



CONFIDENTIAL MEMORANDUM

TO: Garnett Stokes, Ph.D., University President

FROM: Paul B. Roth, M.D., MS, FACEP, Executive Vice President and Chancellor
for Health Sciences, and Dean, UNM School of Medicine

CC: Jamie Silva-Steele, Executive Director, UNM HS Rio Rancho Campus
Loretta P. Martinez, Esq., Chief Legal Officer
Scot Sauder, Esq., Deputy University Counsel for Health Sciences
Kaitlyn DelBene, Esq., Assistant University Counsel for Health Sciences

DATE: January 22, 2020

RE: Regents Special Meeting for Approval of MOU Between UNM Regents and
City of Rio Rancho Pertaining to Development of UNM Health Sciences Rio
Rancho Campus

Attachments: Presentation Materials from 12/9 & 12/10
MOU and Exhibits for Approval

Background

Following recent approval by the Board of Regents of the Project/Program for the Health Sciences Rio Rancho Campus Orthopedic Surgery and Rehabilitation Center of Excellence, an updated MOU has been negotiated between UNM and the City of Rio Rancho (the "City"). This MOU must be executed in order for the City to move forward with financing of its Higher Education GRT funds through the New Mexico Board of Finance ("NMFA"). NMFA financing is critical for generating sufficient funds to support planned development on the HS Rio Rancho Campus. Further background regarding this matter includes the following:

- Past Approvals. With regard to planned development of the HS Rio Rancho Campus, materials were presented and approvals obtained from the Board of Regents as follows:
 - On December 9, 2019, the Project/Program for the Health Sciences Rio Rancho Campus Orthopedic Surgery and Rehabilitation Center of Excellence was approved by the Board of Regents HSC Committee.
 - On December 10, 2019, the full Board of Regents approved the same Project/Plan at its Regular Meeting.

- Attached to this Memorandum are the presentation materials relevant to the above-referenced approvals.
- NMFA Funding. In order to move forward with planned development of the HS Rio Ranch Campus, UNM must confirm that sufficient funding is available from the City.
 - Funding will be accomplished through financing of available City Higher Education gross receipts tax funds. The City has developed a financing strategy through NMFA that will meet the costs budgeted for UNM's Orthopedic Center construction (including Building 2 and related campus core infrastructure).
 - The estimated cost of the Orthopedic Center is \$20,802,411.
 - UNM retains \$1,327,463 from a \$2 million transfer out of the City's Higher Education Fund to UNM in December 2015, pursuant to the execution of an initial MOU (to enable UNM HSC to renovate and improve Building 1, and initiate actions for necessary planning, design, and construction of infrastructure and other site improvements necessary to support the development of Building 2). This balance of \$1,327,463 will be applied to the cost of development of the Orthopedic Center.
 - Pursuant to an Amended and Restated MOU, the remaining anticipated cost of the Orthopedic Center will be funded through a combination of cash financing and revenue bond or loan proceeds in the anticipated amount of \$19,474,948 obtained from bonds or other debt financing provided by NMFA, with bond- or other debt repayment funded solely by and from City Higher Education Fund gross receipts tax revenues pursuant to an arrangement between the City and NMFA.

Timeline

In order for NMFA financing to move forward according to project timelines planned by both UNM and the City, a Special Meeting of the UNM Board of Regents will be necessary to approve the updated MOU between UNM and the City. This conclusion is based on the following:

- Approval Timeline. The following approvals will be necessary, in the following order, so that financing may be realized, with cash in hand, by July 2020 at the earliest.
 - City of Rio Rancho Governing Body & UNM Board of Regents: Approvals may be concurrent or in any order, but both are needed, so that the MOU is fully executed, prior to NM Higher Education Department approval. **The deadline for submitting materials in advance of the March 11 NM HED meeting is January 27, 2020.** The City Governing Board has a meeting on January 22,

2020, at which it plans to present the final MOU draft for approval. The next Regular Meeting of the Board of Regents is on February __, 2020, so a Special Meeting of the Board of Regents is necessary in order to seek NM HED approval in March.

- NM Higher Education Department: Meets on March 11, 2020.
- NM Finance Authority: Meets on March 26, 2020.
- NM State Board of Finance: Meets on April 21, 2020.
- Once the NMFA Board approves a project, it takes up to seventy-five days to get bonds to market and cash in hand.

Recommendation

Based on the above, UNM HSC Administration recommends approval of the MOU by the Board of Regents at a Special Meeting to be called on January 24, 2020, for the purpose of approving the First Amended and Restated MOU Pertaining to the Development of the University of New Mexico Health Sciences Rio Rancho Campus.



UNM HEALTH SCIENCES CENTER REGENTS COMMITTEE
DECEMBER 9, 2019



Expanding the Vision in Sandoval County

 HEALTH SCIENCES
RIO RANCHO CAMPUS


SANDOVAL REGIONAL
MEDICAL CENTER

 Rio Rancho
City of Vision

History & Background

University of New Mexico - Rio Rancho – 1990s

- Regent Don Chalmers

City of Rio Rancho Higher Ed GRT - “the acquisition, construction, renovation or improvement of facilities of a four-year post-secondary public educational institution located in the municipality and acquisition of or improvements to land for those facilities.”

- 20 year tax
- Tax sunsets in 2028

Five Campus Initiatives

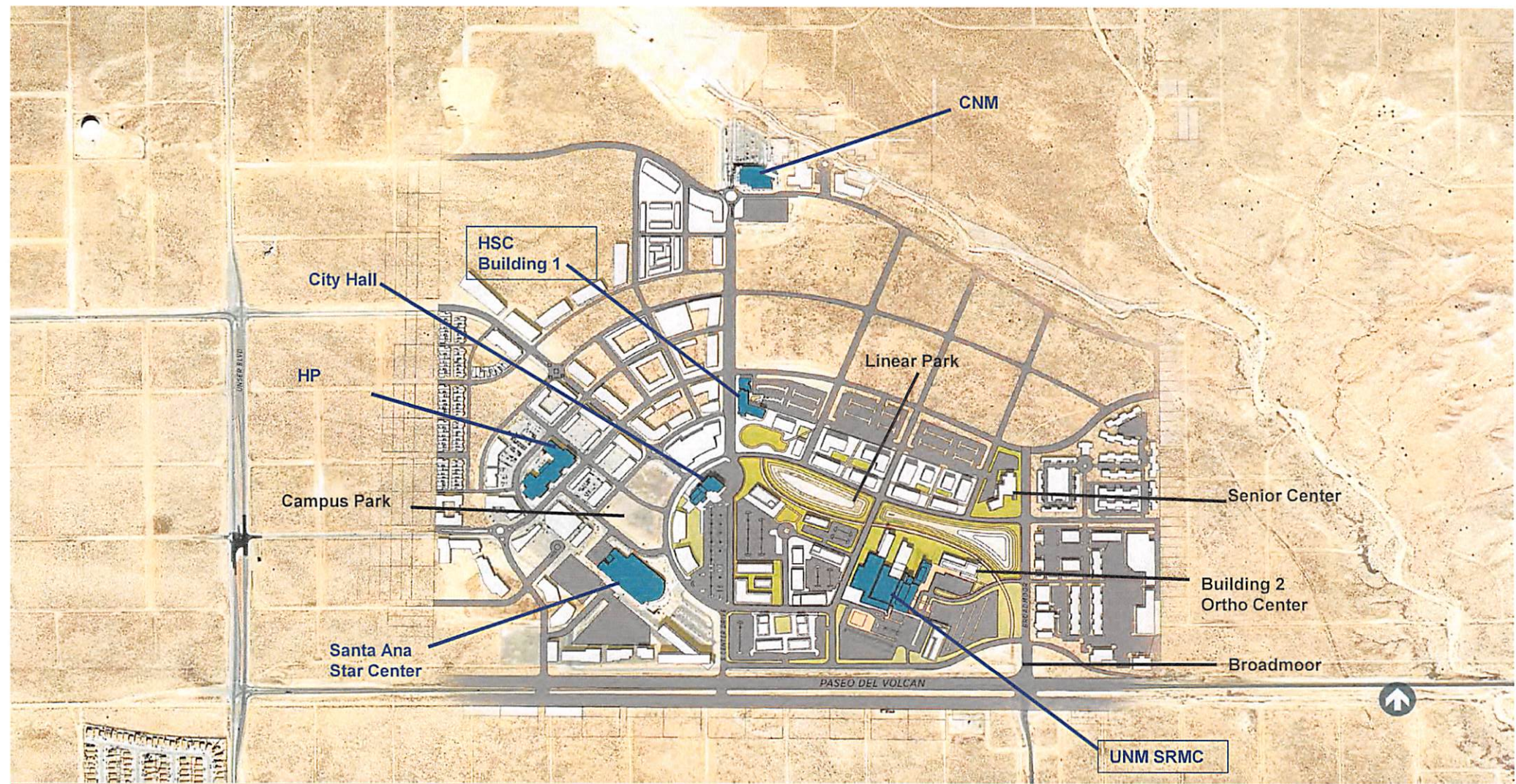
Broadmoor Blvd. Extension

“Linear Park” (Water Drainage) off the Campus

New Senior Center

Campus Park

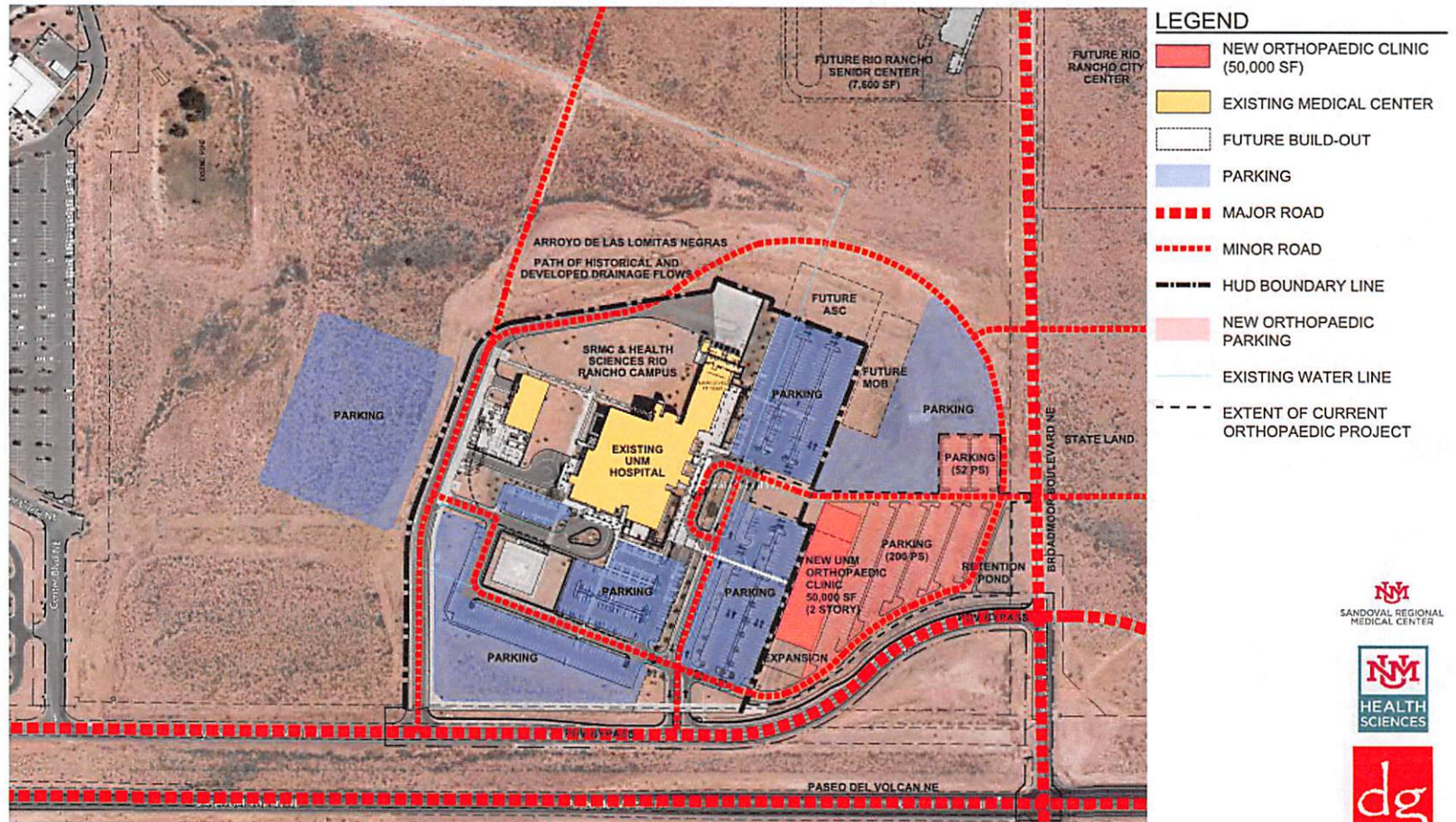
Building 2 – Center of Excellence for Orthopedic Surgery and Rehabilitation



Planning for Building 2

CENTER OF EXCELLENCE FOR
ORTHOPAEDIC SURGERY AND REHABILITATION

Campus Site Plan

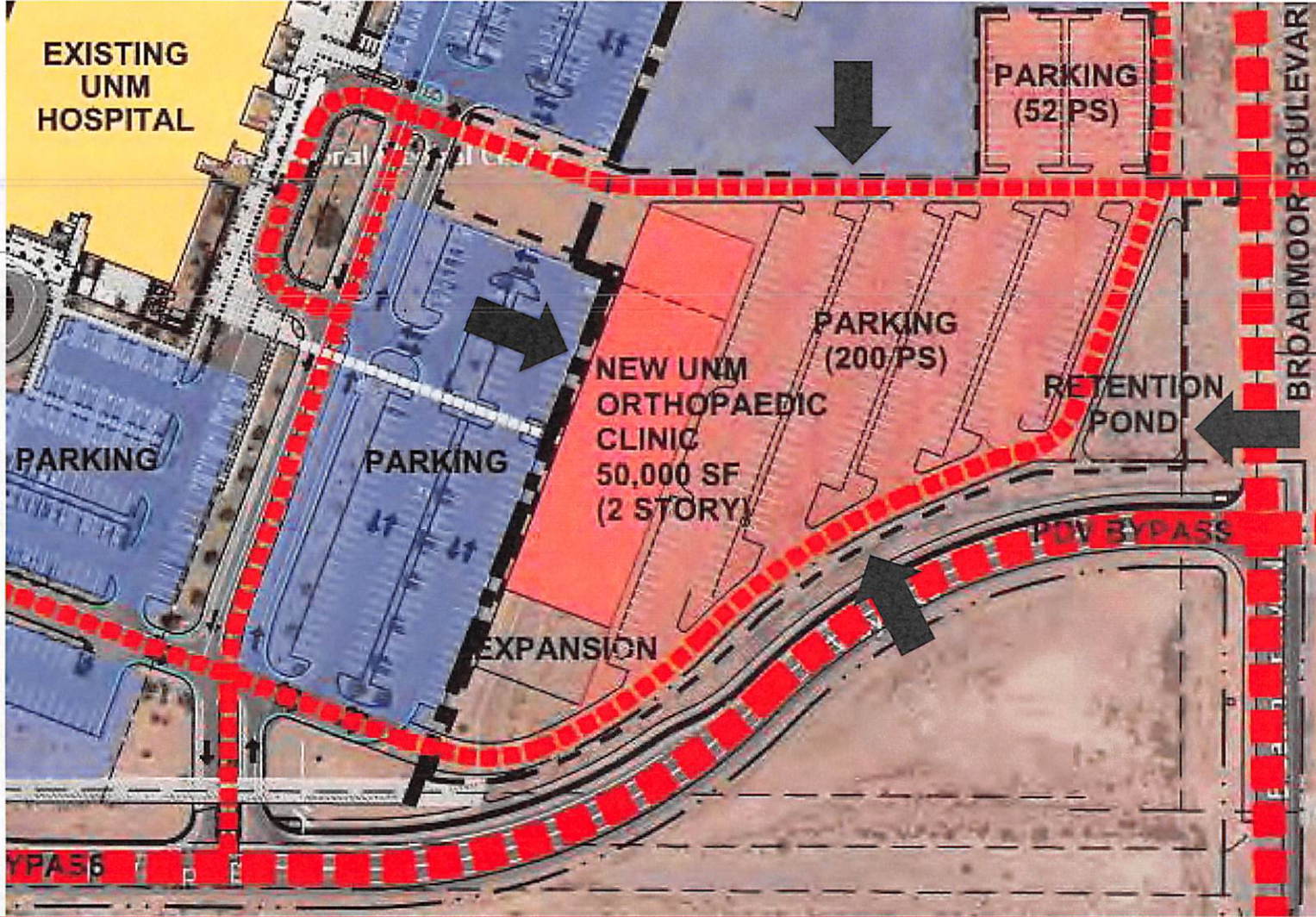


ARCHITECTURAL SITE PLAN - SITE OPPORTUNITIES



Project Site Plan

Extent of Current Orthopaedic Project



Center of Excellence for Orthopaedic Surgery and Rehabilitation – Building 2

Assumptions:

Free standing Academic building adjacent to SRMC

- Academic Faculty
- Research offices and labs
- Clinic and Rehabilitation

Addresses the shortage of clinical sites for future healthcare professionals

Shared clinical services with SRMC avoids costly duplication

Enhances patient access and operational efficiencies

Innovation Room invites community participation and future partnerships

Increases jobs that promote economic development

City of Rio Rancho GRT funds bricks and mortar, infrastructure

- Excludes equipment, furniture and operating costs

Center of Excellence for Orthopaedic Surgery and Rehabilitation – Building 2

Space Summary	% of Total	Area
▪ Academic Area (offices + education + research)	20%	6,572 nsf
▪ Rehabilitation	21%	6,614 nsf
▪ Clinic	38%	12,280 nsf
▪ Research	21%	<u>6,700 nsf</u>
		32,166
Building		<u>1,428 nsf</u>
Total Net Square Feet		33,594 nsf
Grossing Factor		<u>0.7</u>
TOTAL ESTIMATED GROSS SQUARE FEET		47,991 gsf
PROJECT BUDGET		\$21,000,000

Academic – Teaching

~6,572 NSF

Proposed 10.5 providers:

- 6 adult reconstruction, 1.5 Physical Medicine & Rehabilitation, 1 General Orthopedist, 1 Spine specialist, and 6 Advanced Practice Providers
- Spine and Sports Medicine as growth permits
- Internal Medicine on site

Learner Spaces:

- Dictation
- Shared conference/education
- Large Conference/education
- Innovation Center/Virtual Reality
- Learner Lockers/Lounge

Clinical and Research Faculty/Provider Offices,
Staff, Reception

Summary of Learners Served in Proposed Facility:

Clinic: 5 Medical Assistants
8 Radiology Techs
5 Residents and Fellows

Research:
20 undergraduate, Masters, PhD, and
post-doctoral Bioengineering students
20-25/year medical students,
residents, and Fellows

Rehabilitation:
18 students in varying programs,
including Physical Therapy and
Occupational Therapy students,
Physical Therapy Techs and Physical
Therapy Assistants, Doctor of Physical
Therapy, and Speech and Language
students.

Academic – Research

-6,700 NSF

Orthopaedic Biomechanics & Biomaterials Laboratory (OBBL) and Orthopaedic Tissue Engineering with Additive Manufacturing (Ortho TEAM)

- Projects fall into the following five categories: computational finite element modeling, synthetic and cadaveric bone experimental testing, biomedical device development, materials characterization, and tissue engineering
- Research currently in multiple locations, with shared space and equipment
- Building infrastructure included in costs; Equipment supplied by research

Spaces:

- Wet Lab, Freezer, Prep, Storage
- Microvascular surgery, Gross Anatomy, Experimental Testing
- Machine Shop
- Break Area

Gait Lab to be used by research, education, as well as by the Rehab Center

Learners: 20 undergraduate, masters, PhD and post-doctoral Bioengineering students, and 20-25 per year of medical students, residents, and Fellows.

Academic Orthopaedic Clinic

~12,280 NSF

Multiple specialty orthopaedic providers from UNM School of Medicine manage patient care and provide teaching opportunities

Spaces:

- 40 exam rooms (5 pods of 8 exams) configured to accommodate patients, learners, as well as the providers
- Cast room
- Digital radiology with tech support area
- Procedure Rooms with accommodations for Ultrasound and C-arm use
- Waiting (Registration consolidated at the building entry)

Learners: 5 residents and Fellows, 5 medical Assistants, 8 Radiology Techs

Rehabilitation Center

6,614 NSF

Configured to accommodate pre-habilitation and rehabilitation in a teaching environment

Spaces:

- Gym with track
- Therapy Pool with treadmill
- Patient Exam and Treatment Rooms
- Occupational Therapy with Activity of Daily Living accommodations
- Greeting/Waiting
- Workspace
- Break area
- Conference space shared with academic offices

Learners: 18 students in varying programs, including Physical Therapy and Occupational Therapy students, Physical Therapy Technician and Physical Therapy Assistant students, Doctor of Physical Therapy and Speech and Language Students

Cost

Estimated Construction Costs

Item	Area	Cost/S.F.	Item Cost
Construction Cost (Fall 2020)			
Shell, Core and Interior Buildout	48,000 gsf	\$340.00 /sf =	\$16,320,000
Sitework (included in work above)		\$0.00 /sf =	\$0
Construction Cost Subtotal			\$16,320,000
NMGRT (@ 7.6875% of A)			\$1,254,600
5% Construction Contingency (on Items A. and B. above)			\$878,730
Total Probable Construction Costs w/ NMGRT			\$18,453,330

Estimated Other Owner Costs

Modular Furniture Allowance		Provided through other funding sources	
Medical/ Lab/ Administrative Equipment Allowance		Provided through other funding sources	
Computer/Telephone/Television Equipment & Wiring Allowance		Provided through other funding sources	
Commissioning Allowance			\$50,000
Architects/Engineer Fees			\$1,230,557
Site Survey			\$35,400
Geotechnical Investigation			\$8,630
Taxes on E through M (@ 7.6875%)			\$101,828
Owner Contingency (@ 5% of construction cost Item D total above)			\$922,667
Total Probable Other Owner Costs			\$2,349,081
Total Probable Project Cost			\$20,802,411
Total Estimated Funding			\$21,000,000
Over/Under			-\$197,589

New Mexico Finance Authority Financing Feasibility

City of Rio Rancho GRT Financing

Unencumbered Ending Fund Balance Beginning of FY 20 (July 1, 2019): \$5,313,601

Projected Higher ED GRT Revenue Generation FY 20 – FY 28 (June 30, 2028)

FY 20: \$2,408,340

FY 21: \$2,416,359

FY 22: \$2,574,943

FY 23: \$2,659,184

FY 24: \$2,744,450

FY 25: \$2,881,435

FY 26: \$ 2,973,827

FY 27: \$ 3,069,182

FY 28: \$ 3,167,594

Total: \$24,895,314

*Tax sunsets June 30, 2028

NMFA Meeting Summary 11-15-19

City is the Lead with NMFA on the financing strategy

NMFA brings projects to their board every month

We will need to add **NMFA Board Approval after the HED meeting.**

- They meet the 4th Thursday of the month.
- NMFA presentation can be in the same month as HED (sequentially).
- NMFA will need materials the month before the meeting occurs

SBOF will follow after NMFA Board.

Once NMFA Board approves the project– it takes up to 75 days to get Bonds to Market and cash in hand. So for example, we go to NMFA in March – June would be the soonest we would have Cash in hand to begin construction in July.

Timeline

ESTIMATED PROJECT SCHEDULE

	OCTOBER 2019  NOVEMBER 2021				
PROGRAMMING & DESIGN	9 MONTHS				
	Complete July 2020				
PRICING & CONSTRUCTION	16 MONTHS				
	Complete November 2021				
UNM REGENT APPROVAL		December 10, 2019			
CORR GOV. BODY APPROVAL		December 11, 2019			
NMHED APPROVAL		March 11, 2020			
NMMFA APPROVAL		March 26, 2020			
NMSBOF APPROVAL		April 21, 2020			

Next Steps

The City will update the GRT Revenue projections

City and HSC will meet with NMFA after the December meetings again – in person - for a presentation on the final project.

RFP out to pre-qualify CMAR

Finalize Organizational Structure/Design

Post Administrator COE position / Interim Assignment

Appoint Medical Director of COE

Questions?

**FIRST AMENDED AND RESTATED
MEMORANDUM OF UNDERSTANDING
PERTAINING TO THE DEVELOPMENT OF
THE UNIVERSITY OF NEW MEXICO
HEALTH SCIENCES RIO RANCHO CAMPUS**

This First Amended and Restated Memorandum of Understanding (“**First Amended MOU**”) pertaining to the University of New Mexico Health Sciences Rio Rancho Campus is entered into by and between the City of Rio Rancho, a New Mexico municipal corporation (the “**City**”) and the Regents of the University of New Mexico, a constitutionally created educational institution of the State of New Mexico (the “**University**” or “**UNM**”) for its public-serving healthcare and educational facilities known as the UNM Health Sciences Center, and more specifically for the UNM Health Sciences Rio Rancho Campus (each of the City and UNM a “**Party**” and collectively, the “**Parties**”) as of the Effective Date, as hereinafter defined.

RECITALS

WHEREAS, the Parties previously entered into a Memorandum of Understanding pertaining to what was then referred to as the University of New Mexico UNM West Campus¹, with an effective date of December 10, 2015 (the “**Initial MOU**”) acknowledging the construction of an initial academic building on the UNM West Campus, and providing a funding plan for the construction of a second academic building and related campus infrastructure in order to expand educational opportunities for the citizens of Rio Rancho, including a health sciences curriculum, in a fashion complementary to the UNM Sandoval Regional Medical Center, and

WHEREAS, the completed building is a 33,000 sq. ft. facility (“**Building 1**”) in which the Health Sciences Center is providing a Bachelor’s of Science in Nursing degree with the UNM College of Nursing, a Medical Assistant Certification in collaboration with Central New Mexico Community College (CNM), a Behavioral Health Clinic and Training Center in partnership with the UNM Medical Group, and a Health Careers Academy for High School Students in partnership with the UNM Health Sciences Center (“**Health Sciences Center**” or “**HSC**”) Office of Diversity, Equity and Inclusion, and

WHEREAS, the proposed funding plan for the second academic building and related campus infrastructure did not materialize as contemplated, and

WHEREAS, the Parties remain committed to the expansion of post-secondary health science education and related medical facilities and medical services on the UNM West Campus, and

WHEREAS, the Parties wish to plan for, accommodate, and implement an expanded vision for the HS Rio Rancho Campus, and in order to do so, wish to replace the 2015 Memorandum of

¹ The UNM Health Sciences Rio Rancho Campus, formerly known as UNM West Campus, consisting of approximately 203 acres, is more particularly shown on **Exhibit 1** attached hereto.

Understanding, with this First Amended and Restated Memorandum of Understanding (the “**First Amended MOU**”) effective as of the Effective Date of this First Amended MOU, and

WHEREAS, in recognition of the expanded scope and nature of post-secondary health science education, services and facilities to be placed on the UNM West Campus, the UNM West Campus shall hereinafter be designated the UNM Health Sciences Rio Rancho Campus (for purpose of this document, the “**HS Rio Rancho Campus**” or “**Campus**”), and

WHEREAS, the Health Sciences Center wishes to incrementally expand its post-secondary public educational offerings at the HS Rio Rancho Campus, with a particular emphasis on health science educational programming, to eventually include a full range of Health Sciences Center baccalaureate and advanced degree programs (the “**Health Sciences Programs**”); and the City wishes to see the continued development of the HS Rio Rancho Campus and the expansion of post-secondary educational opportunities, especially the Health Sciences Programs, to residents of the City, and

WHEREAS, the expansion of the HS Rio Rancho Campus will complement current operations and planned expansions at the UNM Sandoval Regional Medical Center, owned and operated by UNM Sandoval Regional Medical Center, Inc., a New Mexico University Research Park and Economic Development Act non-profit corporation, providing additional post-secondary sciences related educational opportunities; and

WHEREAS, the City and citizens of Rio Rancho have provided and continue to offer financial assistance to the University for health sciences education and medically related facilities and infrastructure via use of the receipts from the City’s municipal higher education facilities gross receipts tax (the “**Higher Education GRT Tax**”), which are collected and placed in a separate and segregated fund (the “**Higher Education GRT Fund**”) for these purposes, and

WHEREAS, the University is now prepared to construct the second building (“**Building 2**”) called for in the Initial MOU at the HS Rio Rancho Campus, and

WHEREAS, the City is willing to further assist the University in this initiative by providing the necessary funding for Building 2 in the maximum amount stated in Paragraph 10 hereof and for the planning, development and construction of additional educational facilities and related infrastructure, and

WHEREAS, the City wishes to make available to the University and its Health Sciences Center the necessary funds from the Higher Education GRT Fund as provided herein so that the University can bring about the development of Building 2, as well as additional educational medical and ancillary buildings, facilities and related on and off-site infrastructure, landscaping, and related site amenities to provide the Health Sciences Programs and other higher education offerings and to otherwise promote and assist the development of the HS Rio Rancho Campus for the purposes intended (the “**Additional Educational Facilities**”), and

WHEREAS, in implementing the new expanded vision for the HS Rio Rancho Campus, the Parties wish to provide for and undertake the following initiatives on the Campus: (1)

construction of a new senior center, (2) construction of a new building for orthopedic surgery and rehabilitation, (3) the extension of Broadmoor Boulevard and the construction of a portion of No Name Road, (4) construction of Phase I of a campus park system, (5) conceptual approval of a curvilinear park running from west to east through the Campus, and (6) resolution of present and future stormwater drainage considerations, therefore:

MEMORANDUM OF UNDERSTANDING

1. The parties agree to the following terms, provisions, and conditions.

2. The Parties agree to support and work collaboratively to achieve the construction of the following four initiatives on the HS Rio Rancho Campus: (1) a new senior center, (2) a new building for orthopedic surgery and rehabilitation, (3) the extension of Broadmoor Boulevard and the construction of a portion of No Name Road, and (4) Phase I of a campus park system. The Parties also agree to (1) conceptually approve a curvilinear park running from west to east through the Campus, and (2) research present and future storm drainage considerations and/or a process by which to do so. The location of each of the initiatives and the conceptual layout of the curvilinear park are indicated on **Exhibit 2**, attached hereto. Each is described more fully in the following paragraphs.

3. **Senior Center**. The City will, at its sole cost and expense, design and construct a senior center, consisting of approximately 7,500 square feet, to be used for educational and related uses on the Campus on approximately 3.85 acres of land leased from the University at, essentially, no cost to the City. The Senior Center's functions and operations must comply substantially with the New Mexico Aging and Long Term Services Department program and funding requirements. The approximate location of the senior center is shown on **Exhibit 2** and more particularly on **Exhibit 3**. The understandings on the development and implementation of the senior center, and necessary related infrastructure are more fully set forth in the proposed ground lease to be entered into by and between the City and UNM, a copy of which is available to each of the Parties. The senior center and related on and off-site improvements are expected to be constructed, in place and operational no later than December 31, 2021.

4. **Center of Excellence for Orthopedic Surgery and Rehabilitation (Building 2)**. The University will construct an orthopedic surgery and rehabilitation center, estimated to cost approximately \$20,802,411, consisting of (1) approximately 48,000 square feet, affording clinical services and post-secondary health sciences related educational opportunities with teaching, research, clinic, rehabilitation functions and learning opportunities more particularly described in **Exhibit 4**, consisting of four pages, attached hereto, and (2) related campus core infrastructure, including, but not limited to utility extensions and installation, internal roadways, parking areas, curb, gutter, lighting, pedestrian pathways, signage, landscaping, and other elements ancillary to the development of a campus setting (collectively, the "**Orthopedic Center**"), the location of which is indicated on the project site plan for the HS Rio Rancho Campus Building 2 – Orthopedic Surgery and Rehabilitation Center of Excellence, attached as **Exhibit 5**. The Orthopedic Center will be located on the Campus adjacent to and southeast of the Sandoval County Regional Medical Center at the location shown on **Exhibit 6**. The Orthopedic Center will be constructed, in place and operational no later than June 30, 2022, assuming the necessary funding is in place no later

than June 30, 2020. Otherwise, the Orthopedic Center will be constructed, in place and operational within 24 months after the necessary funding is made available for the Orthopedic Center.

5. Extension of Broadmoor Boulevard and Construction of a Portion of No Name Road. The City will, at its sole cost and expense, design, construct and extend (1) Broadmoor Boulevard from Paseo Volcan north to what is known as “No Name Road” within the 53 feet wide area presently reserved by the University for future road right of way (the “**Broadmoor Extension**”), and (2) No Name Road from the northernmost point of the Broadmoor Extension, west for a duration of approximately 650 feet within the entirety of a 68 foot right-of-way, both of which areas will be dedicated by and from the University to the City, at no cost to the City. The Broadmoor Extension and the No Name Road construction will be located as shown on **Exhibit 7** and will be constructed within the right-of-way shown thereon. The Broadmoor Extension and the No Name Road construction are expected to be in place and operational no later than December 31, 2021.

6. Campus Park (Phase I). The City will, at its sole cost and expense, plan, design and construct Phase I of a Campus Park system, which Campus Park system will include and extend from Campus Park Phase I, north to and through Campus Park Phase II, both of which are located west and slightly south of Rio Rancho City Hall, to and along a proposed curvilinear park area running from west to east through the HP Rio Rancho Campus, all as shown on **Exhibit 2** attached hereto. Campus Park Phase I, which is more particularly described as Lot 3F of City Centre subdivision, and Campus Park Phase II, which is more particularly described as Lot 3E of City Centre subdivision, will be combined as one parcel following the vacation of Commerce Street.

7. Curvilinear Park. The Parties agree to pursue, no later than the completion of the last of the four above-described projects now underway, the planning, design and construction of a curvilinear park running from west to east through the Campus. The proposed curvilinear park is shown conceptually on **Exhibit 2**.

8. Stormwater Drainage. The Parties agree to work cooperatively to address and resolve the existing and permanent stormwater situation created and exacerbated as a result of current and projected future development within the boundaries of the basin map attached as Figure 1 to the Jacobs City Centre Drainage Facility Plan 2018 Update, a copy of which basin map is attached hereto as **Exhibit 8**. Such efforts shall include, but not be limited to, a joint effort, with possible participation from other affected persons and entities, to prepare an updated drainage plan addressing current development, current planning efforts and historic, developed and future developed flows. This is with the understanding that the City will, in the interim, continue to enforce State statutory provisions pertaining to stormwater flow and the protection of downstream owners provided for therein.

9. The City transferred \$2,000,000 of the then uncommitted fund balance of the Higher Education GRT_Fund to the University on December 15, 2015 “Previously Transferred Higher Education GRT Funds”, pursuant to the execution of the initial MOU, to enable the Health Sciences Center to renovate and improve Building 1, and initiate actions for necessary planning, design, and construction of infrastructure and other site improvements necessary to support the development of Building 2. Of the \$2,000,000 advanced by the City, the University retains

\$1,327,463 of the Previously Transferred Higher Education GRT Funds, which will be applied to the cost of development of Building 2, now known as the Orthopedic Center.

10. The remaining anticipated cost of the Orthopedic Center in the amount of \$19,474,948 will be funded through the Higher Education GRT Fund with a combination of available Fund cash and revenue bond or loan proceeds obtained from bonds or other debt financing **“Debt Financing”** provided by the New Mexico Finance Authority (“NMFA”), with bond or other debt repayment funded solely by and from Higher Education GRT Fund gross receipts tax revenues pursuant to an arrangement between the City and NMFA. The Parties understand and agree that, because the Orthopedic Center will not be owned or operated by the City, if interest payable in connection with the borrowing is to be excludable for federal income tax purposes, an appropriate officer from UNM will be required to execute the loan agreement as to representations and covenants relating to compliance with the applicable federal tax requirements in connection with the use of the financed facility, or alternatively, a tax compliance agreement for the same purpose, and a tax compliance certificate to be delivered in connection with the closing of the financing.

11. Debt Financing obtained from NMFA will be delivered to UNM in accordance with the NMFA process for requisitioning loan proceeds, which process is set forth in Exhibit 9 attached hereto. The City will cooperate with the University so the University may submit requisitions directly to the NMFA to obtain Debt Financing proceeds. During construction of Building 2, funding shall be utilized in the following order: First, all Previously Transferred Higher Education GRT Funds; Second, proceeds from Debt Financing; Third, cash from the Higher Education GRT Fund. The City will disburse funds from the Higher Education GRT Fund only after all proceeds from Previously Transferred Higher Education GRT Funds and Debt Financing have been expended. Upon request, substantiated by invoices for actual project costs, and approval by the City, the City will disburse funds to the University from the Higher Education GRT Fund within ten (10) working days.

12. In the event the cost of the development of the Orthopedic Center is more than \$20,802,411, the parties agree to work cooperatively to identify additional resources in order to complete construction, including from available balances in the Higher Education GRT Fund. In the event the cost of the development of the Orthopedic Center is less than the total estimated project cost of \$20,802,411, the excess funds shall be reserved in the Higher Education GRT Fund.

13. All Higher Education GRT Funds generated by the Higher Education GRT Tax are to be used to pay for costs associated with Building 1, the Orthopedic Center, and Additional Educational Facilities, the construction, operation and use of which must be consistent with the intended purpose of the Higher Education GRT Tax.

14. The City maintains all revenues from the Higher Education GRT Tax in the Higher Education GRT Fund. Notwithstanding anything to the contrary contained herein, the City's financial obligations under this Memorandum of Understanding, and under any other agreement or instrument executed pursuant to the parties' understanding herein, shall be strictly limited to sums in the Higher Education GRT Fund, and no other funds of the City may be used to satisfy such obligations. Neither the University nor any affiliate or creditor of the University shall have any

claim to City property, funds or revenues other than the Higher Education GRT Fund to satisfy any financial obligation of the City hereunder.

15. Should the University cease to use Building 1, the Orthopedic Center, or the Additional Educational Facilities for an educational or health sciences related medical facility and/or uses related to the educational or institutional mission of the University, the University shall reimburse the City prorata, based on the period of use and the remaining functional life of the facility no longer in use for education or medical purposes, for funds advanced by the City from its Higher Education GRT Fund for Building 1, the Orthopedic Center, and/or the Additional Educational Facilities no longer in use. To the extent that the University's discontinuation of or change in use of the Orthopedic Center results in private business use which requires remedial action in connection with tax-exempt financing, the University shall, to the extent permitted by law, reimburse the City for the costs associated with such remedial action (e.g. defeasance of the tax-exempt bonds or debt obligation on a taxable basis), including costs of issuance of the defeasance obligations.

16. The City Manager or his designee, and a designated representative of the Health Sciences Center shall meet, at least, quarterly, starting with the calendar quarter beginning on January 1, 2020, to discuss items of mutual interest, including, but not limited to, the status of Building 1, the Orthopedic Center, and Additional Educational Facilities and the status of the Higher Education GRT Tax and the Higher Education GRT Fund. A designated representative of the Health Sciences Center, on an annual basis starting with the calendar year beginning on January 1, 2020, shall update the Rio Rancho Governing Body at one of their meetings on the status of Building 1, the Orthopedic Center, and Additional Educational Facilities.

17. All notices and other communications under this Memorandum of Understanding shall be in writing and shall be deemed duly given (i) when delivered personally or by prepaid overnight courier, with a record of receipt, (ii) the third day after mailing if mailed by certified mail, return receipt requested, or (iii) the day of transmission, if sent electronically, if there is proof of receipt on the day of transmission or the first day thereafter on which receipt can be verified, to the Parties at the following physical, mail, or e-mail addresses (or to such other address, telecopy number, or e-mail address as a Party may have specified by notice given to the other Party pursuant to this provision):

If to the City: David S. Campbell, City Manager
City of Rio Rancho
3200 Civic Center Circle NE
Rio Rancho, NM 87144-4501
Telephone: (505) 891-5002
E-mail: dcampbell@rrnm.gov

With a copy to: Office of the City Attorney
Attention: Gregory F. Lauer, Esq.
City of Rio Rancho
3200 Civic Center Circle NE
Rio Rancho, NM 87144
Telephone: (505) 896.8711
E-mail: glauer@rrnm.gov

If to the University: Chancellor for Health Sciences
MSC09 5300, 1 University of New Mexico
Albuquerque, NM 87131-5001
Telephone: (505) 272-5849

With a copy to: Executive Director
Health Sciences Rio Rancho Campus
UNM Health Sciences
3001 Broadmoor Boulevard NE
Rio Rancho, NM 87144
Telephone: (505) 994-7430
E-mail: jsilva@srmc.unm.edu

and

HSC Office of University Counsel
Attn: Deputy University Counsel for Health
Sciences
Street Address: 1001 Stanford Drive NE, Suite 3010
Albuquerque, NM 87131
Mailing Address: MSC09 5300, 1 University of New Mexico
Albuquerque, NM 87131-0001
Telephone: (505) 272-2377
E-mail: counsel@unm.edu

and

Director of Real Estate
University of New Mexico
Street Address: 2811 Campus Boulevard NE
Albuquerque, NM 87106
Mailing Address: MSC 06 3595, 1 University of New Mexico
Albuquerque, NM 87131-0001
Telephone: (505) 277-4620
E-mail: tneale@unm.edu

18. This First Amended MOU may be executed in one or more counterparts, including electronic counterparts, each of which shall be a fully binding and enforceable contract and agreement against the Party signing such counterpart, but all such counterparts shall together constitute but one agreement.

19. This First Amended MOU may be amended, upon mutual agreement of the Parties, by written agreement executed by each of the Parties.

20. The Parties agree to hereafter negotiate and enter into such further and more definitive agreements, as may be necessary, to effectuate the transactions contemplated by this First Amended MOU.

21. The Parties agree to the terms and conditions of this First Amended MOU and shall endeavor in good faith to fulfill their respective obligations as set forth herein.

22. Force Majeure. If either Party cannot perform any of its obligations under the terms of this First Amended MOU due to event(s) beyond its control, the time provided for performance of such obligations shall be extended by a period of time equal to the duration of such event(s). If either Party desires to invoke the provisions of this section, it shall provide written notice to the other of the reasons for the delay and shall use best reasonable efforts to mitigate the effects of such occurrence. Event(s) beyond a Party's control include, but are not limited to, acts of God, war, civil commotion, labor disputes strikes, fire, flood, or other casualty, shortages of labor and materials, government regulation or restriction and weather conditions.

23. This First Amended MOU is signed, sealed, executed and delivered by the Parties as of the date indicated next to the respective signatures, with the Effective Date to be the date of the last signature affixed hereto.

CITY OF RIO RANCHO, a New Mexico municipal corporation

By: _____
David S. Campbell, City Manager

Date: _____

APPROVED AS TO FORM:

By: _____
Gregory F. Lauer, City Attorney
City of Rio Rancho

Date: _____

**REGENTS OF THE UNIVERSITY OF NEW MEXICO,
a constitutionally created educational institution of the
State of New Mexico**

By: _____
Teresa Costantinidis, Senior Vice President
for Finance and Administration
University of New Mexico

Date: _____

REVIEWED AND APPROVED:

UNM HEALTH SCIENCES CENTER

By: _____
Paul B. Roth, MD, MS
Executive Vice President and
Chancellor for Health Sciences CEO

Date: _____

By: _____
Jamie Silva-Steele
Executive Director Health Sciences
Rio Rancho Campus

Date: _____

By: _____
Thomas M. Neale, Director
UNM Real Estate Department

Date: _____

APPROVED AS TO FORM:

By: _____
Scot Sauder
Deputy University Counsel
for Health Sciences

Date: _____

ACKNOWLEDGEMENT OF THE CITY OF RIO RANCHO

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANDOVAL)

This instrument was acknowledged before me this _____ day of _____, 2020, by David S. Campbell, City Manager, City of Rio Rancho, a New Mexico municipal corporation.

Notary Public

My commission expires:

ACKNOWLEDGEMENT OF THE UNIVERSITY

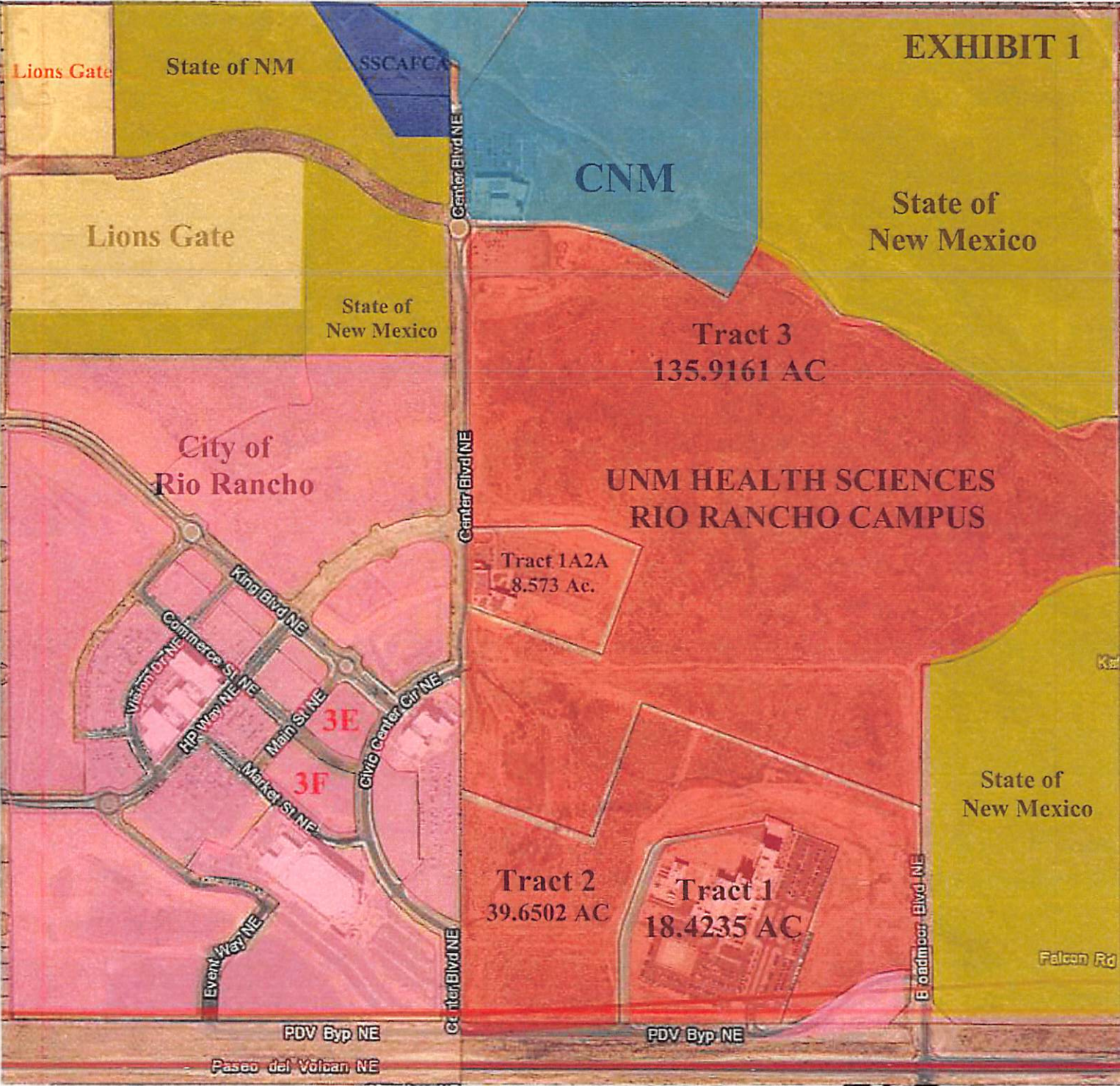
STATE OF NEW MEXICO)
) ss.
COUNTY OF BERNALILLO)

This instrument was acknowledged before me this _____ day of _____, 2020, by Teresa Costantinidis, Senior Vice President for Finance and Administration, University of New Mexico, on behalf of the Regents of the University of New Mexico.

Notary Public

My commission expires:

EXHIBIT 1



Lions Gate

State of NM

SSCAPCA

CNM

State of New Mexico

Lions Gate

State of New Mexico

Tract 3
135.9161 AC

City of Rio Rancho

UNM HEALTH SCIENCES
RIO RANCHO CAMPUS

Tract 1A2A
8.573 Ac.

King Blvd NE
 Commerce St NE
 Vision Dr NE
 HP Way NE
 Main St NE
 Market St NE

3E

3F

Civic Center Cir NE

Tract 2
39.6502 AC

Tract 1
18.4235 AC

State of New Mexico

PDV Byp NE
Paseo del Volcan NE

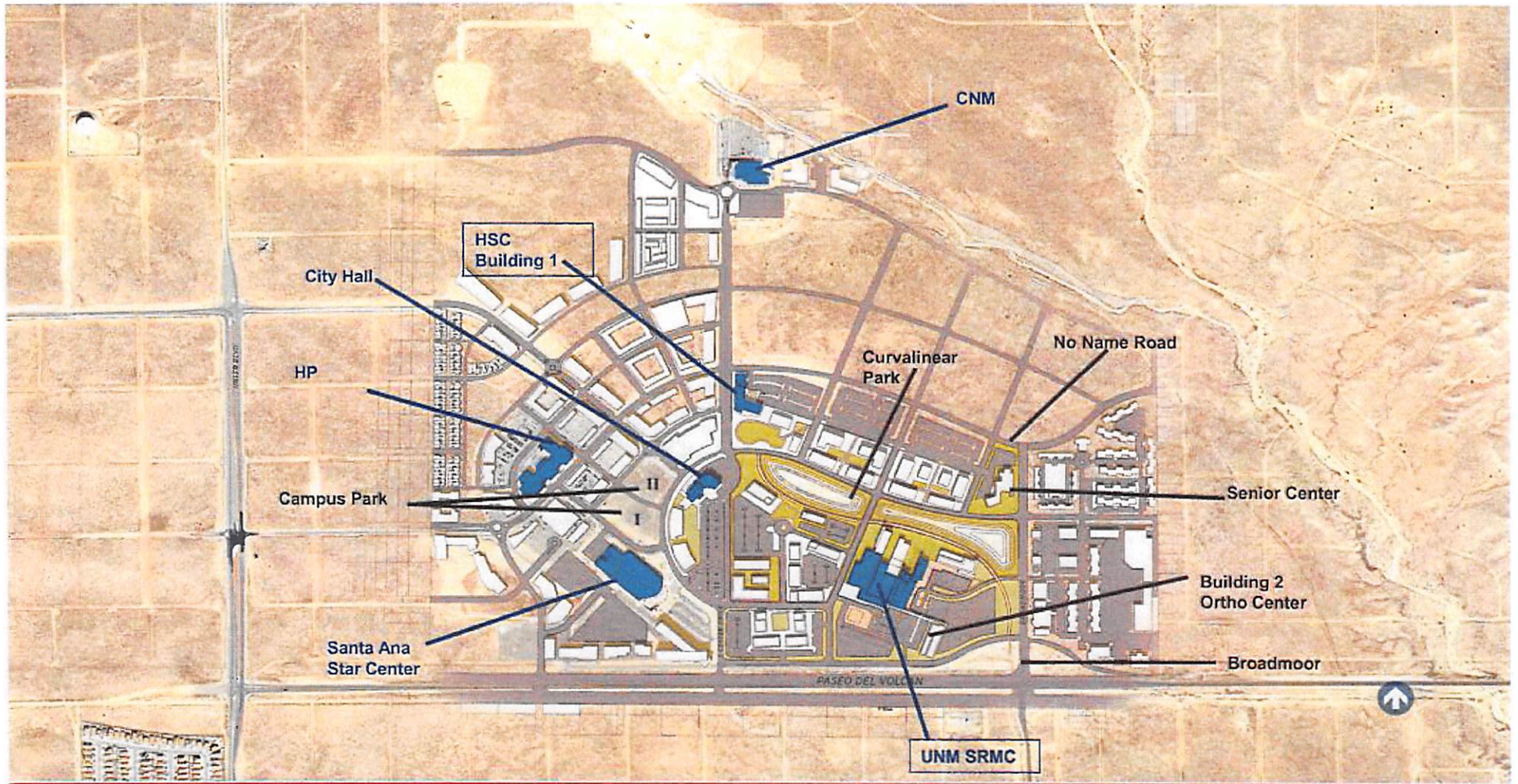
PDV Byp NE

Falcon Rd

Center Blvd NE

Road Moor Blvd NE

EXHIBIT 2



Academic – Teaching

~6,572 NSF

Proposed 10.5 providers:

- 6 adult reconstruction, 1.5 Physical Medicine & Rehabilitation, 1 General Orthopedist, 1 Spine specialist, and 6 Advanced Practice Providers
- Spine and Sports Medicine as growth permits
- Internal Medicine on site

Learner Spaces:

- Dictation
- Shared conference/education
- Large Conference/education
- Innovation Center/Virtual Reality
- Learner Lockers/Lounge

Clinical and Research Faculty/Provider Offices,
Staff, Reception

Summary of Learners Served in Proposed Facility:

Clinic: 5 Medical Assistants
8 Radiology Techs
5 Residents and Fellows

Research:
20 undergraduate, Masters, PhD, and post-doctoral Bioengineering students
20-25/year medical students, residents, and Fellows

Rehabilitation:
18 students in varying programs, including Physical Therapy and Occupational Therapy students, Physical Therapy Techs and Physical Therapy Assistants, Doctor of Physical Therapy, and Speech and Language students.

Academic – Research

~6,700 NSF

Orthopaedic Biomechanics & Biomaterials Laboratory (OBBL) and Orthopaedic Tissue Engineering with Additive Manufacturing (Ortho TEAM)

- Projects fall into the following five categories: computational finite element modeling, synthetic and cadaveric bone experimental testing, biomedical device development, materials characterization, and tissue engineering
- Research currently in multiple locations, with shared space and equipment
- Building infrastructure included in costs; Equipment supplied by research

Spaces:

- Wet Lab, Freezer, Prep, Storage
- Microvascular surgery, Gross Anatomy, Experimental Testing
- Machine Shop
- Break Area

Gait Lab to be used by research, education, as well as by the Rehab Center

Learners: 20 undergraduate, masters, PhD and post-doctoral Bioengineering students, and 20-25 per year of medical students, residents, and Fellows.

Academic Orthopaedic Clinic

~12,280 NSF

Multiple specialty orthopaedic providers from UNM School of Medicine manage patient care and provide teaching opportunities

Spaces:

- 40 exam rooms (5 pods of 8 exams) configured to accommodate patients, learners, as well as the providers
- Cast room
- Digital radiology with tech support area
- Procedure Rooms with accommodations for Ultrasound and C-arm use
- Waiting (Registration consolidated at the building entry)

Learners: 5 residents and Fellows, 5 medical Assistants, 8 Radiology Techs

Rehabilitation Center

6,614 NSF

Configured to accommodate pre-habilitation and rehabilitation in a teaching environment

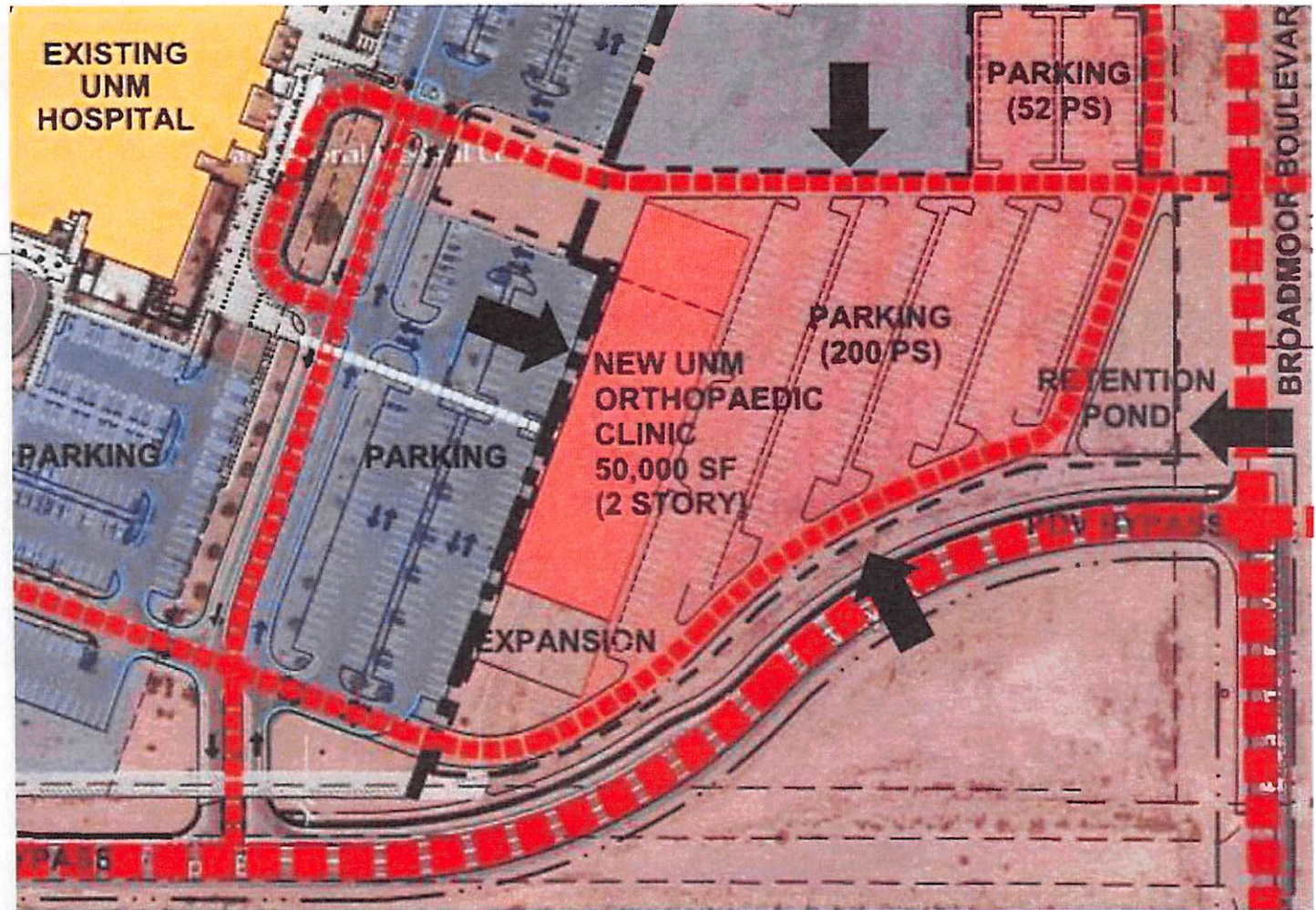
Spaces:

- Gym with track
- Therapy Pool with treadmill
- Patient Exam and Treatment Rooms
- Occupational Therapy with Activity of Daily Living accommodations
- Greeting/Waiting
- Workspace
- Break area
- Conference space shared with academic offices

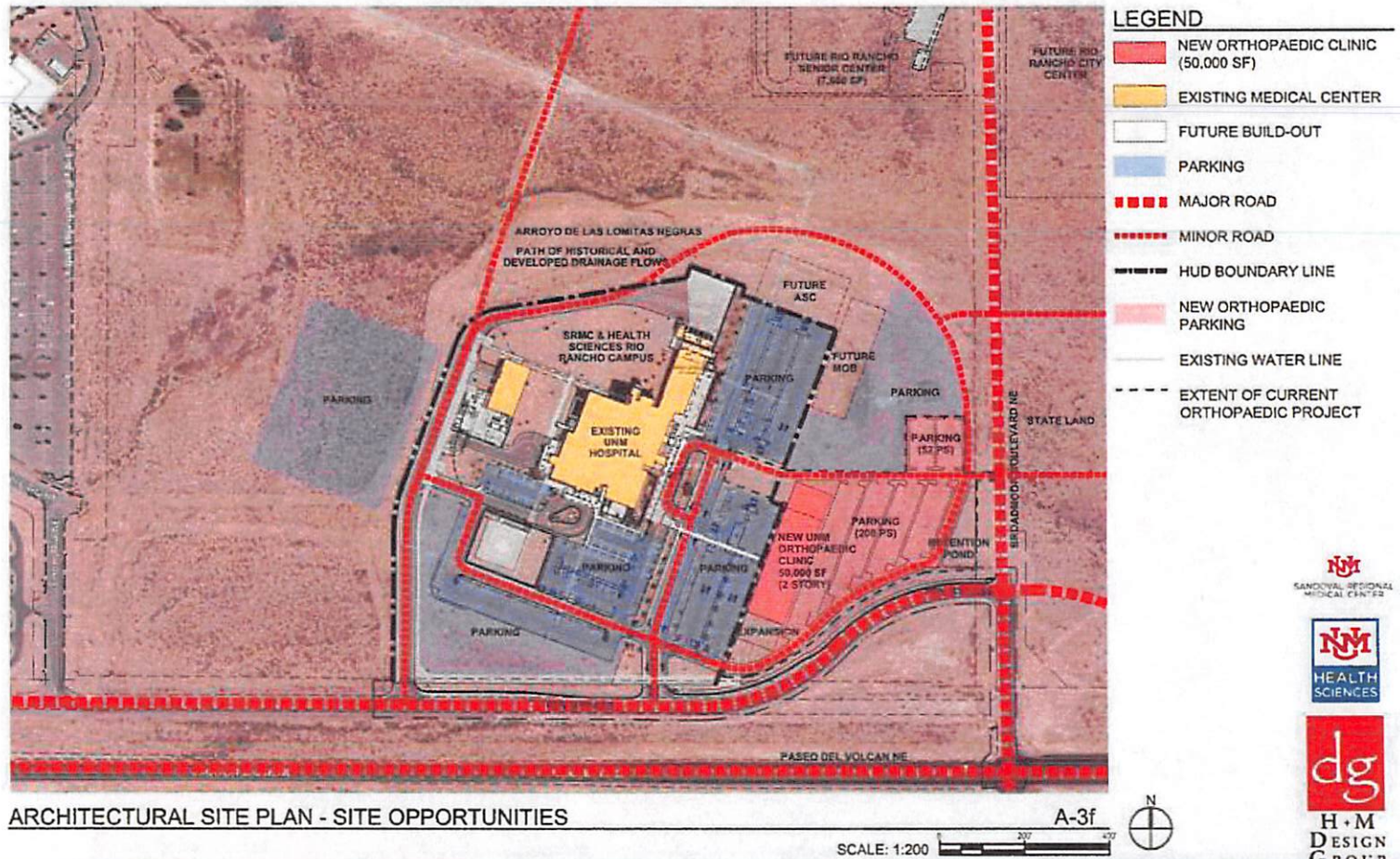
Learners: 18 students in varying programs, including Physical Therapy and Occupational Therapy students, Physical Therapy Technician and Physical Therapy Assistant students, Doctor of Physical Therapy and Speech and Language Students

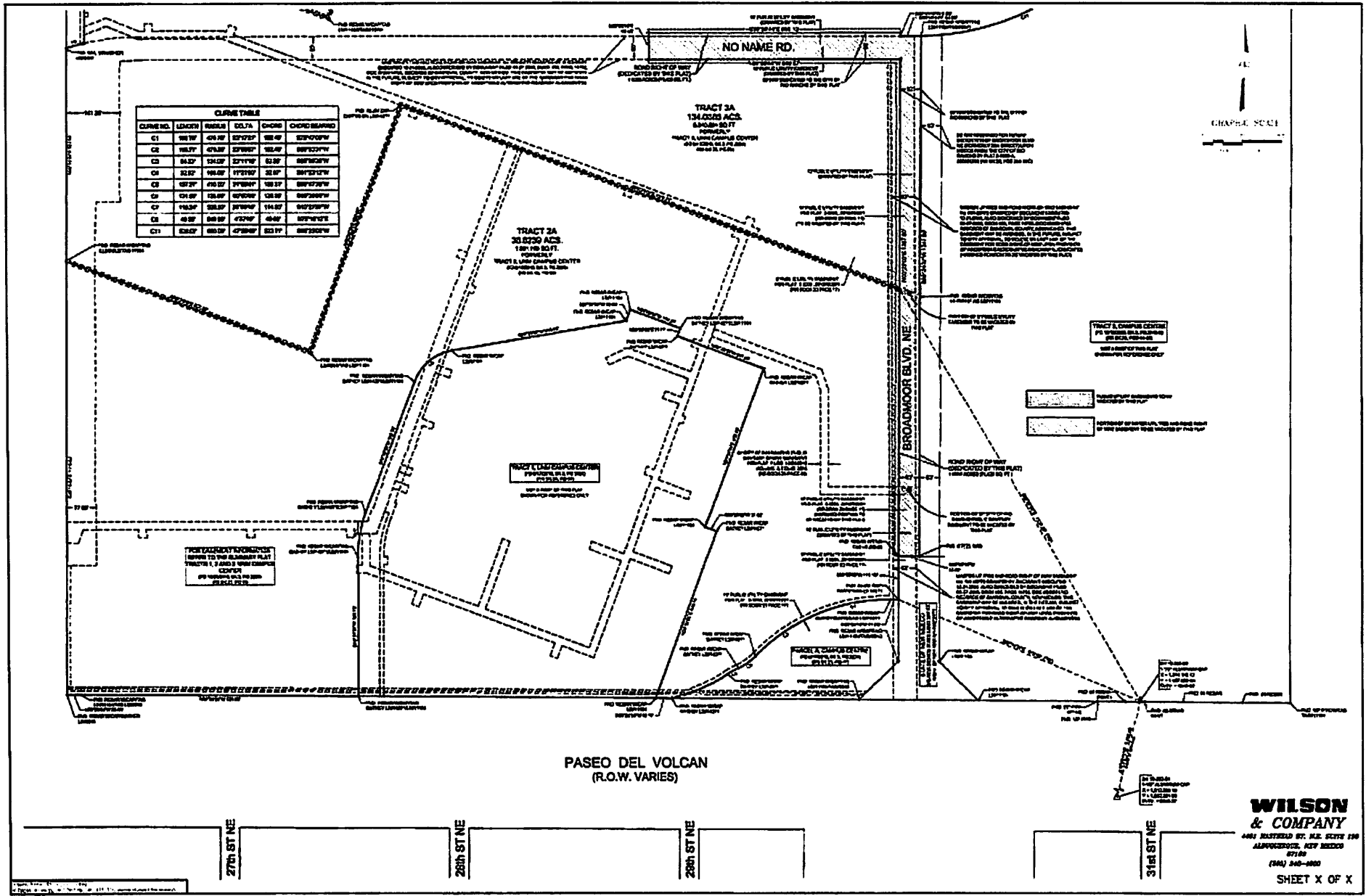
Project Site Plan

Extent of Current Orthopaedic Project



Campus Site Plan





WILSON & COMPANY
 4461 BOSTWICK ST., N.E. SUITE 100
 ALPHARETTA, GEORGIA 30706
 (404) 240-8800

EXHIBIT 8

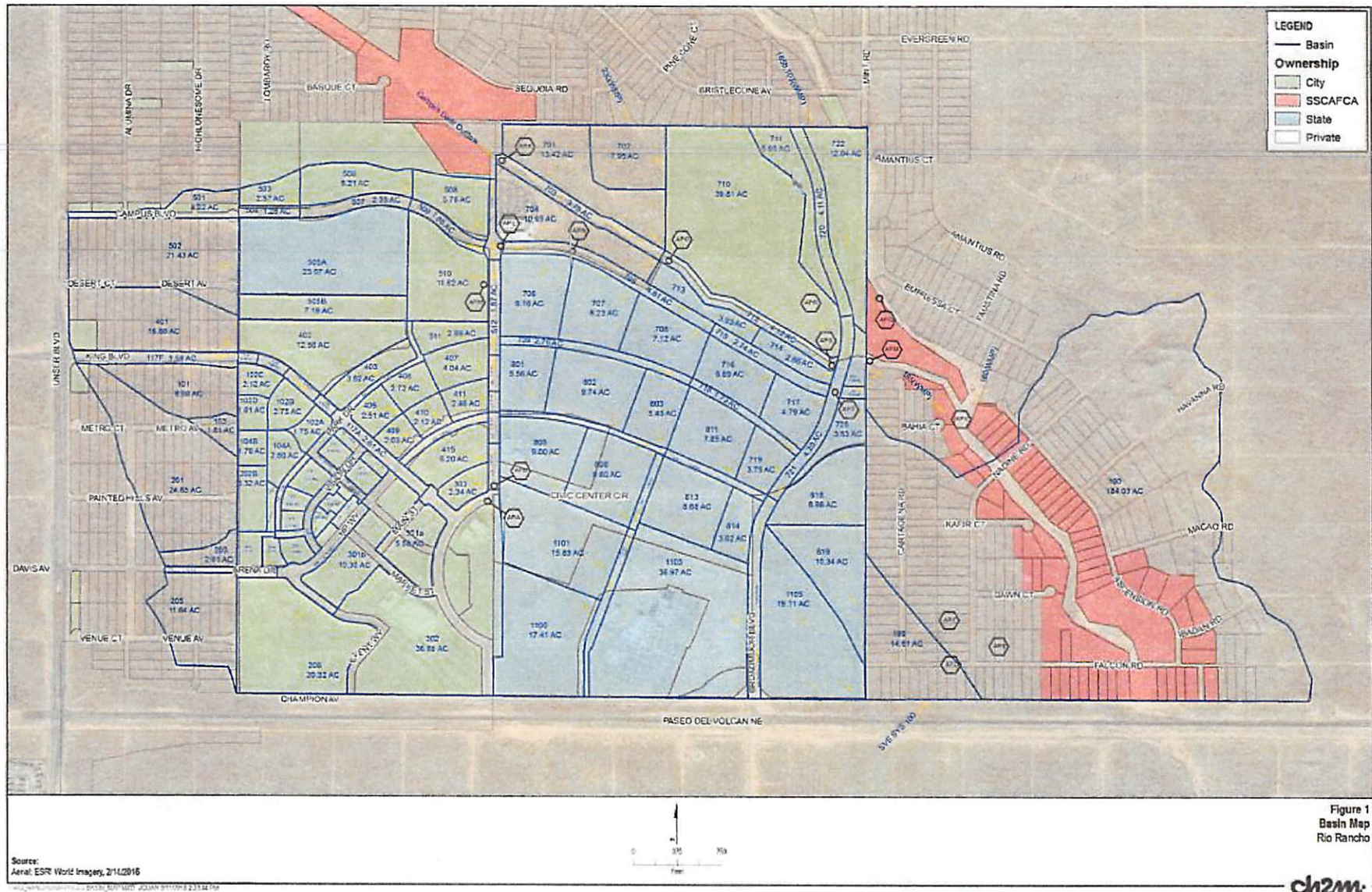


EXHIBIT 9

Upon closing of the Higher Education GRT bonds issued by the New Mexico Finance Authority, proceeds available for the Orthopedic Center (the "Project") will be on deposit at the Office of the Trustee, currently Bank of Albuquerque. The funds will be held and disbursed by the Trustee to ensure that proper record keeping is being maintained, that only authorized and allowable expenditures related to the Project are being paid, and that there is compliance with bond and tax requirements.

A signature(s) from an authorized officer(s) from UNM and the City of Rio Rancho shall be required for each funding request submitted. Funding requests shall be submitted to the Trustee, and will be processed as follows:

- 1) **Payment by UNM.** If Project costs/invoices are paid directly by UNM, a requisition request for reimbursement shall be submitted, with proof of payment(s) and supporting documentation for reimbursement; or
- 2) **Payment by Trustee.** A requisition request accompanied by invoices may be submitted to be paid per each vendor's payment instructions, and wherein the Trustee will pay each vendor directly through check or wire, as specified in the requisition request.

It is contemplated that fully completed and executed requisition requests will be paid by the Trustee within one to two business days of receipt. The approved requisition form, which shall be prepared in a user-friendly format, will be specified and included as one of the bond closing documents.