverable from Monument, LLC presentation). Mr. Sanchez explained these documents are a prerequisite for the College going into the second step which is the Development Agreement. Mr. Sanchez presented the Development Agreement to the Board of Regents and reviewed the document which was also reviewed by the College's Attorney. Mr. Sanchez stated in the preliminary Agreement approved September 26, 2013 there were a number of deliverables: (a) land use master plan; (b) site plan; (c) site survey; (d) geotech survey; (e) conceptual design; (f) market study/positioning study; (g) developmental budget; (h) environmental study; (i) preliminary financing package; and (i) projected construction schedule. The Master Plan gives the College a conceptual idea of how the College would like to grow. The Conceptual Design contains the schematic layouts for the three different types of housing. The Project Schedule gives an outline of the project, beginning construction in January with preliminary work being done in December. The deadline of completion is mid-August for use in Fall 2014 Students. The Market Student is the justification or the rationale behind what the College will be charging in terms of costs, a comparison of competitors the College would have to stand by in terms of consideration. There were also focus groups of students regarding housing. The Preliminary Financing Package was not a deliverable but the college should look at it because it what is going to drives the next phase. The site survey, the geotech survey and the environmental survey are deliverable items that were identified in the preliminary contract.

Mr. Sanchez presented the Development Agreement to the Board of Regents. This Agreement relates to the College moving to the next step with Monument, LLC. Mr. Sanchez introduced Monument, LLC who gave a presentation to the Board of Regents (attached). Tim Pitcher (President, Monument, LLC), Mike Freedman (Marketing), Eric Andrews (Design), John Petlick (Financials), presented the Board of Regents with information regarding the entire picture for the Residence Halls (attached). Mr. Pitcher stated Luckett Farley will be the

design team and NW Builders will be the Contractor on the project for the Residence Halls. Information gathered for the Residence Halls was from meeting with everyone in the Administrative Team. The idea behind housing is the College would be able to recruit from a larger segment because housing would be needed if the College would want to do so. The goal of housing is to serve the existing students, to serve athletes (with additional athletic programs), to serve students with families, and the second purpose is there is an intention is to help the growth of the College (enrollment) and finally to enhance the student life goal. The goals of the College were considered in the Master Planning process and in the housing process. The critical element of the College is flexibility. Because of the recent changes at the College over the last two years with regards to pricing and adjustment, Monument, LLC wanted to make sure the housing program was flexible in its ability to meet the needs of the College and the housing plan can be adjusted to be exactly what the College needs.

Eric Andrews, Architect with Lockett Farley presented the Master Plan to the Board of Regents (attached). Mr. Andrews discussed the student housing site and what the initial project versus future student housing projects would be. Mr. Andrews conducted a land use master plan, looking at physical planning issues and tempered them with information gathered about growth, programs and the College's vision. Considerations regarding existing conditions were taken into consideration when preparing the Master Plan (acquisitions of additional parcels, typography, the 100 year flood plain, the existing buildings, the programs of the College). Initial issues were also considered in the Master Plan such as removing temporary facilities (child care) and moving them closer to education, expansion of the Nursing Program, moving Facilities Management/Maintenance moving out of the academic area. Perimeter parking was also considered in the Master Plan making the campus more pedestrian friendly both short term and long term. Areas for short and long term construction were identified: student housing location, northern part of the campus acquisitions and possible academic expansion. Opportunities to create collegiate quad type spaces were also considered in the Master Plan. The Master Plan will guide the overall development and phasing of the student housing piece of the Master Plan. Paul Cassidy, Financial Advisor requested clarification regarding full build out and how many students the college has capacity for in terms of classroom space. Mr. Pitcher stated Monument does have some opinions with regard to the existing structures maximized of about 30% increase of population which is about 3,000 students. It has to do with areas students are increasing and decreasing so the facilities uses would need to be reconfigured to accommodate any kind of an increase. Regent Branch stated with the small size of classes the College currently has the ability for expansion in the existing facilities. Ricky Serna, Vice President of Institutional Advancement stated the College has the capacity for the growth of 30% in enrollment without new buildings. Regent Branch stated the College is also looking at the expansion of classes both night and weekend which will better utilize existing facilities. Mr. Sanchez stated the Space Committee evaluates the request for use of facilities and in previous documentation there is a large amount of space for the College to be conducting additional courses and growing.

Mr. Cassidy stated nothing was currently placed on the 100 year flood plain because (1) of the 100 year flood area; and (2) the current use of the area. There was not a lot of discussion of programmatic need for this area at the current time. There is potential to develop the east side.

Mark Freedman, Monument, LLC presented the Board of Regents the Marketing/Positioning Study for the College. Items such as competition and student surveys were taken into consideration to determine if there was a real interest in Housing at the College. Focus groups of students met to discuss to talk about interest and what feasible costs would be for the students. Based upon this information results and recommendations were presented to the Board of Regents (attached). Mr. Pitcher stated on the study provided the pricing for housing ranges from the low end to over \$7,000. Competitors are doing a lot of things right and wrong as compared to what is done nationally such as placing housing before it is needed and variable pricing. Monument looked at what the College should actually be doing as opposed to actually benchmarking. Monument wanted to be sure the College is priced adequately going forward and in comparison to the students. The pricing put before the students was with the knowledge they would be looking at and evaluating an actual price. The College also has the benefit of not having an established regimen in the area not only because the College does not have housing but because there is not good housing options in the area. As a result the market is turbulent. Therefore, pricing for the residence halls needs to be one that establishes the pricing structure for the area not based on benchmarking. The College will set the standard of housing pricing going forward and it needs to be one that is

established correctly from the beginning. Regent Martinez-Wechsler stated in comparison to Santa Fe the pricing is expensive for unfurnished housing for students. In Santa Fe it is less and you get a lot more for the money. Mr. Pitcher stated the problem Monument, LLC ran into was in the family housing arena. There is a lot of subsidized housing in the area and it has affected the overall market. People have an expectation of what they expect for types of housing in certain markets and the construction typology. Mr. Pitcher stated Monument, LLC knows the pricing is too high for family housing, the difference is the comparison individual housing near campus compared to building student housing. The one pricing that was objected to was family housing and the students felt between \$900 and \$1000 was acceptable. Students cited location, type of house, and ranges of pricing. What the students cannot get in off campus housing is the close location to campus, a structure that is in the security perimeter of the campus and new construction. The family housing is going to be a point of concern for the College on pricing which is a market driven situation. The issue with the family housing is the cost for building the buildings, the size and the construction typology makes it problematic. In order to make sense, is to build the other parts of the project as soon as possible so one helps to balance the other in terms of the charge for rent. Monument is at \$2,200 for freshman, \$6,600/\$1,000 per month for family. Monument did receive a positive response regarding the family housing. It is on the high range but the child care, driving, security and being on campus makes family housing worth it.

Mr. Pitcher stated Monument, LLC reviewed the financial aid process, the number of students the College has on financial aid and the number of students on financial aid and what they can receive (83%). Monument wanted to be sure the pricing structure considered what the students have as resource in pricing. The reason the pricing structure is below is because of what the College currently says in financial aid documents and reporting the average of cost of coming to the College is. The Freshman housing for new students coming in is styled to (1) create community for the students; and (2) it is in the price range of who they are looking at in competitors that is below what the College is currently competing.

Mr. Serna stated concerns with the differential pricing between Freshman and Upper Classmen and they are actually driven by Title IV Financial Aid Requirements. The further students progress the more at risk they are for the amount of financial aid they receive as underclassmen. The 150% rule with Title IV Financial requires students to meet tapers off their financial aid eligibility as they become upper classmen students. The concern is there will be a number of students who will want to remain underclassmen so they can pay a more affordable rate. Affordability in the Federal Government and State of New Mexico is taking a turn for the worse and tapers off as students progress through their degree plans. Mr. Pitcher stated housing on campus is not intended to house all students. The College's formula is 20%-25% of the students. The College needs to provide an availability of the housing. There will be a disconnect between the value proposition the College has on housing. The College needs to provide housing to reach goals but cannot pay for housing for everyone to come to the school at a price point the College would want to. It has to be a function of cost versus value and has to fit within the parameters of the financial aid structure. Monument tried to address the issues and balance it on what the market would bare because even at that pricing structure the College is at, the reality is in New Mexico the cost of getting it done (capital cost) do not line up with the rent structure. The College must do its best to position itself in an area that is going to provide the overall College the capability of competing and providing for students but not putting the College at risk because of overextending to provide housing the College cannot afford to. Regent Branch stated the College would like to provide housing for everyone, the decision to provide family housing depends on how the Board of Regents would like to proceed. Regent Branch requested clarification on the difference between providing freshman housing and not family housing in the space and what the increase in numbers of space would be. Mr. Pitcher stated looking at the first phase the 144 beds is only upper classmen, there will not be family housing and freshman housing in the first phase. This will give the College the ability to assess where the levels are coming in and the ability to gauge and determine the new family style or freshman style needs to come online. Mr. Pitcher stated the College has a need for all three types of housing. The timing on the need is the question and what is going to best match the unknowns in the scenario. The immediate need is for the athletes (up to 80), the increased tier to recruitment would be 50-75 students which is traditional students and they would all fit in the same upper classmen housing. If the College goes with the different building types (1) the initial Phase One costs are higher because of the architecture; (2) there is a risk of not filling the beds; (3) the number of recruited students. The strategy for this is to initially

build three buildings, upper classmen style. Monument recognized the College cannot go out on a total number of beds across the board without having better ideas of the impact would actually be.

Eric Andrews presented the housing design to the Board of Regents (attached). Mr. Pitcher stated Monument was looking at the clustering of rooms so the academic group and social groups could cluster in separate parts of the building. A mixture of students could be on different floor. The students would receive the affordability point, the socialization and allowance for the affinity groups with this type of housing. Mr. Sanchez stated a discussion was had and a conclusion was reached from a lot of items discussed when deciding to go with the upper classmen housing and how it made sense for the College.

Mr. Serna stated he is concerned with the kitchens in the halls is the appropriateness to which the students would be asked to purchase a meal plan. Given the capacity the College has and the little capacity this will add to the institution, Mr. Serna suggested eliminating kitchens as an amenity from the upperclassmen and require them to purchase a meal plan. The rates Monument put up for competitors were academic year rates and there are additional summer rates to generate revenue when students want to stay during breaks and summer months. If the college charges the same for the entire year, the charge is a more than the competitors but the College is also limiting the ability for the institution to generate revenue from conferences. Mr. Pitcher clarified the freshman style housing would not be full year, it is only academic year. Monument purposefully allowed the site intentionally so it could be done in an "L" shape or other configuration for up to 150 student's freshman style. This will be dictated by the pace of how the College recruits. With regard to the kitchens and food budget, it was considered and the College must think about competition and what keeps the student interested in being in the facility. The kitchen is the factor of the way of the new housing is in the world that students are looking for. About half of the students will still sign up for meal plans because as much as they like the theory of the kitchen it requires them to do it. There will be a balancing act with regard to meals and meal plans for the students as they will all sign up for some sort of meal plan. Mr. Sanchez stated the College is looking when the freshmen is completed, the College would acquire the CYFD building and it would be Café facilities and other facilities related to student services.

Regent Branch requested clarification of the SERPA building and the Engineering Department's expansion. Mr. Andrews stated space was left for the expansion and utilization by the Engineering Department.

### **XIII. EXECUTIVE SESSION**

**Regent Martinez-Wechsler moved the Board of Regents enter into Executive session pursuant to Sections 10-15-1(H)(2) and 10-15-1(H)(7) and 10-15-1(H)(5) of the Open Meetings Act to discuss limited personnel matters, legal matters, and collective bargaining issues. Any action taken by the Board will be made in open session.**

### **XIV. ADJOURNMENT**

**Regent Martinez-Wechsler moved to adjourn the meeting. The meeting adjourned at 11:00 a.m.**

Amy Pena, Recording Secretary

APPROVED: March 19, 2013

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Michael P. Branch, Board President

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Cecille Martinez-Wechsler, Secretary

**NORTHERN NEW MEXICO COLLEGE  
BOARD OF REGENTS MEETING  
NOVEMBER 27, 2013**

**I. CALL TO ORDER**

A special meeting of the Board of Regents of Northern New Mexico College was held on Thursday, November 27, 2013, in the Boardroom of the Montoya Administration Building on the Espanola Campus. Regents present: Michael P. Branch, Alfred Herrera, Feliberto Martinez, and Rosario (Chayo) Garcia. Board President Michael Branch called the meeting to order at 4:13 p.m.

Northern New Mexico College staff present: Dr. Nancy "Rusty" Barceló, President; Domingo Sanchez, VP for Finance and Administration; Ricky Serna, VP for Institutional Advancement; Bernie Padilla, Human Resources Director; Anthony Sena, Provost and Dean of Arts and Sciences; Brian Salter, IT Director; Frank Orona, Dean of Students and Amy Pena, Assistant to the President and Recording Secretary. Others present: Lindsey Bright, Reporter with the Rio Grande Sun, Paul Cassidy, Northern New Mexico College Financial Advisor; Duane Brown, Attorney and via conference call Tim Pitcher, Monument, LLC.

**II. APPROVAL OF AGENDA**

**The Agenda was approved as presented.**

**III. NEW BUSINESS**

**A. Holiday Schedule/Northern Calendar**

Bernie Padilla, Human Resources Director presented the Board of Regents with recommendations for the next three years in regards to closures and holidays for Northern New Mexico College. College practice is the Board of Regents approves Holidays three years at a time for days off or times the College is closed. Mr. Padilla brought forward a recommendation:

1. Moving fall break from October (Columbus Day) to Thanksgiving week and closing the campus completely for five days. Staff would take two holidays and three days of leave. This would assist the College in having a full week off, making Thanksgiving Week the Fall Break as many schools currently do. In doing this, it will shorten the number of weeks of classes from 16 to 15 which saves the College money. Frank Orona, Dean of Students stated with regards to the Title IV audit, the auditors recommended the College shorten the College's Fall Semester from 17 weeks to 16 weeks. Mr. Orona presented a Memo (attached) from Jacob Pacheco, Director of Financial Aid which outlines why the closing would be beneficial to the College. The College is returning an average of \$40,000 in Title IV funds and if there were calendar changes, the College would be entitled to keep a larger portion of the Title IV funds. Domingo Sanchez, Vice President of Finance and Administration stated for the last two years, the College has had to send back \$80,000 to \$88,000 and with the change, the College would save approximately \$40,000 (50%) savings. Mr. Orona stated this is not an issue in the Spring Semester because there is Spring Break.
2. For the December break, the College would close either on a Monday, Tuesday, or Wednesday. The following week, it would bring everyone back on a Thursday or Friday and people were still taking off to complete the two full weeks. The College would recommend in 2014, closing December 22-January 2 and returning the following Monday. The College proposed observing two full weeks at a time. In 2015, the same proposal would apply, December 21 through January 1. There would be a combination of holidays and leave days. For 2016, the same proposal would apply, however, the College is recommending the same proposal with the change of December 30<sup>th</sup> as the January 1<sup>st</sup> Holiday. This is the prerogative Board because the Holiday is falling on the

weekend. The Board can choose to honor it the Monday or Friday before. It will give employees three holidays thus taking leave for seven days as opposed to eight days.

Mr. Sanchez stated the College is not looking at adding any additional holidays but looking at requiring staff and faculty to take additional leave days. Mr. Padilla stated the College is not adding any holidays, the College is adding three additional leave days on the fall break for the Thanksgiving week. One item discussed was ensuring employees are aware of this when they are hired so they can prepare and plan to ensure they have leave. Policy will be reviewed with the College as how to handle new employees in the future. The number of hires is also limited in December because of this situation although it cannot always be avoided.

Regent Branch requested clarification on how this change would relate to contracts, if the Union would need to give acknowledgement. Mr. Padilla states the management rights under the collective bargaining agreement are very clear. Management and the Board determine what days employees work and when they work. There is no approval needed from the Union for the changes. President Barceló stated this is also important because the students will not lose contact hours. There will be issues with this for people who fail to plan and those who are gone for unforeseen circumstances where they have no choice but to use their leave.

Regent Branch stated concern about passing the changes without letting employees know. Regent Branch believes the information should be disseminated and would like to go ahead without objection but not without employee's knowledge, because it is not in effect for another year. This item could be brought before the Board of Regents Meeting on the 19<sup>th</sup> of December. Mr. Padilla stated if the Board was to choose to send it out for vetting or a 30 day look it could be done.

**Alfred Herrera moved the Holiday Schedule/Northern Calendar be tabled until the Board of Regents of the 19<sup>th</sup> of December. The motion unanimously passed.**

#### **B. Approval of Deliverables.**

Domingo Sanchez identified and reviewed the documents the Board had been given in the Special Board Meeting of November 21, 2013 (attached). Mr. Sanchez also stated Monument, LLC will be available by phone for this meeting should the Board of Regents or President Barceló have any questions. Regent Herrera requested clarification on the conclusion that all deliverables have been met by Monument, LLC. Mr. Sanchez stated the College believes they have met all the deliverables to the Colleges satisfaction.

Mr. Herrera requested clarification regarding stability or lack thereof as to where the housing is going to be developed. Mr. Sanchez stated what Monument assumed with regard to this was the College was going to have to do what was done with SERPA. The College does not know if it has to done, but the assumption was made so if it was needed it was included.

Regent Branch requested clarification on the initial drawings for facilities. First, in the accessible facilities themselves, there is a problem where the interior door and accessible door are opening against each other. There are several issues such as this in the drawings and Regent Branch requested at some opportunity to review the plans to ensure everything is correct. Second, students had mentioned the possibility of doubling up some of the facilities. This could be an increase in revenue if the College is able to do it and at the same time reduce costs. Mr. Sanchez stated the College has an opportunity to address any concerns regarding the drawings and requested they be highlighted. Regarding the issue of doubling up, Mr. Sanchez stated Monument, LLC liked the option as well and they will address this option. Mr. Sanchez stated a "pedestrian friendly" and "bicycle friendly" option would be addressed, thus the purpose of pushing the parking to the outside of the campus. Mr. Sanchez stated there is not anything that precludes the College from doing anything it wants to do as an institution. Discussion has been held regarding bike paths or walking paths. There is not a source of funding for the College to do it but it can be included and done easily.

Mr. Sanchez stated the Master Plan is a living document so as the College is thinking about items needed, they could be added. Mr. Sanchez stated the lighting has been addressed and will be on the project site itself and on campus. Mr. Sanchez stated it will be viewed more closely by the College once the pathway is known. There will be panic stations and cameras within the project itself.

**Regent Herrera moved to approve the deliverable as described by Domingo Sanchez and Exhibit A of the Development Agreement. Motion unanimously approved.**

### **C. Review and Approval of Second Phase of Monument Contract.**

Mr. Sanchez provided a brief overview of the Development Agreement at the November 21, 2013 meeting. Mr. Sanchez reiterated the Development Agreement, if approved by the Board of Regents is where the College will begin breaking ground and putting together all exhibits in the document provided to the Board of Regents on November 21, 2013 (attached). The 35 sections in the contract are the standard contractual language and the Colleges attorney reviewed the contract to ensure the College had language to protect the College. Monument, LLC also had a couple of minor change which were agreed upon by both parties. Mr. Sanchez also reviewed the 12 exhibits in the document relate to the Development Agreement. Exhibit 1 – Project and Legal Description, this is the legal description on the survey and relates to the actual property. Exhibit 2 - The Site Plan was one of the deliverables and it was approved by the Board of Regents. Exhibit 3 – the Ground Lease and Master Lease – the two Agreements are not a prerequisite to the Board of Regents approving the Agreement because they need to be discussed more. The Master Lease is the lease that spells out what the College is going to pay for rooms and requirements are for the numbers of rooms to keep filled. The Ground Lease is the lease of the ground property. The Colleges attorney received the two draft documents, he made changes, raised concerns and the College would like to review this more with the attorney to talk to the Board of Regents regarding what precautions should be taken with the two Agreements. Mr. Sanchez stated the actual rent costs will not be known until the number has been nailed down and the College is almost there. Exhibit 5 – the Master Plan was a deliverable that has already been accepted. Exhibit 6 - Plans and specifications – if the Development Agreement is signed, the electrical engineers, mechanical engineers, and the civil engineers will start generating all the actual drawings. Exhibit 7 – Positioning Study is the Market Study where Monument identified the people interested, focus groups, and competitors. Exhibit 9 – Development Budget is the budget included in the package and is subject to change. Projects Insurance is included if the project gets approved within the documents provided. Exhibits 10, 11 and 12 are standard documents which are fill in the blank documents used on projects such as those used by the College for payouts and projects.

Regent Branch asked about the Master Plan which was an overview of a bunch of buildings and future direction of traffic on campus. Regent Branch also requested clarification on the deliverables as to how to get to the point and timeframe. Mr. Sanchez stated there is not because the College needed a Master Plan that gives a layout of the properties owned by the College and some conceptual overviews of what the College would like to see the campus evolved into. There is a write up which talks about the process of the Master Plan and the Colleges vision for the Master Plan for the College (included in the documents provided). The reason it is does not go beyond it is because the Colleges funding is always subject to whether the College gets it or not. When the College goes to the Capital Outlay hearings in August, the Master Plan is beneficial because it can be visually shown. Regent Branch stated the item received it is very simple for the dollars projected as cost is concerned. Regent Branch would require more in a Master Plan and requested Mr. Sanchez discuss this with Monument, LLC.

Regent Branch requested clarification regarding the obligations of the College are to HED and DFA regarding notification, legal obligation or moral obligation to inform them what point the College is at and get some review. Mr. Sanchez introduced Paul Cassidy, RBC Capital Markets and Northern New Mexico College Financial Advisor. Mr. Cassidy stated the Board of Regents needs to have a bond lawyer at the table that gives an opinion to the Board of Regents that any financial documents the College enters into complies with state law. Mr. Cassidy introduced Duane Brown, Attorney with the Modrall Law Firm who does a majority of the higher education legal work with regard to financial matters.

Mr. Brown stated what has typically been done with respect to financing higher education projects is to use the system revenue bond approach for the financing for dormitories or other buildings where the University itself puts its general credit behind the bond issue. There is a very defined process for doing it – develop financing plan, project plan, go to the Higher Education Department and make a presentation to them explaining what the College is planning to do with the project and financing. This is a vetting process where they have an Agenda deadline (30 days ahead of time), get their approval. After this is completed the College would go to the State Board of Finance with the same process. Once this is completed, the College can go through the regular system revenue bond issue that Mr. Cassidy will find an underwriter for or private placement with the New Mexico Finance Authority to come up with the financing plan for the College.

Mr. Herrera stated the process is going with the traditional way of funding the projects. In this case, assuming the College goes with the public-private partnership, the discussion with HED and the Finance Authority would be what the College has already done. The College is not contemplating going down this path at this time but it will be at another date. Mr. Sanchez stated when the College originally started to pursue this project the public-private partnership was addressed in a Capital Outlay hearing. HED was pushing it heavily on the rank and file. From their perspective they thought this is what the College should be doing. The project was presented for the past two years and the College notified them of its intention to pursue the project. During this time, the College asked if permission was needed and no one could give the College.

Mr. Sanchez spoke with other project directors and they said out of courtesy, the College needs the permission because in the public-private it is structured differently. In order for the College to go to HED or the Board of Finance with anything meaningful, what the College has done had to be done. The issue is, does the College go through the process (4 months) or look at a structure as was proposed by Monument, LLC. If the College dismisses a public-private partnership of any sort, will the College lose out on an opportunity to capitalize on the benefits of recruitment or using it for recruitment purposes. This is something pressed hard by the College to complete by the timeframe to meet fall deadlines. It is not a benefit in spring semester as students have already made their decision on Colleges.

Mr. Cassidy stated at the last meeting, the developer was present and didn't have any financing for the College on a public-private partnership basis. There are banks at the table and equity (16.5% cost) but wanted a takeout in four to five years. The only way the Board of Regents can take out the financing is to issue system revenue bonds. If Board of Regents embarks on the public-private partnership without the State Board of Finance or HED's knowledge and four or five years down the road want to issue revenue bonds, they will not be happy with the College. Mr. Cassidy does not want the College to be put in a bad situation and they do not want the College to go forward unless they know and approve it.

Mr. Cassidy stated regarding finances of the College, margins are thin and the College has been doing a good job getting financials in order over the last couple of years. It would be ideal that the developer brought permanent financing to the table so the College does not have to issue debt on the balance sheet. The College could lease it, make payments and support it. The HED and State Board of Finance are going to look at the College's financials and debt service coverage and ask how the College is going to go forward with the project. The College might be able to go back to the Developer to ask for the capital they were hired to bring it to the table. The College would then have a true "Lobo Village." Mr. Sanchez stated in conversations with Monument the College wants to be able to pull out without any penalty. The College always intended on having financing on its own and pay for it itself. Mr. Sanchez likes going through the process early because the issue of four or five years down the road is what it is.

Regent Herrera recalled when talking to Monument, LLC, the College was talking about permanent funding and the situation about getting funding through some means was always the discussion to have the option open. Mr. Herrera requested clarification on where the 25-30 years was collapsed to 5 years. Mr. Sanchez stated it changed in conversations where Monument, LLC said they could find someone to issue the bonds, they called entities and they called RBC who represents the College. When the specifics were discussed and in that conversation the option of the five years became the option which fit best from Monument's perspective if the College was going to work with NMFA. This was the turning point of the conversation to the five years. The



issue is if the College didn't care about the fall it would not be a big deal. Mr. Herrera stated the whole idea is to go with a private-public partnership, get the project underway, look at the fall for completion and talking about with New Mexico Finance Authority in refinancing and paying off the investors and then the College is indebted to paying of the bonds.

Mr. Cassidy stated the financing mechanism Monument, LLC pitched to the Board of Regents was they would find a bank and equity investor to finance it and the Board would have to approve the financing. The question is if the College can do it with HED or Finance Authority approval or do they do it at the developer level, take out the bank loan and enter into the equity transaction and only have a lease agreement with the Board. The lease agreement is probably more legally possible then the College signing the bank loan. Monument, LLC does not have a bank loan. Regent Herrera stated the only option with the College and Monument, LLC is to enter into a lease agreement because the College cannot go directly with the bank and get a loan. The only option is for Monument, LLC to get the funding taken care at their end and enter into a Lease Agreement. Mr. Cassidy stated this should be the number one priority of the College.

Regent Branch stated he was surprised the funding process has been changed. Basically the Board of Regents would be asking for forgiveness instead of progression. Regent Branch is concerned because one of the things that came to the College was how easy it was going to be to use a third party entity that would finance the College, it would be a foundation or someone else and the College would end up leasing the facility at the end of the period and the property would revert to the College. This is the direction Regent Branch believed the College would be going. Monument, LLC assured the College it would not have to worry about the financing until several months down the road, because the College could commence with the project, it was a given. Mr. Sanchez understood there was still going to be a nonprofit, there would be a lease between the institution and nonprofit. The difference is the College would see a five year agreement as opposed to a thirty years agreement as they had originally talked about.

Regent Garcia stated the College wants to completed everything in fall 2013 and proposed it be pushed back a year to make sure all financing is correct and the College would be on more solid ground. Mr. Sanchez stated the College is not sitting in a bad position to go forward. Regent Branch stated everything is in place and it would not be difficult to accomplish. Regent Branch's concern is the big change of ownership and it is not important the College own the facility. The thirty to thirty five year plan they stated through a foundation is a more comfortable solution for Regent Branch then going back and having to go to the HED for their blessing. President Barceló stated she does not disagree with all the issues raised. One theory President Barceló feels uncomfortable with is the change in HED. The people the College spoke with are no longer there and it could be perceived as "I didn't know."

Regent Herrera believes the institution is in a catch 22 because there is no way of knowing from the Finance Authorities perspective and HED that the College has done things with their approval unless the College does it. Regent Herrera believes when the College approaches them to take care of the balloon payment, the College is going to be second guessed in terms of what was done. It does not mean the College is wrong but at the end of the day when the College goes before HED and the Finance Authority, they are going to second guess the work. They have been informed on several occasions but the issue is the College cannot get a straight answer. The rules are being made as they go along which Regent Herrera has concerns with.

President Barceló stated she has been confident with the presentation of Mr. Sanchez of whether or not it is going to be an issue of the five year. No matter what is presented to HED will always be second guessed and there is a double standard of how the College is looked at. President Barceló does believe the College is following the process and doing everything correctly. For HED not to give the College an answer is troubling which makes the College's work hard as it tries to move the institution forward both in housing and in general.

Regent Branch stated he likes the public-private partnership with a thirty year or longer lease period with a third party entity owning it and all the College is doing is guaranteeing a number of rooms that the College has to amortize for them. Regent Branch is uncomfortable with a five year balloon payment unless the project is delayed and information from Monument, LLC on the thirty lease. If Monument cannot do it they are not

fulfilling the obligation they promised the College. Mr. Brown stated the safest thing the College can do is to be as close as possible to the "Lobo Village" model. If the College is on that model nothing can be said to criticize it and the College would be following precedent. Regent Branch agrees this is the venture the College was going for. The Board of Regents requested a conversation with Monument, LLC.

**Tim Pitcher, Monument, LLC was called to join the Board of Regents Meeting.**

Mr. Sanchez discussed with Mr. Pitcher the option of the public-private partnership and the institution entering a long-term lease. The College then spoke with Mr. Cassidy about options of issuing bonds through NMFA and going to a five year and looking at NMFA financing to take out a loan. Mr. Sanchez asked Mr. Pitcher how it transitioned from a thirty year to a five year. Mr. Pitcher stated when speaking with Mr. Cassidy the original plan was to sign the long term lease. Mr. Cassidy stated the College was not able to sign a long term lease because it provides an approval and it would be considered a capital event thus triggering the financing requirements. Also discussed was the NMFA financing and the cost of financing versus the bonds and the long term lease. The financing would be more affordable by going the NMFA route. The belief was according to Mr. Cassidy the College would not be able to sign a long term lease and therefore would have to go through the approval process. If the College would have to go through the approval process, it may as well get approval for funding a bond. The cause of the five year was the results of the short term to start immediately and Monument believed the College could sign a short term lease which would allow the College to put the financing together and the College would start the process for the long term financing.

Mr. Cassidy stated when Mr. Cassidy, Mr. Sanchez and Mr. Pitcher met, Mr. Cassidy was speculating the Board of Regents enter into a long term lease, it might be problematic. Mr. Brown suggested if a model was followed like "Lobo Village," where the only thing UNM delivers is students and the developer delivered the financing it should meet all the requirements of State Law. Mr. Cassidy asked Mr. Pitcher if he could find someone to deliver financing sufficient where Monument could deliver a lease that the Board of Regents Could sign where a fixed commitment is made available. Mr. Pitcher stated if the College could sign a thirty year lease Monument, LLC could do it and already has that approval. The only difference is how it is structured with regard to management. The lease has to have the funding put together. Mr. Brown stated if this is what it takes for the College the "Lobo Village" model needs to be studied carefully. Mr. Pitcher stated there are several things that make "Lobo Village" different than this project, the capital structure would be different, the underlying typography would be different and the market would be different. The College and Monument needs to make sure it is all kept in line. It is something that can be done and the language would have to be put in the lease.

Regent Herrera requested Mr. Pitcher clarify if long term funding could be secured in that regard it does not preclude the College from pursuing refinancing it would like to engage in, including the Finance Authority. **This section of the tape is inaudible.**

Regent Branch stated the difficulty the College has run into is the balloon payment in five years. The caution about placing a future Board in jeopardy of not being able to go and get HED or DFA behind the refinance of a projected initiated which the College has not initially contacted them about. Regents are comfortable if the College went to HED to let them know what the College is doing even though they do not have the authority to tell the College it can't do it.

The Board of Regents has determined it will enter into a long term lease and the other financing possibilities with the Finance Authority were possibilities especially the timeframe the College was dealing with. **This section of the tape is inaudible.** Mr. Pitcher stated if the College has reservations, the five year mechanism would allow the College to go the different route. The cost for the financing is dependent on rates and it will still be a long term lease. Mr. Brown stated the College entering into a long term lease would have to be researched.

Mr. Cassidy stated the first thing the College needs an answer to is if there is any way Monument would own, finance and lease the Residence Halls to the College. The second is Mr. Pitcher is talking about 501(c)(3) financing through the Foundation which is a second avenue and could also be a long term lease. Mr. Pitcher stated both could exist but the College has to be able to enter into a lease with an incremental cost. The College must recognize the nonprofit lease structure would still require an equity fund or Monument to underwrite it.

Mr. Cassidy stated the College needs to put both options on paper, review them and compare them against NMFA. This will tell the College what is best for the institution. Mr. Sanchez asked if there are entities that can issue bonds and if NMFA an option for Monument, LLC to go ask. Mr. Pitcher has no problems with setting up the 501(c)(3) and having NMFA do it. Mr. Cassidy stated NMFA is going to look at the credit and evaluate it like anyone else Monument, LLC would talk to. They can do system revenue bonds, they can do loans to non-profits but they have rules and regulations and has not been done yet. Mr. Sanchez asked for clarification if the loans have guidelines on the number of dollars and years. Mr. Cassidy stated they do have this and he will report back to Mr. Sanchez. **This section of the tape is inaudible.** Mr. Pitcher stated if the College went with NMFA or the 501(c)(3) the College would not make the timeframe. If the College goes with the original proposal, it could get done within the timeframe to stay on target.

Regent Branch stated Mr. Pitcher is saying if the College went back to third party entity that would own the property and lease the property and the College would guarantee any shortfall the situation could work. It could be accomplished within the timeline. Regent Branch believes it could be done without obligation to HED or DFA.

Mr. Cassidy stated Mr. Brown should look at the documentation to make sure it does not fall under the State Statutes for issuing revenue bonds. Mr. Brown stated the issue is how committed does the College have to be on the lease. Regent Branch stated the College is guaranteeing the shortfall. Otherwise, if the College is going to go with equity funding, it will need to get answers first. Regent Branch would like to have an understanding that HED would acknowledge it is going ahead which might take the College into 2015 for construction.

Regent Garcia stated the College should figure out the best path before jumping into the project and committing the \$15M. The College needs dorms and whether it comes this year or next year it will not make that much of a difference. President Barceló stated the Board needs to be comfortable with the direction and does not want to jeopardize the College. Regent Branch would like to readdress this and if there is a possibility to go ahead with the project Regent Branch would like to do it. Mr. Sanchez stated the College is not being unreasonable in saying it needs five to ten days into December to do the research.

Mr. Sanchez stated the options for the College is either the College is going to exercise certain options to make the fall and if the College wants to look beyond the Fall it needs to think about is does the College want to go for the Spring or Fall of the following year. If the dorms stay empty if it is done in the spring, which is not a valid assumption, it will probably not be full. Mr. Cassidy stated the College could also build it in to the budget. If Mr. Cassidy and Mr. Sanchez could lay out options, then the Board of Regents could have a better choice of options and within them are looking at Monument doing what they could do.

The Board of Regents agreed Mr. Brown would work with the Colleges attorney regarding the proposals. Mr. Brown stated the public-private partnerships are new in New Mexico and Mr. Brown outlined a standard process and he must look at the entire package. Mr. Cassidy stated he agreed with Mr. Brown, they will need time to pull things together. Mr. Cassidy suggested a report back to the Board on December 19<sup>th</sup> with tentative options. Mr. Serna suggested the Board while working on this also meet with HED regarding the project. Mr. Cassidy stated if the board went with NMFA Financing or System Revenue Bond Issue, the Board of Regents would adopt a parameters bond resolution at the December 19, 2013 meeting to get the process started. It does not commit the College to issue debt because many other actions would be required of the Board in early 2014. Mr. Sanchez requested Mr. Cassidy set up a formal meeting with HED as quickly as possible to let them know what the College is thinking about doing and keeping them involved in the process.

Mr. Sanchez stated he would like to sort everything out in order for everyone to feel positive about the project. Regent Branch stated the College will initiate the meeting with HED to get direction and parameters. This would need to be done as soon as possible to work within the timeframe the College is currently working on. There would then need to be a meeting of the Board of Regents to determine if the College is going to move ahead. Finally, the College needs to get information back from Mr. Pitcher regarding their proposal for the guarantee on occupancy.

Mr. Cassidy stated he would move as fast as possible on the financial analysis with cooperation from Monument, LLC. Mr. Sanchez will then report back to the Board of Regents on the status. Regent Branch requested permission of the Board for the Finance Committee members to be present at the meetings with HED. Mr. Branch would also like to remind HED of the circles the College has been in for the last few years to accomplish what the College is currently trying to get done, including the veto of the Bill the College did have. Regent Branch left it up to Mr. Sanchez and President Barceló to decide how soon the meeting would need to be. Regent Branch stated the Board of Regents would not act on anything and it will be tabled to continue.

### **XIII. EXECUTIVE SESSION**

**Regent Garcia moved the Board of Regents enter into Executive session pursuant to Sections 10-15-1(H)(2) and 10-15-1(H)(7) and 10-15-1(H)(5) of the Open Meetings Act to discuss limited personnel matters, legal matters, and collective bargaining issues. Any action taken by the Board will be made in open session.**

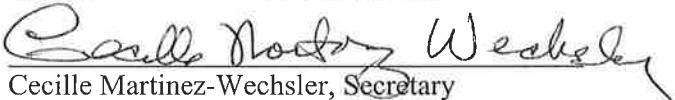
### **XIV. ADJOURNMENT**

**Regent Garcia moved to adjourn the meeting. The meeting adjourned at 6:20 p.m.**

Amy Pena, Recording Secretary

APPROVED:

  
Michael P. Branch, Board President

  
Cecille Martinez-Wechsler, Secretary