

**NORTHERN NEW MEXICO COLLEGE
BOARD OF REGENTS MEETING
AUGUST 29, 2013**

I. CALL TO ORDER

A regular meeting of the Board of Regents of Northern New Mexico College was held on Thursday, August 29, 2013 in the Boardroom of the Montoya Administration Building on the Espanola Campus. Regents present: Michael P. Branch, Alfred Herrera, Cecille Martinez, Rosario (Chayo) Garcia, and Feliberto Martinez. Also present was Lisa Salazar and Gregg Padilla, Co-Student Representatives to the Board of Regents. Board President Michael Branch called the meeting to order at 8:04a.m.

Northern New Mexico College staff present: Dr. Nancy “Rusty” Barceló, President; Domingo Sanchez, VP of Finance and Administration; Dr. Anthony Sena, Provost and VP of Academic Affairs; Ricky Serna, VP of Institutional Advancement; Evette Abeyta, Budget Analyst; Henrietta Trujillo, Director of Financial Operations; Bernie Padilla, Director of Human Resources; Matthew Leder, Music Director; Carmella Sanchez, Director of Institutional Effectiveness; Brian Salter, Director of IT; Ryan Cordova, Athletic Director and Men’s Basketball Coach; Connie Manzanares, Assistant Director, Financial Aid; Stephanie Montoya, Staff Reporters/Public Relations Specialist; Josephine Aguilar, Executive Assistant; and Amy Pena; Assistant to the President and Recording Secretary. Faculty present: Dr. Mario Izaguirre-Sierra, Dr. Tucker Brown, Gil Sena, and Tim Crone. Others present: Chris Herrick, student/community member; Juan Diaz, student; Dr. Danny Trujillo, Superintendent of the Espanola Public Schools; and Lindsey Bright, Staff Writer with the Rio Grande Sun.

II. APPROVAL OF AGENDA

The final Agenda was approved as presented. Regent Branch requested the meeting end at 11:00AM in order to attend a LANS appreciation event on campus and meetings with Senator Heinrich in the afternoon.

III. INTRODUCTIONS

Domingo Sanchez introduced Evette Abeyta, Budget Analyst - Start Date: 08/26/2013

Anthony Sena introduced:

Dr. Mario Izaguirre-Sierra, Assistant Professor of Biology - Start Date: 8/12/13

Dr. Tucker Brown, Assistant Professor of Psychology - Start Date: 8/12/13

Dr. Patricia Perea, Assistant Professor of Humanities - Start Date 8/12/13

Dr. Ivette Guzman, Assistant Professor Biology - Start Date 8/12/13

Dr. Darlene Hess, Assistant Professor and Associate Director of RN to BSN Program - Start Date 8/1/13 (not present)

President Barceló and Anthony Sena had lunch with new faculty. The research and programs that will be initiated will benefit students.

President Barceló introduced Amy Pena, Assistant to the President/Board Secretary - Start Date: 8/26/13.

III. APPROVAL OF MINUTES

The minutes for the regular meeting of July 25, 2013 were approved as presented.

V. PUBLIC INPUT

Chris Herrick, a student at Northern, requested to address the Board of Regents regarding the recent increase to tuition and fees. Mr. Herrick stated that he was not informed by the College about the fee increases, which were approved by the Board of Regents in May. He requested the Board do the right thing by providing an apology and an explanation to the student body for their actions in this regard.

VI. STUDENT REPORT

Gregg Padilla stated the only item brought to his attention relating to the tuition and fees increase was from a student who felt he could not trust the Co-Student Representatives and chose to represent himself. Mr. Padilla and Lisa Salazar stated they will be reaching out to as many students as possible to discuss issues related to students at Northern, including the Student Senate.

VII. FINANCIAL REPORT

A. Financials for the month ending July 31, 2013.

Mr. Domingo Sanchez, Vice President for Finance and Administration, presented the monthly financial report ending July 31, 2013. Mr. Sanchez stated the negative cash amount on the balance sheet fluctuates from month to month depending on the amount of activity. The format of the balance sheet has been changed when reviewing net assets. The endowment and the federal student loans amount are now broken up so it is clearer to track with the assets. Overall, total liabilities and net assets are about \$38M.

Now that Budget Adjustment Requests (BARs) are being prepared on a more regular and formal basis, the revised column will start changing every quarter. Overall, revenues reported as of July 30, 2013 are at \$3M and expenditures at \$1.2M.

The comparison report of Operating Funds reflects a big difference in total revenue - \$3M this year compared to \$927,104 last year. Mr. Sanchez explained that the reason for the disparity is the timing in booking of the revenues. Looking back at a two month period, comparing August to August, the numbers are in sync. Total expenditures are slightly higher at the current year versus last year. The Cash Flow Statement gives a breakdown of monies coming in and going out.

In response to Regent Garcia's question regarding the disparity of 2M on the beginning balance, Mr. Sanchez explained the beginning balance is the fund balance which changes at the end of the year. It was higher last year because there was more fund balance and a lot of cleanup has taken place from day to day activities. Mr. Sanchez stated he will provide a breakdown of the numbers.

The Fiscal Watch Report includes information for all funds of the College whether they are restricted or unrestricted. On the 11 Funds (I & G) revenue received at the end of July 31, 2013 is \$2.6M. Compared to last year, revenue was at \$921,000. Total expenditures for the current year are \$897,000 compared to \$814,000 last year at the same time. Mr. Sanchez explained that one difference is how transfers were booked, last year there was nothing booked at this time, this year transfers were booked in the month of July for the year. Some of the practices of the Finance Department have changed in order to allow for a better way of monitoring the budget.

For the 12 Funds (Auxiliaries), total revenue for the current year is at \$111,000, compared to last year at \$42,000. Expenditures were \$123,000 last year and this year it is at \$102,000. The net increase/decrease in net assets is -\$74,000 last year and \$137,000 this year because of the transfers that have taken place. Mr. Sanchez stated he will provide a breakdown of the transfers at the next Board meeting. Mr. Sanchez

pointed out that if the auxiliaries are not holding their own, there is no choice but to transfer monies out of I&G. He stated that budget controls are in place and expenses are strictly monitored.

Regent Alfred Herrera moved to approve the financial report as presented for the month ending July 31, 2013. Motion carried.

B. Approval of Budget Adjustment Requests (BARs).

Mr. Sanchez handed out revised BARs to the Regents (copy attached). Finance is still working through the BAR process because a big change in the BARs was initiated. The Department of Higher Education (HED) requires the College to complete an end of year BAR which is an estimate of what is going to be spent from the present to the end of the year. Mr. Sanchez stated the College is now preparing monthly BARs for Board approval. BARs are prepared whenever there is a budget increase or a budget decrease or if a BAR is required to move monies between functions. Quarterly BARs will be prepared and submitted to HED, after Board approval. This will allow for minor changes at the end of the year. The BAR log Mr. Sanchez gave the Regents (attached) is a summary of the BAR forms and provides a running total of where the budget is at the end of each month. Mr. Sanchez stated the Child Care Development Center has an initial budget and he will monitor this budget carefully.

Regent Branch requested quarterly reports on how FTEs move throughout the year. The report should include employees hired under grants/contracts. Mr. Sanchez stated he will prepare an FTE report for the Board.

Regent Alfred Herrera moved to approve the BARs as presented by Domingo Sanchez. Motion carried.

Mr. Sanchez introduced the auditor representative from Moss-Adams who was available to give the Board an overview of the Audit. The Finance Committee Charter was also presented to the Board. A break was taken from finance for introduction of the Superintendent from Espanola Public Schools. The Board then continued with the Financial Report.

C. Approval of Audit/Finance/Facilities Committee Charter

Mr. Sanchez explained the Audit/Finance/Facilities Committee meets monthly at which time issues about finances, capital projects, and the audit are discussed in detail. Mr. Sanchez explained the Charter identifies the charge of the committee, the structure, and the responsibilities which include internal controls, external audit, internal audit, financial statements, risk management, compliance, and facilities management. Regent Herrera explained that this committee is intended to discuss and review issues outlined in the Charter. Recommendations will be forwarded to the full Board for approval.

Regent Alfred Herrera moved to approve the Audit/Finance/Facilities Charter as presented. Under discussion Regent Garcia stated she believes this committee should be part of the responsibilities for the entire Board and not just for two members of the Board. All members of the Board should be involved in order to make informed decisions. Regent Garcia believes the remaining Board members receive pieces of information and not the entire picture. She added that this committee runs the entire College.

President Branch reiterated that the committee does not make decisions or take legal action without the approval of the entire Board. The committee reports back to the Board and makes recommendations.

Regent Martinez-Wechsler agreed that this committee is in fact running the entire College. She also stated that future Board members must be kept in mind as well and that the change of the committee

should be written in a general way to reflect that this is a committee that should study and make recommendations to the full Board for the Board to make final decisions.

Regent Herrera stated there is nothing which precludes any other Board Member from attending any of the meetings that are scheduled particularly if there is a particular area of interest. Regent Herrera recommended the agenda be sent to everyone making it a public meeting. Regent Branch stated a public notification would need to be made because there would be a quorum. Regent Branch also stated if there is a quorum at the meeting there would still be no decisions made at that level. The information would still be taken to the full Board at the next regularly scheduled meeting. Regent Branch stated the charter is a starting point for the Board to review and modify if needed.

Mr. Serna explained it is customary for most Boards to have committees. The Board must establish to what degree very important issues are discussed among the Board as a whole. The most important item is what items warrant redundancy, lengthy discussion in the Audit/Finance/Facilities Committee with representation of the Board and still rise to importance that they are discussed again among all members at Board meetings. Mr. Serna stated sometimes items are determined on a case by case basis. President Barceló stated she understood Regent Garcia's concerns. The complication is that Northern's Board is small and when breaking out into committees, the committee structure is small.

Regent Branch suggested that the Board members review the charter and additional language could be placed regarding consent. Any suggestions by Board Members should be brought forward. He stated all Board members should be comfortable with the Charter.

Regent Branch spoke about the value of an internal auditor. An internal auditor will allow the Board to be more informed on what is happening at Northern. Decisions will not be made by the Audit Committee but all the recommendations are brought to the entire Board. Regent Branch stated what is being suggested is that the College look at the current auditor who is knowledgeable about Northern's finances and place him on a small contract to see how it would work out through the end of the fiscal year.

Mr. Sanchez stated that as much information as possible which was discussed in the committee meeting is also discussed in the Board Meeting. Mr. Sanchez does not go to the Committee with the expectation of approval. As an example, Mr. Sanchez discussed and provided an overview of the proposed dormitory on the Espanola Campus. Regent Branch requested a special meeting so the Board can have a more specific dialog because this would require a lot of money and a big impact to the community and to Northern.

Regent Alfred Herrera tabled his motion for approval. Further discussion regarding the Audit/Finance/Facilities Committee Charter will take place at the next Board Meeting.

D. Capital Projects Update

Mr. Domingo Sanchez provided a capital projects update as follows:

1. There was a reauthorization by Representative Nick Salazar given to NNMC in the amount of \$145,000 for infrastructure (IT Tech related). All areas are being identified in order to spend the monies.
2. The second authorization Northern has is \$900,000 to renovate the Bookstore and Student Services. It is anticipated that the new Bookstore location will be completed by the end of September. The Bookstore's current location will be the Board of Regent's Room. Student Government Offices will also be set up in the Board of Regent's Room. The current Board of Regent's Room will become the Student Lounge/Game Room. In October/November a "one-stop shop" will be created so Admissions, Advisors, Registrar, and Financial Aid are all in one area. All parties involved were brought in for discussions and Mr. Sanchez will meet with these individuals again in September regarding final decisions being made.

President Barceló stated the concept of this setup is to make this space a student-centered space. Mr. Sanchez explained that there is not a lot of complexity in the current renovations. The design of the interior has been done internally. Mr. Sanchez stated an architect was not used because the setup is common sense at this point and all parties involved have provided input. The reason an Architect has not been used is Mr. Sanchez does not want to use money for this purpose if not necessary. Some of the setup is common sense. However, an architect will be used for part of the Administration/GE Building. The College has asked for additional monies to complete the renovations to the General Ed Building. In this case an architect will be used. All drawings must be submitted to CID for approval. If CID sees something standing out they will inform NNMC immediately.

3. Mr. Sanchez stated he will discuss security bonds at the next Board meeting. Security updates will take approximately six months to complete. There will be two security stations to monitor the cameras, one in the Security Office and one in the Maintenance building area. Mr. Sanchez stated the planning for security (AQIP committee) was done with a group internally prior to his arrival at Northern.

E. Audit Update

Mr. Sanchez invited Scott Eliason, Auditor representing Moss-Adams, to join him for the audit update. Mr. Eliason stated a requirement under the auditing standards is that the auditor meet with governance before the audit progresses and at the completion of the audit to go over the results. Mr. Eliason stated Moss-Adams completed four audits for NNMC. The FY12 audit was the first audit that was complete on time in several years. Moss-Adams has a responsibility as it pertains to the audit under auditing standards and government auditing standards. Auditors are required to follow both standards because NNMC receives federal and state funds. Under that responsibility Moss-Adams must be able to express their opinion, the opinion expressed the last couple of years has been unqualified or clean opinion on the financial statements. Moss-Adams also provides opinions on the federal programs and Moss-Adams has audited the federal programs since the inception of the audit contract. Moss-Adams has had some level of qualifications on some of the federal programs which has been discussed at the exit conference. Moss-Adams has seen an improvement in the overall internal control process and in the process with the federal funds. Northern has had an opportunity to put in place a better internal control structure, improved the internal controls over both compliance and control in relation to federal funds. Moss-Adams did complete some procedures on internal controls and federal programs they were required to work on. There has been continuous improvement in both areas. Once the audit process is complete, results of the audit will be given. Moss-Adams is required to assert whether or not they are independent. Mr. Eliason stated there has been an open communication process with Mr. Sanchez and others in the accounting area.

Before the audit is started Moss-Adams ensures the request list is filled. Concurrent with this process, management will provide a draft of the Financial Statements. Both processes will be completed at the same time. Regent Branch stated the due date for the next audit is November 15 and asked if the College is prepared to meet the deadline. Mr. Sanchez stated whatever is necessary will be done to make sure the audit is completed on time. An overview of what Moss-Adams reviews when they are on site was provided. Once the audit process is complete, Moss-Adams will give more detail regarding results of the audit. With regard to findings, Moss-Adams starts with the list of findings from the previous year which are dated. Management should concentrate on clearing the findings and give Moss-Adams details on how findings were cleared. Moss-Adams will then test the findings.

Moss-Adams does not see an issue with completing the audit on time. President Barceló understands the College is now in a preparing mode whereas in the past the College was in a reactive mode. There is already work being completed in preparation of the audit. Regent Herrera thanked everyone for all the work in bringing the audits up to date. Three audits in one year are almost unheard of. Moss-Adams also audits the Foundation because it is a component unit, meaning it is an entity that supports the primary

government. The Foundation's Financial Statements are required to be included in NNMC's Financial Statements as a discreet column.

(At this time the Regents took a short break at 9:50AM. The opening meeting reconvened at 10:01AM.)

VIII. OLD BUSINESS

President Branch stated the Board of Regents had approximately one hour to finish the meeting. The Regents agreed to move the following items to the next Board of Regents meeting in September.

- A. Approval of Unit Organizational Charts by Vice Presidents.
- B. AQIP update by Dr. Anthony Sena and Carmella Sanchez
- C. Child Care Center Update by Domingo Sanchez - President Barceló stated the only item regarding the Child Care Center Update is Domingo Sanchez is assuming responsibility for the oversight of the Budget Planning process. How to keep this program afloat was briefly discussed.

IX. NEW BUSINESS

A. Introduction of Superintendent of Espanola Public Schools.

Regent Herrera introduced Dr. Danny Trujillo, Superintendent of the Espanola School District. Dr. Trujillo stated it is very important for Northern and Espanola Public Schools to have an ongoing relationship. As the new Superintendent to the Espanola Schools, Dr. Trujillo is trying to make as many contacts as possible at different institutions and he is open to any suggestions on embarking on a good discussion. Dr. Trujillo would like to make the communication with Northern a continuous practice and invited Northern to present at Espanola Public School Board Meetings. President Barcelo stated it has been the desire of Northern to establish a close relationship with Espanola Public Schools because it is the same students both entities are dealing with. She stated that Dr. Trujillo will be receiving a special invitation to a luncheon following a Regents meeting in October along with a number of other area Superintendents to have an open discussion. President Barceló explained that Northern is engaged in dual credit opportunities with the public schools but there is more that can be done; one way is to ensure students don't need remediation and start working with students when they are freshman rather than seniors.

Dr. Trujillo stated one area being looked at by superintendents is the gross receipts tax. He stated that schools are eligible for 1/8% through the county and 1/8% through the municipality. Revenue could be brought into all five schools districts in the county including Northern. Superintendent Trujillo is also proposing legislation to look at ¼ of 1% of the tax also for the county. This was passed in Taos by Senator Cisneros and he has offered to carry the bill for Espanola. For Espanola this means about 65% of revenue would be generated through GRT. Northern would be included in this conversation and it would need to be completed quickly to submit in October. Revenue generated would be approximately \$10M or \$1.5M per year. Superintendent Trujillo invited NNMC to the Superintendent's Meeting on September 4, 2013. President Branch thanked Dr. Trujillo for attending the Board of Regents meeting.

B. Student Housing Contract Recommendation.

Mr. Sanchez and Ryan Cordova provided the Board with an overview of the dorm process. The team of people that gathered information and started the dorm process included: IT Department, Domingo Sanchez, Buildings and Grounds, Ryan Cordova-Athletics, Student Services, President Barceló and members of the Finance Committee. The College chose to use the Request for Qualifications (RFQ) versus the Request for Proposals (RFP). The College is asking for a public/private partnership with

someone who has an interest in putting money on the table to build the dorm. Mr. Sanchez explained the public/private partnership process. In a public/private partnership because of tax implications, they will generally partner with a non-profit. The reason for this is because they will need to pass the financing requirements through a vehicle of a foundation. These entities will bring non-profits to the table because they have people willing to participate. In the case of Northern, Mr. Sanchez would like the College to consider the NNMC Foundation because if it is used as a vehicle, they are already Northern's partner in education. The group did have a discussion with the Foundation but the Foundation has not committed yet. They will discuss this request in September. If the Foundation does not agree, the project is not stopped. If the College goes through a public/private partnership and they use their own non-profit to make sure the funding vehicle works for them, the College is looking at the cost of the project being recouped by them over a 25-30 year period. If Northern goes with a 30 year amortization, dorm rentals would be approximately \$500 or \$525 per month. President Barceló and Domingo Sanchez met with USDA because the College meets all rural criteria in order to borrow money to pay off the dorms very cheap. It would be an approximate interest of 6%-8% in the private/public partnership but with USDA it would be 3%-4%. If the Foundation agreed, it would be about half of what the College would get with anything else. The College could amortize with USDA over a 40 year period. In addition to a lower interest rate, the payments would be lower which means the College could charge students lower than \$500 or \$525 a month rent for the dorms.

An RFQ was issued June 17th for student housing (apartment style quads with 150 beds, fully furnished, 4 bedrooms, 4 bathrooms, common living room, laundry area and full size kitchen). The companies interested were to respond by July 9. Three companies were interviewed on July 23 and 24 (Serbatas, Monument, LLC and Armada Development). The only New Mexico Company was Armada Development. Discussions were held with the NNMC Foundation Board, the Finance Committee and the Student Housing Committee. Mr. Cordova stated the team is recommending Monument, LLC (proposal attached). Monument offers the opportunity to select local contractors and subcontractors to help in the process. The estimated total cost is between \$10M and \$11M with additional costs to be explained by Mr. Sanchez. At this time the College would not have to bring money to the table. The one item that does need approval is the usage of land. Mr. Sanchez believes the dorm at 150 beds might run \$6M-\$8M. A commitment has to be made by the College to keep these rooms filled. The College is hoping to build the dorm and purchase the CYFD facility. If the College continues on to Phase 2, there will be a need for cafeteria facilities and health center. There will be a lot more activity in Student Life by doing this. Mr. Cordova stated once a company is selected, they will prepare all the data analysis, surveys, etc.

Mr. Cordova stated the committee felt 150 beds are very conservative. Mr. Cordova stated he is one of the only departments on campus who has to house over 50 students. Finding housing for student athletes is very difficult. Mr. Cordova stated the student athlete number will increase as well. Currently the number is at 57 and next year it will be between 70 and 80 students with the addition of men's and women's cross country, golf and basketball. Mr. Cordova reviewed the Fact Sheet (attached) handed out to the Board of Regents. Northern is the only four-year institution in the State of New Mexico that does not offer student housing. This should be kept in mind as the College moves forward.

Mr. Sanchez explained that a Master Plan is important because if the College has to build in phases (add more rooms in the future) planning is essential. Short-term needs will be based on findings through surveys and discussions; long-term needs will be placed in the Master Plan. Mr. Sanchez also stated a background check was done on the companies. This assisted in justifying the recommendation. At the special meeting, this item will be on the agenda for approval to proceed. Mr. Sanchez suggested that Monument, LLC could be invited to the Special Meeting in order to answer any questions the Regents may have. Regent Herrera requested all Board Members submit a list of questions to Domingo Sanchez and Ryan Cordova prior to the special meeting. President Branch reported that the Special Meeting will be scheduled for September 10th at 8:00AM in the Board Room.

C. Deferential Fee Structure

Mr. Sanchez explained that after the Board approved the increase to tuition and fees in May, a notification was placed on the College's web site and emails were sent out. In addition, a notification was placed in the local newspaper but Mr. Sanchez stated this is not how the College prefers to notify people. The College also held public hearings and information was shared with people. Letters were not sent out formally but the College did what they thought was prudent to make notifications available to everyone. Upon implementation of the new fees for the fall semester, there were many questions brought up to the Registrar and others at the College. Mr. Sanchez stated the College is looking at the possibility of a new fee structure for Senior Citizens. A review will also take place regarding the tuition structure for certificate programs, associate programs, and technical programs. Detailed discussions will take place to look at all options available. Mr. Sanchez also stated there was an issue in Banner with the charging of the fees which is being addressed. President Barceló stated this is the reason an Enrollment Management Committee is important. These are the issues the committee will be working on – look at future implications, marketing, etc. In addition, the new Registrar brings an expertise in this area. Regent Martinez-Wechsler suggested a letter be written to Mr. Herrick explaining the process followed. Regent Garcia suggested placing Mr. Herrick on the committee for informational purposes to the community.

D. Approval of appointments to the Labor Management Relations Board

Regent Branch explained each year members to the LMRB are appointed or reappointed. Recommendations are brought forward by Management and the Union. Management is recommending Mr. Clarence Lithgow and the Union has recommended the reappointment of Ms. Diane Woods.

Regent Alfred Herrera moved to accept the recommendation to reappoint Clarence Lithgow and Diane Woods to the Labor Management Relations Board. Under discussion Amy Pena was asked to notify the parties that they have been reappointed by the Board of Regents. Regent Branch stated the appointment of these two individuals should work together to appoint a third neutral party. There have been court cases regarding this and it is in the interest of the College to express to them the importance of them getting together. They cannot discuss this on telephone. They will need to set an actual meeting at the College or at another location chosen to discuss anyone they would like to recommend. Both parties have indicated they are interested in serving. **Motion carried.**

X. COMMENTS FROM THE BOARD

No comments from the Board reported.

XI. PRESIDENT'S REPORT AND ANNOUNCEMENTS

President Barceló reported that an Art Show by Faculty and Staff will be held on Friday, August 30, 2013 at the Nick L. Salazar Center for the Arts. She will provide other announcements and reports at the special meeting of the Board.

XII. EXECUTIVE SESSION

An executive session was not held.

XII. ADJOURNMENT

Regent Martinez-Wechsler moved to adjourn the meeting. The meeting adjourned at 10:55a.m.

Amy Pena, Recording Secretary

APPROVED:

/s/

Michael P. Branch, Board President

/s/

Cecille Martinez-Wechsler, Secretary