

**NORTHERN NEW MEXICO COLLEGE  
BOARD OF REGENTS MEETING  
JANUARY 23, 2014**

**I. CALL TO ORDER**

A regular meeting of the Board of Regents of Northern New Mexico College was held on Thursday, January 23, 2014 in the Boardroom of the Montoya Administration Building on the Espanola Campus. Regents present: Michael P. Branch, Rosario (Chayo) Garcia, Alfred Herrera, Cecille Martinez and Feliberto Martinez. Board President Michael Branch called the meeting to order at 8:10a.m.

Northern New Mexico College staff present: Nancy “Rusty Barceló, President; Ricky Serna, VP for Institutional Advancement; Anthony Sena, Provost/Dean, College of Arts & Sciences; Bernie Padilla, Director of Human Resources; Domingo Sanchez, VP for Finance and Administration; Brian Salter, Director, IT; Kathleen Sena, Registrar; Alex Williams, Senior Financial Analyst and Carmella Sanchez, Director, Institutional Effectiveness. Faculty Present: Ivan Lopez, Chair, Engineering Department. Others present; Matthew Martinez; Director, NPI and Assistant Professor of Pueblo Indian Studies. Others Present: Lindsey Bright, Rio Grande Sun and Scott Eccles, New Mexico Higher Education Department.

**II. APPROVAL OF AGENDA**

Regent Branch moved the 2012-2013 American Indian Center Annual Report by Dr. Matthew Martinez prior to Faculty Report on the Agenda. Regent Herrera requested Item C under Old Business and Item B under New Business be removed from the Agenda. President Branch also requested moving the Executive Session up on the Agenda.

**Regent Martinez-Wechsler moved to amend the Agenda as follows:**

- 1. The 2012-2013 American Indian Center Annual Report by Dr. Matthew Martinez be placed prior to the Faculty Report**
- 2. Removal of Development Agreement and Bond Resolution Approval**
- 3. Removal of Renovation Contact Approval**

**Motion passed unanimously.**

**III. INTRODUCTIONS**

Regent Branch introduced Scott Eccles, New Mexico Higher Education Department.

President Barceló introduced:

Kristy Pruitt	Start Date: 12/18/14	Field Experience Placement Coordinator
Michelle Montes		Co-Student Representative
Hardav Khalsa		Co-Student Representative

President Barceló stated Michelle Montes and Hardav would both contribute to the Board of Regents and both have strengths in different areas which will complement each other and requested the Board of Regents consider both students.

Regent Branch stated the Board of Regents will have a constitutional amendment on the next general election as the Board of Regents is changing. In the interim the Board of Regents will get the student

body involved in the process because of the close connection of the two new student co-representatives they will bring it to the Board of Regents. In the past the Board of Regents has been focused on finances and the Board of Regents is looking toward working more with the students and faculty.

Ricky Serna, Vice President for Institutional Advancement introduced:

Gabrielle Amster                      Start Date: 01/02/14                      Foundation Director

Regent Branch stated the Board of Regents is all available to meet with donors.

#### **IV.     APPROVAL OF MINUTES**

Regent Martinez-Wechsler requested two changes, page 5, paragraph 4 the second “not” should be removed and removal of “doctorates and came for the college does not have the budget” and in the final paragraph the “and” in the second sentence should be removed. With these changes, the meaning of the paragraphs do not change. **Regent Martinez-Wechsler moved to approve the Minutes as read. Motion passed unanimously.**

#### **V.     PUBLIC INPUT**

Student Juan \_\_\_\_\_ stated his concern with information he received from the Rio Grande Sun regarding Dulce Schools Dual Credit Program and requested clarification from the Board of Regents. President Barceló stated Northern New Mexico College just met with the Superintendent of Dulce Schools in early December to discuss how the schools can still meet the dual credit needs of the students. Northern New Mexico College is developing a regional approach that will bring in not only Dulce but Pagosa Springs and all the Northern areas so there is a common course for more students. The Superintendent of Dulce Schools was very excited about this and Northern New Mexico College is not moving away from its commitment to dual credit students. With distance issues, Northern New Mexico College is trying to be creative and President Barceló has a meeting with Superintendents to discuss this more. There were some issues that have been addressed and the conversation with the Dulce Superintendent was very important and he stated he would have liked to have the conversation sooner. Northern New Mexico College is moving forward and is committed to all of the students in the North Central Region.

#### **VI.    FACULTY REPORT**

Faculty was not present to report.

#### **VII.   FINANCIAL REPORT**

##### **A.     Approval of Fiscal Watch Report**

Domingo Sanchez, Vice President of Finance and Administration presented the Fiscal Watch Report to the Board of Regents. The College is on quarterly reporting with the Higher Education Department (HED) and the report presented is for the quarter ending December 31, 2013. Mr. Sanchez has been asked by Regent Herrera in the Finance Committee to come up with an abbreviated format for the Financial Report so he does not extend himself too long at the table.

Mr. Sanchez stated cash in the bank is \$261,129 and the when the year began it was a negative number, approximately \$500,000 and in November it was approximately \$75,000. The College has been watching expenditures and how it is doing on cash it is getting better and will improve with time. Mr. Sanchez stated unrestricted \$1.2M and on the audit it is the same amount but negative and it will remain

positive if the College watches spending and keeps spending levels and the revenues hold. This number will come down because it will depend on how much is spend and what enrollment is for the College.

Mr. Sanchez presented the budget comparison and a BAR was submitted to HED in December. If the BAR is approved, when the January report is completed, the Board of Regents will see a change. If it is not approved in the month of January, it would be because of the Legislative Session. Mr. Sanchez stated at the end of December, the College has \$14.9M in revenue about 48% of the revenue budgeted at year end (calendar year end). This amount is for all funds for the entire College. There are also expenditures and transfers of \$12.9M compared to the \$14.9M in revenue and an ending fund balance of \$950,000. For the entire institution this looks good and not as good as it will be over time.

Mr. Sanchez stated revenue brought in through the end of the year was \$478,500, expenditures of \$410,000 after transfers and ending funding balance of approximately \$568,000. Last year at this time the College had \$14.1M in revenue through December. In 2013, the College is at \$14.9M which has increased. The College had a positive fund balance last year at this time, there were a lot of issues written off in the audits and numbers which affected this. Expenditures last year through December were at \$13.6, this year they are at \$12.4M. The College is watching the expenditures as the Board has directed and the College has pulled 2% off the table. The College has also placed a hiring freeze unless it goes through the Executive Team for review. In Finance, there has not been any hires and the work is kept up. In some places some people are being pushed a little harder than Mr. Sanchez would like to but the College has to watch the expenditures. The College has a fund balance of \$950,000 at the end of December for the end of the current year and \$3.9M from last year.

Mr. Sanchez stated in comparison of the Capital BR&R Activities last year there were more expenditures but the College was spending more money to finish off the Library. This year the College is just getting started on expenditures for the Security (January-April) and the numbers will go up. In terms of the Capital Outlay and Renovation monies, the College will, by the end of 2014, the monies will be spent.

Regent Herrera requested clarification on the Summary of Operating and Plant Funds Revised Budget column. The College has had a lot of BARs this year as opposed to previous years and Regent Herrera requested clarification of when the BARs go to the Board for approval if there is adjustment made on the accounting system to monitor what is happening against "real time" budget, realizing it needs to get approved and how the interaction takes place. Mr. Sanchez stated when the College gets the House Bill 2 appropriation during the Legislative Session, if they budget for the College monies for general fund, monies for federal dollars and monies for other state funds, so long as the College has not exceeded the monies or don't anticipate exceeding the monies, the College cannot do a single BAR and it would be fine in terms of budget authority because the College would not see any anticipated expenditures exceeding the monies. For the College, this is one piece of the picture, when the College did the operating budget it saw the different amounts given in House Bill 2, the College not only looked at it from the big picture but also internally and the College would issue BARs anytime there is an increase, decrease or transfers. IF the College started the year with an amount for federal, general and other state funds, the College still has not used up the limit for each of the funds. Until the College uses the funds, there is not a need to go to HED with a BAR to notify them the College has exceeded its authority and HED would need to be informed. HED has a BAR that is very specific for all the different functions. It is good to give HED a moving picture of what is going on so the College is not waiting until the end of the year. The College used to do one BAR at the end of the year and this is an internal practice the College needs to make sure it follows. Even if the College does not exceed its authority in each area, the College still needs to do the work it is doing.

Regent Herrera requested Mr. Sanchez revise the numbers in the revised budget as the BARs are completed so the Board of Regents can have a better picture of what is occurring with the understanding the budget is unadjusted and unaudited. Mr. Sanchez stated the College could present something that

shows the changes to the extent the Board of Regents would see them and no laws would be violated. The reason the format has not changed is because it is a format prescribed by HED. If this is being done, the look of the document will change so internally a distinction can be made when the Board of Regents is looking at the College's format versus HED's format. Scott Eccles, Higher Education Department stated it is a good practice internally because it gives the College a good live picture on a monthly basis of exactly where the College is at. Mr. Eccles believes this another proactive measure the Board of Regents can take to make sure the financial controls are where they need to be. HED appreciates the effort and the improvements on the fiscal controls. Mr. Sanchez stated as the College enters the BARs on Banner, staff members managing their Operating Budgets do see the changes.

Regent Branch requested clarification of whether or not the departments can use those positions which were frozen as a percentage of their requested decrease in the budget. Mr. Sanchez stated they are able to do so as part of the 2% decrease. In addition, the College stated the positions are freezing unless it is really needed. If it is really needed, the College is not unreceptive to the needs because some of the areas are thin in terms of the support they have. Regent Branch also stated this is an opportunity to be able to increase reserves for the College. Mr. Sanchez stated there is not a lot, other than adjuncts of activity going on in terms of hiring because of the time of the year. In some departments, it depends on whether it is a health and safety issue which requires the College to fill the position. The College does not allow anyone to move any monies out of salaries or benefits for any reasons. The College is trying to preserve the base of the salaries and the benefits for each of the departments so people aren't concerned with positions going away. To the extent the College holds on the expenditures it will accrue to the reserves at the end of the year assuming the College exceeds the negative amount it started with. All the expenditures (salaries, cutting of supplies, etc.) accrue to the College's benefit in terms of building the reserve if the College can exceed what it started out in the negative with.

Regent Branch stated the entire budget has been reviewed and the next step is to look at what can be done in particular programs to increase revenue. Regent Herrera stated in the Finance Committee Meeting what was discussed was the time and effort the College is devoting to the budget and expenditures and what it is that is being done. The fact is that if the College looks at the discussion held in Finance Committee and at the Board of Regents Meeting, there is a lot of time spent on the expenditures side compared to the revenue side. One of the initiatives the Board would like to pursue to place more emphasis on the revenue and what the institution can do in the area of revenue enhancement. This touches all areas in the College from grant writing to how efficient the College is because of the expenditure side is reduced the revenue side is increased. President Barceló has already undertaken some of these initiatives with the administrative area. Regent Herrera stated everyone needs to make a concerted effort in this area. The faculty plays a big role in doing their part to see what they can do within their powers to make this occur.

Mr. Sanchez reviewed the overview of the unrestricted funds for the College. At the end of December of 2012, the College brought in all the unrestricted funds - \$8.9M through the end of December, this year the College is at \$9.6M. Expenditures spent last year \$7.2M was spent and this year \$6.9. Last year, the College had not formalized the process for transfers and in the budget for this year they are put in on day one. This ensures transfers do not get lost in terms of what is in the budget or when it will be done. If the numbers of transfers are compared, last year the College was at \$1.6M at the end of December and this year the College is at \$2M on all the unrestricted funds.

Mr. Sanchez stated if the 12 accounts do not hold their own, if they can be kept running positively, and the College cut a lot of the programs that were draining the excess amount on the unrestricted funds, the College started watching them closely. The auxiliaries for last year \$714,000 in revenue in December, this year the College is at \$665,000, expenditures last year were at \$1M and this year at \$832,000. The auxiliaries are now at \$7,300 positive but Mr. Sanchez is still concerned it will go negative but not the same as last year.

Mr. Sanchez stated the daycare operation is still performing poorly. The College has tried a number of things to enhance the program, opened up to the public, advertised in the Theatre and other fliers have gone out, the age of children that could go has been reduced, the rate structure has changed (bigger break for students, faculty and staff). Nothing has materialized that makes the numbers look good and this is a real issue for the College and cannot be sustained in terms of operational dollars. The College is looking at grant money to subsidize this activity, the College is exploring the possibility of Federal Grants and the College would like to put something else on the table to subsidize this before anything is said about what should or should not be done. Mr. Sanchez stated it is not healthy and it has not gotten better. Other funds have been expended to try to enhance the program but the College will wait to see what the other two outcomes are (Grant and Foundation Assistance) prior to making a recommendation to the Board of Regents in the budgeting process. President Barceló stated the College has also requested the College of Education look at the daycare operation within the context of early childhood development and they are not in a position right now to make the type of changes that need to be made because additional faculty and programmatic changes need to be made. Anthony Sena, Provost and Dean of Arts and Sciences stated additional resources would need to be made and they would need to develop a curriculum with early childhood education. Right now the Department of Education just does not have the resources.

Regent Branch asked if there was a possibility of joint public/private change for an outside institution that is working who would be interested in taking this program over. Mr. Sanchez stated this option has not been explored but it could be explored. Regent Martinez-Wechsler stated the College is on the cusp of everything that can be read in the newspapers, they are talking about how early childhood is so important, it changes everything and it is very important for the College's teaching institution and if you look at the Native Americans, they all want early childhood certification. This is a wonderful pilot place to learn what is supposed to be done, it is going to happen and Regent Martinez-Wechsler would hate for the College to lose everything before it does. Regent Martinez-Wechsler does not believe it should go private, it should be part of a teaching institution because it is that important. That is where everything gets started, in early childhood and Regent Martinez-Wechsler would be really sad to see the College lose it for that reason. This is what it is all about, you start with early childhood and that is how you change drugs, that is how you change prison, that is how you change GEDs and the research shows that. Monies are coming in, like some company is putting in \$13M for early childhood because they realize how important it is. The Native American studies show that they need early childhood education. It is a perfect place for the College, it just needs to be run well. Regent Branch stated there are other private institutions within the city that have the same certification the College has. It could be the same types of programs could be offered by a joint public/private with some savings. Regent Branch stated the College needs to take a look at what is out there to modifying what the College has. President Barceló stated it is also about, by law, the College can serve no more than 29 children. Beyond that, the College would have to build a bigger facility and hire more staff. Currently there are two full time faculty members at the College of Education so the College has a lot of building to do. President Barceló would not like to implement a program and not have the right resources in place to provide the type of education opportunities for the children and the College's students. It is a matter of how it is done. Regent Martinez-Wechsler stated she would welcome a partnership with Las Cumbres because they have always been one of the best. If the College could join hands with Las Cumbres it would make the College top notch. The College has the ability to do it. Regent Martinez-Wechsler stated she understands finances are very important but the College is an educational institution, not a profit institution. The finances of the College were in such bad shape that they had to take precedent over everything else, but the College must remember it is an educational institution.

#### B. Approval of Budget Adjustment Requests (BARs)

Mr. Sanchez presented the BARs for approval by the Board of Regents. Whenever the College is doing an increase, transferring from one department to another or whenever there is a decrease, the College will bring it to the Board of Regents for authorization. If it is a line item within the same department, Mr.

Sanchez will sign off. At the end of each quarter a BAR will be done for HED which is an accumulation of all the work done up to that point.

**Regent Herrera moved to approve the Fiscal Watch Report and the Budget Adjustment Request as presented. Motion passed unanimously.**

C. Capital Projects Update

Mr. Sanchez stated renovations for the second half of the Administration Building will begin once the construction contract is resolved. This will be brought forward in February to the Board of Regents. This construction will take approximately two to three months.

Mr. Sanchez stated the other general obligation bond was the Security Bond. Almost all wiring in the Administration Building is completed and wiring is still being completed at the NNMC and El Rito Campuses. Most cameras are installed and staff is working with the contractor to inventory the list to ensure the College has received all items. This process will take approximately three to four months until completion.

Mr. Sanchez stated the new lighting is being installed and all the major lights on poles will be done after all the building lighting is completed. This should be completed by March.

Regent Branch requested information regarding the Capital Outlay Meeting being held on January 23, 2014. Mr. Sanchez stated in the Capital Outlay Request the College

**X. NEW BUSINESS**

A. 2012-2013 American Indian Center Annual Report by Dr. Matthew Martinez

Dr. Martinez presented the American Indian Center 2012-2013 Annual Report (attached). Dr. Martinez stated that the population of the College has the largest number of Native American Students of all public four year institutions at 12%. Part of this has to do with the geographic location of the College and a lot of the activities that are done on campus. The American Indian Center consists of: American Indian Affairs, Northern Pueblos Institute and American Indian Student Organization. The American Indian Center provides a support network for students which is welcoming to all Native American students. From the Fall of 2009 to Fall of 2013 the Native American Student population has moved from 9% to 13%. The trend in regards to Native American Students relates to what is happening campus wide. The American Indian Students come from all over (Navajo, Hopi Nations and the seven Tribes in New Mexico). Part of the strong relation on the Colleges campus is working closely with the Santa Fe Indian School which is owned and managed by each of the 19 Pueblos in New Mexico. Northern New Mexico College has a small office at the Santa Fe Indian School to advise the dual credit students and enroll them at Northern New Mexico College. Staff and Faculty of Santa Fe Indian School have been working with the College, specifically on dual credit but also offering private languages. A pilot program at the College this year is to create a language course for students to learn their own tribal languages.

Regent Branch requested the percentages of male/female students attending the College full time. Dr. Martinez stated he would pull the data for the Board of Regents. Dr. Martinez believes it is 60-75% female students. There is a higher rate of returning adult working mothers on campus. The American Indian Student Organization consists primarily of all women.

Dr. Martinez stated another component with regard to academics is the degree program in Pueblo Indian Studies. Part of the Pueblo Indian Studies Program is to think about the classroom outside of the buildings. Students are taken outside of the classroom as a way for them to think about larger historical

connections (petroglyphs, guest speakers, village settings) and tangible history rather than reading about it in text. The core of Pueblo Indian Studies is to think about the capacity building and training of future leaders to go back and work in their communities and state and federal government to advocate for all people.

Regent Herrera thanked Dr. Martinez for the efforts Dr. Martinez has contributed and devoted to the College and to the community. The population numbers brought forth speaks to the work and Dr. Martinez' leadership at the College. Regent Herrera stated he had a discussion with one of the staff members of the Eight Northern Pueblos regarding the contacts with tribal business, in particular Casino Enterprises to pursue areas in hospitality fields. One of the areas discussed was scheduling of classes and if the College could consider a consolidated effort on the part of the academic area spending a few weeks to take care of certifications in hospitality. Regent Herrera requested the College engage the community at large regarding these types of areas and the College has the ability to do some creative things along these lines.

President Barceló stated the film Canes of Power was outstanding but Dr. Martinez was the Associate Producer and Director of Research for the film and the film received an Emmy. There are not many Junior Professors who will have this on the Vitae. Regent Martinez-Wechsler stated it is very important to take the students out where there is a real work place and it is very important and Regent Martinez-Wechsler is hoping this is a large percentage, more than 13% but more like 40% or 50% of the College's population. Co-Student Representative Khalsa stated the course he took with Dr. Martinez was a fantastic experience.

Regent Branch thanked Dr. Martinez for retaining the program at the College and for sustaining and growing the program. Regent Branch stated recognition is needed for the need that is here and a real effort should be made to show that the College is truly a Native American Institution as well.

Dr. Martinez requested the Board of Regents inform Dr. Martinez what would be beneficial for the Board to know regarding data trends and other questions which would be helpful to collect for 2013-2014. Regent Branch stated it has been recognized the involvement of all of the Pueblos with the College has increased and they have been helping the College with events like the Foundation Dinner and everyone is coming forward and outreach is there and it is time for the College to capitalize on it to see what the College can do to help the students.

### **EXECUTIVE SESSION**

Regent Cecille Martinez moved that the Board enter into Executive Session pursuant to Sections 10-15-1(H)(2), 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 matters. Any action taken by the Board will be made in Open Session. **Regent Chayo Garcia, Regent Feliberto Martinez, Regent Cecille Martinez, Regent Alfred Herrera, and Regent Branch moved in the affirmative to adjourn into executive session at 8:08 a.m.** The open meeting reconvened at 10:30 a.m.

### **VIII. APPROVAL OF MINUTES**

Regent Martinez-Wechsler stated she was not in attendance at the November 27, 2013 meeting and would like the minutes adjusted accordingly. **Regent Martinez-Wechsler moved to approve the Minutes for October 21, 2013, October 25, 2013, and November 21, 2013. Motion passed unanimously. Regent Martinez-Wechsler moved to approve the November 27, 2013 minutes with the removal of Regent Martinez-Wechsler as attending. Motion passed unanimously.**

### **V. PUBLIC INPUT**

None.

**VI. STUDENT REPORT**

None.

**VII. FACULTY REPORT**

None.

**VIII FINANCIAL REPORT**

Regent Herrera stated the finance reports were presented in the Finance Committee Meeting and extensive discussion took place. The Finance Committee believes the College is moving in the right direction in terms of fund balances and in terms of cash balances and the Committee approved the finance reports presented and moved them forward to the full Board for consideration.

A. Approval of Fiscal Watch Report

Mr. Sanchez reviewed the 11 accounts as follows: total revenue is \$7M compared to \$6.8M in 2012. Overall expenditures in 2012 were at \$6M compared to \$7.5M in 2013. New practices were started with transfers in 2013 and all transfers are being placed up front so everyone will know what the transfer in or out will be and the bottom line number will be adjusted accordingly.

Mr. Sanchez reviewed the 12 accounts as follows: The College needs to watch the auxiliaries and if they are not doing they will need to be taken off the 11 accounts. In 2012, there was \$649,000 in revenue and in 2013 the College has \$645,000. Expenditures in 2012 were \$952,000 and in 2013 they are \$751,000. In 2013 the college was in the hole \$253,000, in 2014 the College is up \$34,000 which means the College does not yet have to use the 11 accounts.

Mr. Sanchez reviewed the standard fiscal watch reports. Cash for the College at the end of November is \$74,400 and in July the College was at a -\$250,000 which means the College is watching the expenses. Total assets for the College are at \$37.9M, liabilities are \$2M and total net assets are \$35M. The College does have unrestricted fund balance of \$137,000 at the end of November. The cleanup in all of the College funds is almost complete and it will be completed in 2013.

Mr. Sanchez reviewed the current operating budget, revised budget and actuals. The College has \$12M in total revenue for all funds (restricted and unrestricted), expenditures of \$11M and ending funding balance of -\$517,000 for the entire institution. The College has \$87,000 in revenues for the plant funds (capital projects) and expenditures of \$112,000. This number will rise because of the upgrades of Security and lighting.

Mr. Sanchez explained the comparisons between 2012 and 2013. In 2012, the College had \$11.9M in revenue in 2013 the College has \$12.2M. The College will be focused on in the new budget process and will need to start accruing fund balances. One of the items in the fiscal watch is the fund balances and the College is trying to address the issue.

Mr. Sanchez stated the Board of Regents directed all the departments to return 2.5% out of their current operating budget in a prior Board Meeting. The College also has an additional \$150,000 that the College was told to take off the table when preparing the operating budget. The College also received \$75,000 for



the 1% salary increases for the institution when the budget was revised in October. The College is attempting to hold budgets flat with new money to try to get in a position in the new year to start accruing fund balances. Mr. Sanchez stated he does not anticipate any action needed by the Board of Regents but he is concerned the College must maintain the level of spending conservatively.

**Regent Herrera moved to approve the Fiscal Watch Report as presented. Motion passed unanimously.**

B. Approval of Budget Adjustment Requests (BARs)

Mr. Sanchez stated the College is at 134 BARs for 2013 and the College should see 200 BARs completed prior to the end of the year. Mr. Sanchez stated there are two BARs (restricted and unrestricted) which will be sent to HED to ensure the budgets are updated. This process will be completed on a quarterly basis. Mr. Sanchez stated the additional BARs provided to the Board of Regents need approval because money was moved from a department to operation and maintenance.

**Regent Herrera moved to approve of the BARs as presented in the non-restricted categories. Motion passed unanimously.**

C. Capital Projects Update

Mr. Sanchez stated the lighting and Security updates are taking place and the College is preparing to move on the second half of the remodel.

**IX. OLD BUSINESS**

A. AQIP Report

President Barceló requested the AQIP Study be presented at the next Board of Regents Meeting.

B. Approval of Holiday Schedule

Bernie Padilla, Director of Human Resources stated the calendars for the next three years with recommended changes were vetted to all faculty, staff and students. Mr. Padilla received three written comments and several verbal comments. Dr. Ivan Lopez, Chair, Engineering department stated the College has two weeks gone because the students will take the entire Thanksgiving week off along with Fall Break. Mr. Padilla stated the recommendation from Administration based on the comments received is to recommend the Board of Regents approve the proposed schedule utilizing Option 1 which would mean the College would recognize New Year's on December 30 as a holiday as opposed to January 1. Jacob Pacheco, Director of Financial Aid stated the Financial Aid Department needs five consecutive days that could be called a break and the reason for this break is the effect it has on the return of Title IV Funds Calculation. This break will equalize the fall and spring in terms of the calculations, the end result being the students earn their pay quicker and the institution would reduce the amount of Title IV Funds that would have to be sent back.

Mr. Padilla stated this information was also vetted through the Union President and a representative from the Labor Management Committee. It is required in collective bargaining that this issue be discussed but not approved by the Union.

**Regent Herrera moved for approval of the Holiday Schedule as presented (Option 1). Motion passed unanimously.**

### C. Review and approval of second Phase of Monument Contract

Mr. Sanchez reiterated the discussion at the last Board Meeting of the overview of the second half of the process. These include: Step 1: Agreement with Monument with identified deliverables to be completed, reviewed and approved by the Board of Regents and Step 2: Development Agreement. At the last Board Meeting the Board requested additional information (financing options).

Mr. Sanchez introduced Tony Ortiz, Attorney for the College to address legal issues for the Board of Regents. Mr. Ortiz stated based on the decisions of the Board of Regents on December 19, 2014 he will have a draft of the document for the Board of Regents to review and approve. The Board can now focus on how to get an Agreement in place that makes sense to build the residence halls in place.

Mr. Pitcher stated because there is now specific information available on how the Board of Regents would like to proceed and the funding mechanism is in place, there will be several clauses in the Contract which will need to be adjusted. In addition, Mr. Pitcher stated there are additional items that will need to be placed in the Development Agreement answering questions related to Monument, LLC's requirement to provide assistance to the College to build all of the infrastructure systems.

Regent Herrera requested clarification regarding the timeline with the new approvals and changes. Mr. Ortiz stated the approval process will be four to six months. This does not mean the College cannot begin to move forward in planning and preparations. Mr. Ortiz' experience on these items is there is usually a delay is with the Board of Finance. Mr. Cassidy stated he believes 3½ to 4 months is a time period in which it can get completed and the College will be prepared for questions. The strategy will be to have a meeting with HED and State Board of Finance staff together prior to January 8 so the College can get a sense from them of what is needed.

Mr. Pitcher stated the architects and engineers can move forward and getting the approval processes. This would mean the College would only be waiting on the physical construction. In the first Agreement, the College has the right to ask Monument, LLC to do additional work. The Board of Regents can request an addendum be prepared asking Monument, LLC to go on with design development and/or construction development. This allows Monument, LLC to begin the other parts of the process including working with the administration to get all the policies and procedures in place. With the preliminary approval of the bonds, it would be the time to agree to a bigger scope between Monument, LLC and the College.

### D. Approval of Housing and Financing Options

Domingo Sanchez, Vice President for Finance and Administration stated the College was directed to bring financing options to the Board of Regents. Mr. Sanchez provided and reviewed the Board of Regents with a Student Housing Project Financing Options Document (attached). Mr. Sanchez stated the Finance Committee discussed each option and would recommend the Board Consider Option 1 which is the issuing of system revenue bonds through the New Mexico Finance Authority (NMFA). Mr. Sanchez stated Option 2 is still an option for the College but it means the College would have to incur more costs because the College would be in complete control and it would create the non-profit for real estate activity.

Paul Cassidy reviewed the Proposed System Revenue Bonds, Series 2014 – Overview for Option 1 (attached). The NMFA will require the College pledge the system revenues (tuition, fees, auxiliary revenues, including housing revenues) on a gross revenue basis to bond holders and investors. This is accepted by NMFA as a credit and the payment source will be the student housing revenues. The amount of debt to be issued for the College is \$14,690,000 and the final maturity would be 2044 (30 year amortization).

Mr. Sanchez stated now that the College knows it has to go through NMFA and HED, the College is not will not complete the project by August. The College would have just as an aggressive construction timeframe to complete the project in January as it would in August. Mr. Cassidy stated if the Board of Regents moves forward with Option 1 or Option 2, the College will need to line up the financing with the financing the NMFA does in the open markets because it is over \$5M they will not just make a loan because they do not have enough cash to make a loan.

Mr. Sanchez stated because of the issue of losing the opportunity to take advantage of recruitment in the fall, the College could then capitalize the interest on the loan so the College would not have to pay the payments right away in January. Mr. Sanchez believes at a minimum there could be 100 people in the beds in January. The issue becomes the identification of a reasonable freshman class so when the College moves forward to the freshman dorm it would have a sense of how many beds to proceed with. The housing the College would build would be for the upper classmen residence halls which could also accommodate freshman or upperclassmen.

Mr. Cassidy provided the Board of Regents with an application explaining financing which would be substituted with the application sent to HED (attached). The College is on the Agenda for January 8, 2014. The entire team (including Monument) will review the document and it will be submitted to the HED and a presentation will also be made. Regent Herrera stated the same presentation was made to the Finance Committee and the Finance Committee agreed with the recommendation of Option 1 and has forwarded that recommendation to the full Board of Regents.

Regent Garcia requested clarification regarding the timeline of going through NMFA. Mr. Cassidy stated it would take approximately three to three and one half months. Once there is HED approval, the College will schedule a meeting with NMFA to get their Board approval along with State Board of Finance. Through this process the construction company can start on final plans and specifications. Regent Branch stated one item that can affect the process is the Legislative Session. Mr. Cassidy stated if the College does not receive approval, there will be comments with what they are uncomfortable with and the College can respond. If the College is turned down completely, it could, perhaps find a developer that could build apartments for the College off campus. Mr. Cassidy stated what is being taken to the oversight agencies is the traditional method of financing student housing which has been used across the state for many decades.

Peter Franklin, Modrall Law Firm Bond Lawyer reviewed and summarized the resolution for the Board of Regents (attached). The Resolution is a parameters approval which approves a maximum of \$15M in bonds. The approval is what is necessary to get the process moving with the HED and State Board of Finance. They would like to see the applicant is actually approved going forward with the financing before they start their process. This Resolution does not obligate the Board but gets the process going at the point that the Finance Authority or any other bond purchaser in the picture has offered to buy the bonds. At that point there would be a Sale Resolution brought to the Board of Regents for approval. The Resolution provides:

1. A form of the bonds.
2. It creates a number of funds and accounts for the deposit of the pledged revenue and the collection of the money to pay debt service on the bonds.
3. It provides for issuing additional debt under certain circumstances if the Board would like to do so with restrictions.
4. It provide a series of covenants (promises) the Board of Regents make in terms of keeping the College facilities in good repair, keeping them insured and paying debt service to the bond holder.

5. There are a series of tax related covenants if the bonds are tax exempt the College needs to maintain its public agency status. If the College were somehow sold to a private operator, that would call into question the tax exempt status of the bonds.

Regent Garcia stated the cost of the dorms would cover the debt services and requested clarification of how the cost of management would be covered. Mr. Sanchez stated the rent would cover the debt service. Mr. Cassidy stated there would not be any restrictions on the residual amounts. The cost of the facilities is such that the College will have to supplement operating costs from the current funds. The College stated the funds would have to be worked into the budget. Some of the construction costs are also to build infrastructure for future housing if there is demand. Mr. Sanchez stated to the extent there is no restriction if there is a residual amount, the College could use it. The issue is whether or not the College has enough in the existing operating budget and the positions to deal with having to manage the residence halls. The College has already begun to flush out the positions needed with the new residence halls and some positions will be repurposed. One new position would be a Director of Student Life, which is a new, critical position to get the policies together, formalize the way the Student Life activities are managed and managing the dorms. In terms of incremental costs, there will be some in particular for the position of Director of Student Life.

Regent Branch stated all these costs are variables at this point and the College cannot assume all costs are going to be absorbed by the College. The construction costs will be worked in because the numbers on the construction costs are on the upper end. If there is some room, some of the costs will be absorbed. There are some variables but they can be controlled by the College.

Tim Pitcher, Monument, LLC stated through an increased recruitment area, it will add alone additional revenue, not only from tuition and fees but on the funding formula. In addition, on the cost side, the original presentation was using one of the most expensive methodologies based on Monument trying to fill a need for a timeframe. Once it was decided the timeframe was not going to be paramount, the rate changed and it will be reduced to approximately \$200,000.

Ricky Serna stated there is a difference between the bonds that are going to be issued and a local bond election. The College does not have the ability to and does not intend on seeking local taxation for this project. Issuing bonds is the closest a public institution can get to taking out a loan. Regent Herrera stated the bond does not unilaterally and automatically increase tuition.

**Regent Martinez-Wechsler moved to approve Option 1. Motion carried unanimously.**

**Regent Herrera moved to approve the New Mexico Finance Authority Bond Resolution as presented. Motion carried unanimously.**

## **X. NEW BUSINESS**

- A. Approval of New Mexico Finance Authority Bond Parameter Resolution
- B. Approval of Differential Tuition Rate

Ricky Serna, Vice President for Institutional Advancement stated the Enrollment Management Committee worked to answer the question as to what subgroups the decline was taking place in enrollment. The group was a subgroup of students identified to be community members taking classes leisurely (54% decrease). In discussions with Donna Winchell, Chair, Art Department and Domingo Sanchez the enrollment decline in these courses has been taking place over the last two years. Some concerns raised were how competitive the College's rates were to other institutions surrounding the College. The College cannot be compared to UNM LA, UNM Taos and Santa Fe Community College because the College cannot be as affordable as they are because they manage themselves on adjunct and non-tenured faculty.

The College created a tool to try to identify a rate that assists the College in being more competitive and ensures the institution does not find itself in a position of losing money by providing these classes. There are, however, classes where it does not make financial sense but is necessary because of (1) it may be required for students to graduate; and (2) no matter what the enrollments are, it will never make financial sense but is part of general core. Based on the funding formula, if students finish some of these classes, the College will generate extra money. The College has determined it can charge \$80 per credit hour for the studio art courses with a fee of \$20.00 per credit hour; the College would generate enough money to support the supplies necessary to run the courses. A flat rate of \$100 per credit hour would suffice to cover the costs of offering the class and the costs of necessary supplies and equipment needed to run the class and it makes the College competitive. The College is proposing if the student is non-degree seeking, enrolled in less than six credit hours and the student must enroll in one of the eligible courses, then the student could receive the differential tuition rate. Mr. Serna stated the average studio arts classes cost \$578.00 for a student to take. With the differential tuition it will be dropped 50%.

Mr. Serna stated the College is asking the Board to approve the rate and some flexibility with regards to the timeline. The College is working with New Mexico Highland's University to understand what is going to be required in terms of Banner to be sure this can be implemented without confusion. The implementation timeline would be from January, 2014 to the start of the summer session 2014. This information will be marketed to the students (general marketing and telephone calls to the students).

**Regent Martinez-Wechsler moved to approve the differential tuition pay for eligible students as presented. Motion carried unanimously.**

#### C. Academic Planning Initiative

Dr. Lopez gave the Board of Regents a brief overview of the Academic Planning Initiative. The idea of the initiative is to create a plan of the Academics for the institution for the next five years. Mr. Lopez has been collecting data from all the constituencies of how the College can improve teaching and learning. The process began with an open survey in November, the data was collected and it was presented to the Faculty Senate and website was created for the initiative. After the results were collected, they were sent back to the academic units to work independently. Each department presented the ideas they have in mind to move forward in terms of academic planning. Currently there is a calendar for the entire year to begin meeting in January as a Committee which has been defined. Dr. Lopez will return to the next Board of Regents Meeting with more detailed information regarding the findings from the students and faculty. A full plan will be prepared by the end of the spring.

### **XI. COMMENTS FROM THE BOARD**

#### A. Reports from BOR Committee Chairs

Regent Herrera advised the Board of Regents in the Finance Committee the committee members met with the internal auditor and discussion was held regarding the first assignment which would be the review of the work being done by faculty in terms of their obligation to the College and whether or not they are fulfilling those obligations. The internal auditor will be reporting back to the Board.

### **XII. PRESIDENT'S REPORT AND ANNOUNCEMENTS**

President Barceló stated the College has had a good semester which was culminated in terms of a celebration of Graduation which was a success. The College is getting a lot of positive feedback about the promotional efforts. President Barceló is putting together an annual report for review by the Board of Regents which will be done by the end of January.

**XIII. ADJOURNMENT**

**Regent Martinez moved to adjourn the meeting. The meeting adjourned at 12:30 p .m.**

Amy Pena, Recording Secretary

APPROVED:

/s/

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Michael P. Branch, Board President

/s/

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Cecille Martinez-Wechsler, Secretary