Board of Regents' Meeting
September 13, 2011
9:00 a.m.
Student Union Building Ballroom C

AGENDA OF THE MEETING OF THE REGENTS OF THE UNIVERSITY OF NEW MEXICO
September 13, 2011
9:00 a.m. – 11:30 a.m. 1:00 p.m. – 3:00 p.m. Student Union Ballroom C
Regents Executive Session/Luncheon, 11:30 a.m. – 1:00 p.m. Cherry Silver Room

Action items:

Information Items:

Health Sciences Board, *Regent Carolyn J. Abeita, Chair*

Consent Items:

Audit Committee, *Regent Gene Gallegos, Chair,*

X. Public Comment

XI. Vote to close the meeting and to proceed into Executive Session.

XII. Executive Session will be held from 11:30 a.m. – 1:00 p.m. in the Cherry Silver Room

A. Discussion and determination where appropriate of threatened or pending litigation Pursuant to Section 10-15-1.H (7) NMSA (1978).

B. Discussion and determination where appropriate of limited personnel matters pursuant to Section 10-15-1.H (2), NMSA (1978) ....

C. Discussion and determination where appropriate of the purchase, acquisition or disposal of real property pursuant to Section 10-15-1 H (8) NMSA (1978).

XIII. D. Vote to re-open meeting.

E. Certification that only those matters described in Agenda Item XI. were discussed in Executive Session and if necessary, final action with regard to those matters will be taken in Open Session.

XIV. Adjournment

File: BOR Agenda 9.13.2011

The University of New Mexico
Board of Regents' Meeting
August 9, 2011
Student Union Building Ballroom C
Meeting Minutes

Members present: President Jack L. Fortner, Vice President Don L. Chalmers (via telephone), Bradley C. Hosmer, James H. Koch, Jacob P. Wellman (Quorum).

Members unable to attend: Carolyn J. Abeita, J.E. "Gene" Gallegos.

Administration present: Interim Provost Chaouki Abdallah, Executive Vice President David Harris, Chancellor Paul Roth, Vice President Josephine DeLeon (Equity & Inclusion), Vice President Julia Fulghum (R&D), Vice President Helen Gonzales (Human Resources), Vice President Paul Krebs (Athletics), Vice President Ava Lovell (Controller), Interim University Counsel Lee Peifer.

Administrators unable to attend: President David J. Schmidly, Vice President Eliseo Torres (Student Affairs).

Regents' Advisors present: President Timothy Ross (Faculty Senate), President Mary Clark (Staff Council), President Katie Richardson (GPSA), President Jaymie Roybal (ASUNM), President Waneta Tuttle (Alumni Association), Chair Gary Gordon (UNM Foundation), President Maria Probasco (Parent Association), President Cynthia Stuart (Retiree Association).

Regent Fortner called the meeting to order at 9:05 a.m.

I. Confirmation of a Quorum; Adoption of the Agenda, Regent Fortner

Motion passed, with no dissenting votes, to adopt the agenda (1st Fortner, 2nd Hosmer).

II. Approval of Summarized Minutes of the June 27, 2011 BOR Meeting, Regent Fortner

Motion passed, with no dissenting votes, to approve the minutes (1st Koch, 2nd Wellman).

III. President's Administrative Report, Provost Chaouki Abdallah

Provost Abdallah introduced Vice President Human Resources Helen Gonzales who presented a report on the Upper Administration at the University of New Mexico. This report was requested by President Schmidly and presented at the F&F (Finance and Facilities) Committee meeting.

Between 2008 and 2011, the total reduction in cost is a little over $900 thousand, 21%. There has been a reduction of four vice president positions over this time. The expense for VPs is less than one half of one percent of the annual payroll of $835 million.

In a comparison using data from IPEDS (Integrated Postsecondary Education Data System) reporting, the median peer group of institutions reported 290 Executive-Senior Administrators, while UNM has 140 individuals in this category. These positions include academic and business administrators and, while these individuals have the highest levels of administrative responsibility, they serve on annual employment contracts.

The President's office was cited as an example of cutting administrative expenses. From 2008 to 2011, that office reduced the number of staff by three, to 7.5, which represents an annual saving of $218 thousand, 18%.

- **At the F&F Committee meeting, Regent Chalmers asked that reports on other comparative data be presented at future committee meetings. They will include various staff and faculty categories.**

Regent Fortner pointed out that reports continue to distinguish between Main Campus and the Health Sciences Center (HSC). Comparisons with New Mexico State University (NMSU) should be made using Main Campus numbers.

Ms. Gonzales noted that the title of Vice President is not much used at the HSC, so the reporting is on Vice President and equivalent positions.

Regent Hosmer commended the analysis. He said that the premise for public comment is often "smaller is better and cheaper is best." A more appropriate premise may be, "Is the executive level management at the university effective compared with peers?" A report showing effectiveness, compared with peers, would be useful, although it may difficult to measure. A rough first attempt might be to describe effectiveness in terms of achieved student learning. It would help set the agenda in public discussion.

Ms. Gonzales said tracking of accomplishment and outcomes of department goals could go a long way in reporting effectiveness.

IV. Comments from Regents (none)

V. Public Comment specific to agenda items (none)

VI. Comments from Regents' Advisors (reports included in BOR E-Book)

Faculty Senate, Timothy Ross, President. Dr. Ross reported on the four policies the Faculty Senate is working on: revising the faculty workload policy to include research, developing a progressive faculty discipline policy, the development of a career track for faculty who are full-time lecturers and a policy for a procedure to place candidates in Endowed Chairs or Professorships.

The senate will also address the strategic budgeting process. In that regard,

- **President Schmidly has asked Dr. Ross to consider, with faculty, the idea of a special compensation package.**

The senate will assist the Provost in developing his strategic plan. It will work to establish an office of international programs. Another thrust will be the formation of an Honors College. Lastly, the reorganization of the Faculty Senate will continue to be addressed, making the senate more effective and enhancing shared governance.

Professor Amy Neal was introduced, later in the meeting, as President Elect of the Faculty Senate.

Staff Council, Mary Clark, President. Ms. Clark and Dr. Ross met with EVP Harris and AVP Andrew Cullen (Budget) and we are confident that we will again come to agreement on what to do to preserve UNM's mission and look long term at a compensation plan for employees. It is important to recognize the success achieved by the cooperation of faculty, staff and students in the budget process.

GPSA, Katie Richardson, President. Ms. Richardson urged the BOR to approve the revision of the GPSA Constitution. She reported that Congress removed the eligibility of graduate students for subsidized student loans, beginning 2012. In effect, this will increase graduate tuition. She expressed concern that it will have negative effects on the diversity of UNM. She noted that the graduate and professional student population is growing at a rate three times that of undergraduate students. She urged that means be found to help students afford graduate school.

She asked that all non-faculty, above a certain pay grade, be included in the effectiveness report mentioned by Regent Hosmer, and that the report be tied to student graduation rates. She proposed this formula: the number of students graduated on Main Campus divided by the number of administrators paid over $100 thousand.

ASUNM, Jamie Roybal, President. ASUNM met with student leaders from NMSU and New Mexico Tech to formulate a plan of action to address tuition credit and the lottery scholarship during the next legislative session. Dr. Walt Miller arranged site visits to several universities to observe student health, recreation, residence, dining and Honors facilities. The Barrett Honors College at Arizona State University was very impressive. Ms. Roybal is working on a proposal for a bike rental program on campus.

UNM Alumni Association, Waneta Tuttle, President. Ms. Tuttle distributed a brochure about the grand reopening of Hodgin Hall which will be held in conjunction with Homecoming. She recommended a video about the history of Hodgin Hall. The video was entirely done by students and can be seen on the alumni website. Ms. Tuttle agreed with Regent Fortner that the windows and HVAC system at Hodgin are still problematic.

UNM Foundation, Gary Gordon, Chair. Mr. Gordon reported that the foundation raised over $83 million dollars in the year ended June 30th which pushed the current capital campaign to more than $400 million. Mr. Gordon mentioned the generous contribution of the McKinnons and complimented the leadership of the foundation, as well as Dr. Schmidly, Dean Brown, and VP Krebs. The return on the investments was over 19%. A list and brief background of the twenty three trustees of the Foundation was presented in the BOR EBook.

- **A comparison with similarly sized endowments will be available.**

UNM Parent Association, Maria Probasco, President. Ms. Probasco noted the many activities planned by the association for the beginning of this academic year. The association is working with ASUNM and GPSA regarding the upcoming legislative session. She distributed a flyer for the upcoming golf tournament, the proceeds to support student scholarships.

Retiree Association, Cynthia Stuart, President. Ms. Stuart announced that the organization has a complete slate of officers. She introduced Dr. Scott Obenshain, the new association president and named the new officers. Ms. Stuart noted that the Retiree Association is not represented on the Presidential search committee.

VII. Information Item: **UNM Consolidated Master Plan 2011,** Dale Dekker, Dekker/Perich/Sabatini (posted on the BOR website).

Chris Vallejos, AVP (Institutional Support Services) stated that the 2011 Consolidated Master Plan is being reviewed at this meeting in preparation for adoption at the next BOR meeting to be held on September 13, 2011. As directed, the Draft 2009 Master Plan has been available for public comment since August 2009 and this refinement of that plan takes in many of the ideas expressed by constituents. Mr. Vallejos introduced Dale Dekker to present a high level land use plan which identifies key development principles in the comprehensive document.

Mr. Dekker said this plan has been in development since 2008. Much work has been done since the last update to the BOR a couple years ago, especially in community involvement. It incorporates many studies and plans done for the university over the years. The biggest change in this plan is to dedicate everything north of Lomas to the growth of the HSC and UNMH. There is genuine consensus to maintain the unique sense of place that is UNM, its architecture and quality open space.

The 1996 Master Plan did not anticipate the growth at UNMH and HSC. It dedicated most of the land north of Lomas to core academic expansion.

UNM is a complex urban in-fill development. Every day 70,000 people move in and out of this area. MRCOG (Middle Rio Grande Council of Governments) provided analysis of opportunities to reduce SOV (single occupant vehicle) traffic. The University of Arizona has a street car system that connects the main campus with the downtown area. Portland State University's streetcar runs through the middle of the university. Building parking structures is, in effect, building expensive land as a way to deal with the automobile. This plan starts the move to evolve from a commuter campus to a sustainable urban campus.

For the North Campus, the major challenge is bridging across University to connect HSC and UNMH with Lands West. On Central Campus, improving open space and preserving historic structures are considered in the plan. As we grow, over time, the places we will build are currently parking lots. The transit solutions proposed and the partnerships created through this planning process will go a long way towards resolving parking issues. The plan addresses creating good east-west connectors, open space, new student housing, developing the campus within its historic building context, how these sites can be in-filled and the capacity of the central campus to accommodate growth and change. The reservoir site at Yale and Redondo is critical and there should be a strategy for acquiring it. Keeping buildings in the 3½ to 4 story range, a million to a million and a half square feet can be added in the academic core.

The existing South Campus plan has worked well and it's developing into a more 24/7 type of campus. To develop a Facilities Master Plan for Main Campus to the same detail as the plan for North Campus will take an Academic Master Plan that will provide the types and quantities of the academic facilities we will need to accommodate future student populations.

The Master Plan is a living document that will change over time, but it provides a foundation for where the university can go and grow in the future.

Mr. Dekker confirmed to Regent Koch that the 9500 parking spaces inventoried at South Campus do not include the vacant, unpaved land south of the Pit. Regent Koch pointed out that this is the only area available to the university to establish more parking and that an alternative to shuttle busses, a trolley or monorail, should be investigated.

- **Regent Koch asked that an estimate of costs to develop a monorail or trolley from parking areas south of the Pit to Main Campus be provided to EVP Harris.**

Regent Wellman commended the focus on sustainability shown in the plan. The HSC plan is very impressive and he looks forward to the development of a similar plan for Main Campus when the Academic Master Plan is completed.

Regent Hosmer said the plan is a very comprehensive piece of work and reflects the amount of consideration that's gone into it. He encouraged the planning process to continue to work with all constituencies.

VIII. Regent Committee Reports (reports in BOR EBook)

Academic/Student Affairs & Research Committee, Regent Bradley Hosmer, Chair

A. Approval of re-appointment of Dr. Sul Kassicieh, Distinguished Professor ASM as Endowed Chair in Economic Development, Bill Uher, Vice President, Development

Motion passed, with no dissenting votes, to re-appoint of Dr. Kassicieh to the Endowed Chair in Economic Development (1st Hosmer, 2nd Koch).

B. Approval of Posthumous Degree for Yi Huang, Timothy Ross, President, Faculty Senate

Motion passed, with no dissenting votes, to award the posthumous degree to Ms. Huang (1st Hosmer, 2nd Wellman).

C. Approval of GPSA Constitution Revision 2011-2012 Election Ballot Initiative, Katie Richardson, President, GPSA

Motion passed, with no dissenting votes, to approve the GPSA Constitution Revision (1st Hosmer, 2nd Wellman).

Finance and Facilities Committee, Regent Don L. Chalmers, Chair

Consent Agenda:

Items A through F, except item C-3, were moved to the consent agenda. Item C-3 was deleted.

A. Disposition of Surplus Property for Main Campus – lists dated 6/24 and 7/15/2011, Bruce Cherrin, Chief Procurement Officer

B. Contract Approvals, Bruce Cherrin Chief Procurement Officer:

1) UNMH-BCBS of New Mexico
2) UNMH-United Blood Services
3) UNMH-US Food Services
4) UNMH-First Choice Community Health Care

5) UNMH-Hartford Life and Accident Insurance Company
6) UNMH-Seven Bar Flying Service Inc.
7) UNMH-Staples
8) UNMH-MGA Healthcare Staffing New Mexico Inc.
9) UNMH-American Foundation for Organ Donation and Transplantation
10) UNMH-Siemens Medical Solutions
11) UNMH-Standard Register
12) UNMH-Siemens Medical Solutions
13) UNMH-Cisco System Equipment (Aquila/Mele)
14) UNMH-Dupuy
15) UNMH-First Nations Community Health Care
16) UNMH-US Post Office
17) UNM Research Storage Consortium-Storage System
18) UNM Center for Micro-Engineered Materials-Rigaku
19) UNM Construction Manager at Risk Approval for the Collaborative Teaching and Learning Building

C. Approval of, Vahid Staples, Budget Officer:

1) Capital Project for Facility for Advanced Cell Engineering
2) Capital Project for UNM Hospital Install Chiller Line to Barbara and Bill Richardson Pavilion
3) ~~Capital Project for UNM Hospital First Floor Neuroscience~~ (deleted)
4) Capital Project for UNM Hospital Replace Domestic Soil Pipes
5) Architect Selection for 1650 University

D. Approval of Legislative Funding Requests, Marc Saavedra, Government Relations Director

E. Approval of Reappointments for Harwood Foundation Governing Board (David Harris, Michael Sudbury, Marcia Winter) Linda Warning, Chair, Governing Board Harwood Foundation

F. Approval of Harwood Foundation Code of Ethics, Linda Warning, Chair Harwood Foundation

Motion passed, with no dissenting votes, to approve items A, B 1-19, C 1, C 2, C 4, C 5, D, E and F (1st Chalmers, 2nd Koch).

Action Items:

G. Approval of Budget for Presidential Search, Helen Gonzales, Vice President, Human Resources

Motion passed, with no dissenting votes, to accept the budget of $254,100.00 with a contingency of $5,000.00 available at the discretion of the committee chair (1st Chalmers, 2nd Hosmer).

Ms. Gonzales presented a proposed budget for the presidential search. The estimate is $40 thousand less that the amount spent for the 2006 president search.

Regent Koch urged the committee to watch the costs for semi-finalist interviews. With a committee of twenty nine members, this cost can increase very quickly.

Ms. Gonzales clarified that the search firm will do some initial background checks on the candidates they bring forward, but that UNM will pay for background checks on the finalists.

Regent Hosmer warned against economizing a few thousand dollars at the risk of finding the right president.

EVP Harris responded to Regent Wellman that the source of the funds is from reserves.

H. Approval of New Investment Consultant for the Consolidated Investment Fund, Gary Gordon, Foundation Chair

Motion to approve Wurts and Associates, the lowest cost vendor, as the consultant, died due to lack of a second (1st Koch).

Motion passed, to accept the Trustees recommendation to approve Hewitt Ennis Knupp (an AON Company) as the new consultant for the Consolidated Investment Fund (1st Chalmers, 2nd Hosmer), Fortner, Wellman voted yes, Regent Koch voted nay. (Regents Abeita and Gallegos were not in attendance.)

Mr. Gordon said the three finalists came from a field of fourteen responses to the RFP. Representative of those three firms traveled to Albuquerque for interviews with the investment committee and the committee produced the recommendation now before the BOR. The recommendation has passed through the Foundation Investment Committee, the Foundation Board of Trustees and the F&F Committee. The all-inclusive fee is $235 thousand per year. This means travel will be paid by the firm, not the Foundation.

Regent Chalmers said this proposal was not the lowest bid. Mr. Gordon said that, in the judgment of the committee, the recommended firm is deeper in resources than those that came in with a lower bid. It's larger, has more assets and advises a lot more endowments. Their quote is lower than the amount we are currently paying. Regent Chalmers noted that this firm has a net worth of $8.4 billion and has substantially more liability insurance.

Mr. Gordon told Regent Koch that the firm not being recommended scored just seventeen one hundredths (17/100) of a point higher than the one being recommended. While their outcomes for the last three years might be similar, they have very different investment philosophies. There will be no extra charges for special investigations required by certain types of investments; that kind of charge is included in the all-inclusive price quoted by Hewitt. Regent Koch pointed out that the recommended company's fee is 31% more than the other firm. Not including fee, the firms appeared to be about even in the scoring. Mr. Gordon said that being even is why they were finalists. At that point, the decision rested on the hour and a half interviews between the ten member committee and each of the finalists. Mr. Gordon told Regent Koch that they had not checked with any of the clients listed by the competing firms—they went by the general reputation of the clients. Regent Koch believes that using Wurts would save the Foundation enough money to hire more fund-raising staff.

Mr. Gordon explained that the liquidity burdens on UNM's investment are low. The profile of the recommended firm is better in terms of providing services to that type of fund. He explained that the three investment professionals on the committee are not trustees of the foundation, as per the bylaws.

Mr. Gordon clarified that the foundation was seeking approval of their decision to hire Hewitt. If there is not approval, there is no new hiring. If Regent Koch's motion to hire Wurts passes, the foundation will stay with their current advisor, at least for the time being. Regent Koch said that, in effect, that the BOR has no choice; even if the Board were to vote to accept a proposal other than the recommendation of the Foundation, that firm would not be hired. The BOR can only approve the hiring of the recommended firm, not the hiring of a different one. Mr. Gordon said that that is how the Memorandum of Agreement (MOA) between the BOR and the Foundation is set up, for all things not just for this circumstance.

Regent Fortner asked Mr. Gordon to explain why the names of the RFP respondents could not be revealed at the F&F Committee meeting. Mr. Gordon responded that the Foundation was being very careful to operate within University procurement guidelines which require that the identities of all bidders be kept confidential at all times. He explained that the bidders were strictly investment advisors as opposed to being fund managers. They offer advice which the Foundation is free to accept or not accept. They do not facilitate nor do they get any fees for assisting in finding fund managers.

Regent Chalmers emphasized that the interviews and the net worth of the recommended firm were the deciding factors in approving the Trustees' recommendation.

Regent Koch noted that he had no problem with the firm chosen. He hopes that, in the future, the process can be open to start with, rather than waiting until the decision has been made.

Information Items:

I. Monthly Consolidated Financial Report, Ava Lovell, VP and Controller (posted on BOR web site.)

J. Capital Projects Monthly Project Status Report, Chris Vallejos, AVP Institutional Support Services (included in BOR E Book posted on BOR Web Site)

K. Information on UNM Regents Travel Policy 7.7, Lee Peifer, Interim University Counsel

- **Regent Chalmers will make this an action item for the 9/1/2011 F&F Committee meeting to bring to the 9/13/2011 BOR meeting.**
- **Regent Fortner directed the F&F Committee and the Audit Committee to continue to work on this policy and for Counsel Peifer to contact Regents Chalmers and Gallegos regarding same.**

Interim Counsel Lee Peifer said that when the New Mexico Per Diem and Mileage Act was enacted, it did not apply to Article Twelve institutions of higher learning. It was amended in 1989 to apply to them. Since then, it has had a provision which recognizes the unique situation of research universities, which says "...provided that the governing board may authorize per diem for travel to a locality inside or outside the continental United States for a public officer or employee who is reimbursed solely from federal funds in accordance with the rate allowed by the federal government for travel to that locality. Expenses shall be substantiated in accordance with rules promulgated by the governing board and the governing board may promulgate rules defining what constitutes out of state travel for purposes of the Per Diem and Mileage Act." It recognized a different standard for out of state travel. In 1995 or 1996, the federal OMB (Office of Management and Budget) promulgated four cost accounting standards which were incorporated into a federal circular (Circular OMB 821). It provides that institutions which it governs cannot charge the federal government for travel reimbursement at a rate higher than it uses in its normal course of business, pursuant to a written policy for non-federally funded travel. A very large portion of budgeted travel at UNM is federally sponsored or is otherwise sponsored by non-state sources. The present policy dates from 1996. Nothing in the record directly links the Regents policy direction with the Circular, but they correspond in time. The current Regent Policy 7.7 relies on Subsection 5E of the state per diem statute which provides that if the Regents, in public meeting, make a finding that extraordinary circumstances exist, they can reimburse for travel on an actual expenses basis, rather than at per diem rates specified in the state act. In 2003, when they passed the current iteration of policy 7.7, the BOR equated actual expenses with federal reimbursement rates. The current policy specifically says "...the board hereby approves payment for actual expenses for meals and incidental expenses, as specified from time to time, in the federal reimbursement rates."

Regent Fortner asked if the university can reimburse actual expenses. Counsel Peifer said the state allows reimbursement in three ways: an aggregate per diem rate, actual expenses for travel plus a meal per diem rate or, in Section 5E, upon the finding of extraordinary circumstances, actual expenses instead of a per diem rate. Regent Fortner asked if across the board reimbursement of actual expenses would comply with both federal and state strictures.

- **Regent Fortner directed Counsel Peifer to provide information on 1) what OMB would say, and 2) the fairness, to the faculty and to the taxpayer, of reimbursement of actual expenses rather than paying per diem.**
- **Counsel Peifer said economies of scale apply in a per diem system versus a receipt based system. He doesn't know at what point those economies come for UNM but will try to get that information.**

In response to Regent Wellman, Mr. Peifer about 80% of UNM travel is funded by federal or other non-state sources. Ms. Lovell said 80% of travel is on research, so the university's research mission could be damaged if we went to the state rate. She said that concern doesn't apply if we were to reimburse on actual receipts, but it is harder to administer. Counsel Peifer said that in his view this is a policy issue for the regents to resolve rather than a matter of the university being in violation of the law. The regents have made a reasonable attempt to deal with this situation.

<u>Health Sciences Board, Chancellor Paul Roth for Regent Carolyn J. Abeita, Chair</u>

Action Items:

A. Approval of HSC FY 2013 Legislative Requests, Marc Saavedra, Director Government Relations

Item A was approved as part of Item D of the F&F Committee report.

B. Approval of Candidacy of Charlotte Garcia to the Sandoval Regional Medical Center Board, Kevin Rogols, President & CEO, SRME

Motion passed, with no dissenting votes, to approve Ms. Garcia as an SRMC Board Member (1st Koch, 2nd Chalmers).

C. Approval of Bylaws of the UNM HSC Board of Directors, Chancellor, Scot Sauder, UNMH Counsel

Motion passed, with Regent Koch abstaining, to approve the Bylaws of the UNM HSC Board of Directors (1st Hosmer, 2nd Wellman).

Consent Items:

D. F&F Agenda Items B1-16, Contract Approvals

Items recommended by the HSC Board and were approved by the BOR under the Finance and Facilities Report. (F & F: B1-19 contract approvals; C 1,2,4; D)

Audit Committee, Regent Gene Gallegos, Chair (no report)

IX. Public Comment (none)

X. Vote to close the meeting and to proceed into Executive Session

Motion passed at 11:37 a.m., with no dissenting votes, to proceed into Executive Session (1st Wellman, 2nd Koch).

XI. Executive Session

A. Discussion and determination where appropriate of threatened or pending litigation pursuant to Section 10-15-1.H (7) NMSA (1978).

B. Discussion and determination where appropriate of limited personnel matters pursuant to Section 10-15-1.H (2) NMSA (1978).

C. Discussion and determination where appropriate of the purchase, acquisition or disposal of real property pursuant to Section 10-15-1.H (8) NMSA (1978).

XII. D. Vote to Re-open the meeting.

Motion passed, with no dissenting votes, to return to open session (1st Koch, 2nd Wellman).

F. Certification that only the matters described in Agenda item XI. were discussed in Executive Session and, if necessary, final action with regard to those matters will be taken in Open Session.

Motion passed, with no dissenting votes, to certify no actions were taken in executive session (1st Koch, 2nd Wellman).

XIII. Adjournment

Motion passed at 1:20 p.m., with no dissenting votes, to adjourn the meeting (1st Hosmer, 2nd Wellman).

Jack L. Fortner, President	**Carolyn J. Abeita, Secretary/Treasurer**
Board of Regents	**Board of Regents**

Materials will be provided at the BOR meeting.

Materials will be provided at the BOR meeting.

UNM | *UNM Staff Council*

September 6, 2011

Regent President Fortner, President Schmidly, and members of the Board,

I have attached for you a report prepared by the Staff Council Student Success Committee, which was presented to the Board of Regents Academics/Student Affairs and Research Committee. The report outlines the importance of UNM staff in the success of our students. That success is not only academic but also personal in nature in that just a degree from the University of New Mexico will not guarantee success in our students' lives. Personal life-long success also requires good judgment, the ability to problem solve, and dedication to long-term goals. Our staff provides the personal touch, encouragement, and mentorship, which is crucial for young people to gain focus, remained focused, and succeed.

I think it is important for the Regents to be aware of and acknowledge the very important role of staff to the success of our students and to the success of our University.

Thank you,

Mary Clark, President
Staff Council

MEMORANDUM

To: UNM Board of Regents Academic/Student Affairs and Research Committee
From: Staff Council Student Success Committee
Date: August 1, 2011
Subject: Presentation to the Board of Regents: Staff and Student Success

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We are pleased to present to you on some of the work that the Staff Council Student Success Committee has engaged in over the last year and a half. The Staff Council Student Success Committee was initiated in April, 2010, and is made up of a broad representation of dedicated staff volunteers from across campus, including members from Accessibility Resources, Athletics, American Indian Student Services, Biology, the College of Arts and Sciences, College of Fine Arts, College of Pharmacy, Extended Learning, IT, Title V, the Physical Plant, and the Office of the Provost.

In the course of our work, we have also met with staff and administrators in Student Affairs, and UNM special projects focused on improving graduation rates. Our committee's charge is to work collaboratively with administrators, faculty, staff, and students in identifying opportunities for improvement, and working proactively toward continued student success. This presentation will cover some of the issues surrounding student success at UNM, and the role of Staff in improving student success.

FACTORS IMPACTING GRADUATION

"Everyone understands that this is a problem and needs to be our focus" ~ David Schmidly

The members of this committee and the entire Staff Council believe that student success is an ongoing endeavor that requires the work of entire communities. Diverse factors influence retention and matriculation rates, and many of these factors are external to UNM. However, student success requires mitigation strategies for dealing with these factors, and Staff offers a key source of assistance.

Preparation

Many educators consider preparation to be one of the key factors in student success. UNM is addressing preparation in a number of ways including looking at admission standards and partnerships with 2 year schools. A holistic answer to addressing preparation is found in the passage of the HB 70: Education Data System in 2010. HB 70 was written to provide the Governor, the Legislature, and the citizens of New Mexico with accurate and timely information on the status of students from prekindergarten though post-graduate education.[1]

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[1] The P – 20 Continuum would report high school longitudinal graduation and dropout data; provide post-secondary remediation data, including assessment scores on exams used to determine the need for remediation; post-secondary remedial course enrollment history, including the number and type of credit and noncredit remedial courses being taken; Reporting to New Mexico public high schools on their students who enroll in a public post-secondary educational institution within three years of graduating or leaving the high school regarding freshman-year outcomes; Connect performance with financial information; Establish and maintain a state data audit system to assess the quality, validity and reliability of data.

UNM Staff members are continuing to strengthen preparation through outreach to middle school, High School and Community Colleges and by providing information to prospective students and their families on admission requirements.

Distance Learning
Geography is an issue in NM, presenting unique challenges for delivering education to remote parts of the state. As the Flagship institution in the state, UNM has a responsibility to serve students outside to the Albuquerque area. UNM addresses this need from our branches and partnerships with other two and four year institutions in the state. Online education and e-advising also expand the opportunities to communities where physical branches are impractical.

Due to the increased demand for online education, we offer online courses and degree completion programs to our distance-learning students. Staff members work with faculty to design and implement these offerings and provide training and support for instructors.

To support this increased demand for online education, many units on campus also provide staff support for chat services. Some of these offices include Accessibility Resources, Admissions, Arts and Sciences Advisement, CAPS, Financial Aid, ITS, Registration, the Transfer & Non Traditional Student Program, and University Advisement. Multiple Academic Pathways for Students (MAPS) is also an important online resource for helping distance-learning students navigate our e-University. Well-trained and committed staff members support these programs.

Culture
Life in a land of diverse cultures is a potential strength for our students and our institution. With that in mind, student success also relies on sensitivity to cultural needs and values. Our campus represents cultural diversity through differences in ethnicity, religion, socio-economic background, gender, sexual orientation, age and accessibility. Staff members add to the university's cultural diversity through our own diverse backgrounds, and this enables us to provide better service to students.

We support cultural diversity though our positions in programs and centers that champion diversity, such as our ethnic centers; El Centro de la Raza, African American Student Services, American Indian Student Services, Accessibility services, CEOP, Title V, the Women's Resource Center, LGBTQ Resource Center and Veteran's Resource Center to name but a few. These centers of excellence provide individualized attention to students when they really need it.

> "I wanted to thank you for sending out the link to the Summer Internship at the University of Florida. I applied right away and I was accepted! Thank you very much for your help and for this opportunity!" ~ *UNM Student to UNM Staff*

Education and Economics
In an economically challenged state like New Mexico, the economy is always going to play a big role in people's lives, and it does have a definite impact on student success. Just last week, NPR reported New Mexico unemployment at 9.4 %. Unemployment is not just a number. It can have catastrophic effects on a student's academic goals. We have students on this campus that report

going without meals, sometimes days upon end. Students have reported "couch surfing" in order to keep from becoming "homeless." Even our best and brightest sometimes find themselves in these situations. In such cases, preparation is really only a small part of the picture. The types of issues facing our students can seem insurmountable.

When dealing with students in crisis, staff become, in effect, triage units. Staff need support from faculty, administration and the BOR to continue the effective results that we provide every day.

SHARED VISION

Although budget issues impact every corner of our institution, the Staff Council Student Success Committee feels that there is a strong overlap in awareness and interests of Faculty, Staff, and Students at UNM[2]. We have common interests, and common goals. Recognizing this fact can help us to work together more effectively.

> "I just wanted to tell you the good news... I got into that program! oh my gosh, I am sooooooooo stoked and thankful. It feels like my PhD is soooooooo much more attainable now. I don't know how to explain it. I am just very happy. :) Thank you for helping me out with this. YOU ARE THE BEST!" ~ *UNM Student to UNM Staff*

The old vision of education where a philosopher would stand in the town square and students would come to learn at his feet, misses a key support in the educational process: staff[3]. The custodial workers of Ancient Greece are missing from the accounts of Aristotle and Plato. We also don't hear much about academic advisors counseling the followers of Socrates and Pythagoras. However, educational endeavors require support from multiple areas, and modern universities offer a broad range of services absent in Plato's day.

Staff supports the academic mission, and are the heart, or at least the central nervous system, of the University. Staff oversees resources, coordinates services, and maintains the institution. Without our maintenance crews, instruction and research simply could not continue. The impact of every staff member at UNM, from custodians to department administrators, is much broader than making sure the trash is taken out on a daily basis.

> "I have worked many late nights in my lab and TA'd late classes as well. I always felt safe knowing that the friendly and familiar custodial staff were nearby." ~ *UNM Student*

CROSS-CAMPUS COMMUNICATION IS THE KEY

As demonstrated, the University has been addressing possible impacts on student success with services, resources, scholarships, and the design of curriculum based on economic realities of a

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[2] In fact, for the 2006-2010 fall semesters, approximately 13% of the full and part-time staff took at least one course each semester. This includes staff across all Main, HSC, and all branch campuses. Staff place importance on professional development and can be good role models for students coming into the workforce. This data does not include the classes taken at Continuing Ed. While those courses do not count as credit per se, they certainly offer staff many opportunities to build skills and attain advancement.

[3] Some regular staff members also contribute to our educational mission as faculty, teaching at least one course per year, and their experience influences student success in the classroom.

culturally diverse population of working students. A 6% increase in admissions juxtaposed against legislative budget cuts puts additional pressure on staff, faculty and administration. We need to focus resources on improving outcomes for our shared goals. Taking stock of and valuing each other's roles is the best way to improve our services; staff, faculty and administrative morale; and ultimately provide the best possible educational experience for our students.

The key to this process is fact finding, environmental scans and data gathering, followed by sharing the information to all groups within the University community. We can identify where the problems lie by applying research such as that developed by the Bureau of Business and Economic Research (BBER) and the Office of Institutional Research (OIR). We need to share that data. A Director of Advising recently stated, "we need to implement large triangles of service in order to support our students." Staff Council for Student Success maintains that her idea will be even more effective if we think in terms of webs, rather than triangles, creating support "networks" or "nets" of support.

Traditionally, large sections of staff have been left out of the loop regarding data gathering, reporting, and implementation of initiatives. How many staff are aware for instance, that there is a "Reports and Presentation" link on the Enrollment Management webpage or knows where to find the "Student Data Dictionary?" How many faculty are aware of these resources? We need to work collaboratively to get some of this information out to everyone on campus. This will promote a collaborative approach that improves the student experience institutionally. The spirit of the Staff Council for Student Success proposal is do just that, and by doing so, increase efficiencies and decrease costs. We invite you and other constituency groups on campus to join us in these efforts.

WITH STUDENTS EVERY STEP OF THE WAY

The University is a city within a city, including many smaller villages, and each has the expected associated infrastructure to attend to. While UNM does have a large staff population, we compare favorably to our peer institutions, especially those that have a medical school. With a large staff, it is critical that we recognize them rather than numeralize them. Losing a team-member due to downsizing or budget cuts can have far-reaching impacts if that co-worker has 20 years of institutional memory. Institutional memory is one key to student success.

> "Thank you so much for guiding me through my up and down process of college. I truly couldn't have done this without my "guardian angel." ~ *UNM Student to UNM Staff*

Staff members are with a student every step of the way while they are here. We are usually the first to speak or interact with them when they contact admissions or recruiting. The student is often directed to a Financial Aid representative and might need to speak to someone at Records and Registration in order to have their transfer work successfully articulated. A few weeks later, the student will usually see several advisors during New Student or Transfer Orientation. While preparing for the semester to start, they'll interact with staff to get their LoboCard, while buying supplies at the bookstore and maybe even speak with someone in Parking Services. On the first day of the semester, the bus driver will greet them when they're picked up at G lot. They may have to ask the department's administrative assistant for directions to their class. On average, a student may see up to ten staff before they see even one faculty member. Getting that student to the feet of Socrates takes a lot of effort and support.

Navigating the steps to our resources can be a challenge. The key to improving student success is to take a more student centric approach and make them feel as if they are welcome; not just another person to fill up a classroom and number.

> "I really appreciate your help! (especially the fact that it was done in such a timely manner!!) thank you very much!" ~ *UNM student to UNM Staff*

COMMUNITY PARTNERSHIPS

If the meter of this University's success is graduation rates, there are a multitude of ways in which staff can and do help to achieve this goal. The Student Success Committee has identified initiatives that are spearheaded by Academic Affairs and we are sharing them with the larger Staff Council Community. The idea is that Councilors will then report, update, and create dialog that inspires feedback within their individual departments and units. What follows are the initiatives that we have begun as a committee.

Resources Page:

This campus is so large that some of us go years without being aware of all the resources available to faculty, staff and students. Staff Council for Student Success is working to help get the word out to staff by designing a resource page and making it available on the Staff Council Web Site. The hope is that a resource page tied directly to our own Council website will get a lot of traffic, and inspire others to think of their resources in a way that clearly identifies them and links them to similar initiatives on campus. Staff will be aware of available resources and if asked, will know how to direct a student, staff or faculty to those resources.

Cross-campus collaboration:

The mission of the Staff Council for Student Success Committee is to identify ways in which all staff, from those in Academic Affairs through those working at the Zimmerman Library, can help the University achieve student success. It's been our observation that staff increases buy in when they are made aware of student success initiatives, regardless of whether they have direct contact with students. With buy in, we can work together toward implementation. For example, our committee has reached out to the Provost's Committee on Advising (PCA) for more information on the Graduation Express Project. We have invited one of the leads on the project to a Staff Council Meeting. Prior to this outreach with PCA, many staff members were unaware of the multivariate reasons for low retention and had not considered ways in which we can all work to promote retention. Our committee has also made presentations at ADVISE-L, the cross-institution organization of advisors. We meet with these organizations to let them know that we are here and can be utilized as a resource with a cross campus perspective.

Pancake Breakfast:

Our committee members comprise a good sample of the wide spectrum of positions that staff hold at this university. We know what it's like to work on campus, what the benefits are and what challenges staff members face. To give back, we collaborated with Human Resources to help share the workload in organizing this year's Pancake Breakfast, held during Staff

Appreciation Month. In the past, the Pancake Breakfast has been a favorite, always sold-out event among the Staff Appreciation events. We partnered with Human Resources to organize the volunteers, both staff and administrative, and to provide an appearance of Lucy and Louie Lobo for the entertainment. Eighteen staff volunteered their time to help this year. This seems like such a small thing, and yet being served breakfast by members of the administration and peers helps UNM staff understand that they are appreciated and are an invaluable part of this university.

These initiatives represent some of what can be achieved by volunteers using their own time to contribute to something they are passionate about: student success. Now that the committee has been formed and is functioning, we are looking at ways in which we can streamline services through better communication between units on campus. The vision for these initiatives is that we can reduce staff workload while simultaneously improving service and outcomes if we take a systematic and service oriented approach to the design of our offerings.

CONCLUSION

With time and interest from other groups on campus, many other initiatives are possible. The Staff Council Student Success Committee offers you our expertise and energy as you think about how to allocate resources and guide the academic mission of the university. We propose that creating and supporting work teams that gather the perspectives of staff from across campus is the most effective way to move student success initiatives forward. Furthermore, we seek to partner with student, faculty, administrative, and regent initiatives that approach the problem of student success from a similar perspective. By continuing to work together, we can improve the outcomes at the University of New Mexico.

Staff Council Student Success Committee Membership

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Office of Institutional Research, Provost's Office
Grade 12
Student Success Committee

UNIVERSITY OF NEW MEXICO
ALUMNI ASSOCIATION
BOARD OF REGENTS REPORT
September 2011

Vision (Why we exist): *The Alumni Association is a vital partner in the continued excellence of the University of New Mexico through the significant engagement of alumni.*

Mission *(What we are striving for): To serve as a bridge between alumni and the university ensuring the continued success of the university and enriching the lives of alumni.*

Engage students in ways that will develop lifetime ties to UNM.	The Alumni Association will be celebrating its **Grand Re-Opening** of the first building of the university—**Hodgin Hall, Alumni Center!** Please join us for music, festivities, tours, a ribbon-cutting ceremony and the opening of the 1908 time capsule and the burial of the 2011 time capsule. Displays will tell the "story" of the University, its alumni, and Hodgin Hall. The event will be held on **Wednesday, September 21st from 6:00-8:00 p.m.** The Alumni Association is once again partnering with the Dean of Students to provide a 3-credit topics course geared toward undergraduate Juniors and Seniors entitled **Student Transition and Engagement Program (STEP).** This course will be offered through the **College of Education's** Organizational Learning and Instructional Technology (OLIT) Program. In addition to the Association and Dean of Students Office, many other departments, including University College, Student Affairs, Career Services, etc. participate in providing information on their prospective areas of expertise. The course offers a variety of opportunities for students to reflect upon their education and improve ways that will promote lifelong learning, skill building and a comprehensive awareness beyond the university. It is designed to help strengthen a student's transition to career and/or graduate school and to succeed as a civically engaged global citizen. The Alumni Association's **Birthday Cake Program** has hit the ground running. Since classes started this fall, over two dozen birthday cakes have been delivered to students across campus. The Alumni Relations Office staff sings Happy Birthday to the student and commemorates their special day by sending a color photo of the student with their cake to the parent(s).
Foster enduring involvement with, pride in and commitment to UNM, its colleges, schools and programs.	**Homecoming 2011 "It All Begins With U!"** will take place from **September 20 through September 24**. Events include: A **Campus Department Decorating Contest**, **UNM Faculty and Staff Alumni Luncheon**, **Decades Reunions, All University Breakfast**, **Southwest Fiesta and Silent Auction** and the **Homecoming football** game against Sam Houston State at 4:00 p.m. The **Homecoming Committee** will again have its **online silent auction**. This will increase the opportunity for involvement by out-of-state alumni. Both online auction items and Event Auction items will be displayed and promoted. Bidding will run from **September 12th through September 25th** at noon. Find the on-line auction at **www.unmalumni.com.** UNM's Alumni Chapters began their **Green Chile Roasts**. Over 5 tons of green chile will be shipped within the next

	month. Upcoming events include **Las Vegas** (September 10)**, Washington, D.C.** (September 11), **Atlanta** (September 17), and **Austin, Chicago, NorCal** Chapters on September 24. Monies raised go towards UNM scholarship funds.
Communicate effectively with our diverse group of alumni.	What a great way to stay connected to UNM! The UNM Alumni Association is working with Harris Connect to publish a **2012 Alumni Directory**. From mid-September to mid-October, you may receive a postcard, email or phone call from Harris asking for updated contact information. We appreciate your participation. Harris Connect is collecting information only for the purpose of the directory. There is no cost to be listed in the directory. *The directory will only be available through pre-orders, so get your order in when you talk with the Harris representatives.* The scheduled release date is March, 2012. **The Board of Directors of the Alumni Association** will meet on Thursday, September 22, 2011 at Hodgin Hall in the Bobo Room from 8:30 a.m. to 3:00 p.m.
Encourage community service and leadership among alumni and students.	**Zia Award** recipients being honored at UNM's Homecoming All University Breakfast are: **Larry Abraham,** BBA '76 (Albuquerque), *Mayor, Los Ranchos de Albuquerque;* **Steve Ciepiela**, BA '77, MPA '80 (Albuquerque), *President and Co-Founder, Charles Stephen & Company, Inc.;* **Michael Currier**, BA '65 (Carlsbad), *President/CEO, Guaranty Title Company;* **Nedra Matteucci,** BA '72 (Santa Fe), *Owner, Nadra Matteucci Galleries;* **Dennis Pena, BSPH, '57** (Albuquerque), *Retired, Evening Charge Pharmacist for the University of New Mexico Hospital; and* **Elba Saavedra,** MS '95, Ph.D. '04 (Albuquerque), *Faculty, UNM Health Exercise & Sports/Research Assistant Professor.* The **Lobo Award** winner is: **Lillian Montoya-Rael,** BA '89, MBA '98, (Santa Fe), *Principal, Flywheel Ventures.* The Alumni Association's **Homecoming Civic Engagement Program** will kick start its community service project with its annual tradition of serving as **guest Chefs** to cook meals for the families of the Ronald McDonald House Charities of New Mexico on September 13th. The week of Homecoming, the committee has partnered with **U-Haul** to collect donations for the fire victims throughout the State of New Mexico. Drop-Off times and locations are as follows: **Tuesday, September 20th—UNM Children's Campus parking lot** **8:00 a.m. to 9:30 a.m.; 11:00 a.m. to 1:30 p.m. and 4:00 p.m. to 6:00 p.m.** **Wednesday, September 21st and Thursday, September 22nd—UNM Main Campus—Cornell Hall (East of the SUB)** **10:00 a.m. to 2:00 p.m.** **Friday, September 23rd—South Campus Parking Lot Next to the Shuttle** **8:00 a.m. to 11:00 a.m.** **Saturday, September 24th—The Pit Parking Lot, near the ticket office** **1:30 p.m. to 4:00 p.m.** **Please bring paper goods, canned foods, non-perishable items, toiletries, etc. to any one of these locations.** A special alumni gift will be given in exchange for a donation.

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THE UNIVERSITY of NEW MEXICO FOUNDATION

UNM Foundation, Inc.
UNM Regent's Advisor Report
September 13, 2011

CHANGING WORLDS
The Campaign for UNM

Changing Worlds: The Campaign for UNM – an eight-year, $675 million campaign, is making excellent progress towards campaign goal. The Campaign began in 2006 and is planned to conclude in 2014, complementing UNM's 125th Anniversary.

To date, nearly 50,000 donors have given $ 412 million in support of the University's mission.

Specific fundraising highlights since the last meeting:

Harwood Museum in Taos received $819,000 worth of paintings and supplemental work.

School of Law received $30,000 to the Indian Law Program General Scholarship Fund

College of Arts & Sciences received $82,500 from the Hibben Trust for the Hibben Trust Award and the Hibben Trust for Anthropology Graduate Students

KNME received a donation of $195,000

The Thomas B. Hanna and Jane Julian Hanna Memorial Scholarship Fund received $664,000

University Hospitals received $150,000 to the Children's Miracle Network from Walgreens.

School of Medicine received $27,500 to the Center for Developmental Disabilities from the Christopher and Dana Reeve Foundation.

School of Medicine received $27,000 to the Cancer Center for support of our Research Professors.

College of Nursing received $26,000 to the Nursing Legacy Fund and the Presidential Scholarship Program

School of Medicine received a donation of $20,000 to the Cancer Center from Blue Cross Blue Shield for Breast Cancer research

The Foundation provided information on the Consolidated Investment Fund at last month's Regent meeting. No new information is available at this time. The Foundation will provide a report at the next Regent meeting.

The UNM Foundation is working with University leadership, Deans and other key constituents on assessing additional funding models to replace the University's institutional support. The Foundation will report on any progress that is made at upcoming meetings.

The next Board of Trustees meeting will be November 10-11, 2011.

THE UNIVERSITY OF NEW MEXICO
MR. AND MRS. HUGH B. AND HELEN K. WOODWARD ENDOWMENT
FUNDED BY THE SANDIA FOUNDATION

	2006-07	2007-08	2008-09	2009-10	2010-11	
PRINCIPAL/CORPUS						
BEGINNING MARKET VALUE, JULY 1:	$ 34,085,743	$ 40,007,782	$ 39,456,137	$ 30,698,788	$ 32,422,373	
ADDITIONS	1,260,000	1,323,000	1,395,000	877,500	1,125,000	
INVESTMENT EARNINGS	6,566,424	283,085	(7,962,327)	3,238,163	6,040,036	**(1)**
DEVELOPMENT FUNDING ALLOCATION	(353,923)	(442,878)	(383,681)	(623,475)	(643,802)	
SPENDING DISTRIBUTION	(1,550,463)	(1,714,852)	(1,806,341)	(1,768,603)	(1,661,606)	**(2)**
ENDING MARKET VALUE, JUNE, 30:	$ 40,007,782	$ 39,456,137	$ 30,698,788	$ 32,422,373	$ 37,282,001	

(1) FY 2010-11 Net investment Earnings: Represents the actual net investment earnings through June 30, 2011. Net investment earnings for the period of July 1, 2010, through June 30, 2011, were 19.0% (net of manager fees).

(2) FY 2010-11 Spending Distribution: Represents the quarterly spending distributions from July 1, 2010, to June 30, 2011.

THE UNIVERSITY OF NEW MEXICO
WINROCK LAND SALE ENDOWMENT

	2006-07	2007-08	2008-09	2009-10	2010-11	
PRINCIPAL/CORPUS						
BEGINNING MARKET VALUE, JULY 1:	$ 29,879,837	$ 33,899,952	$ 32,369,380	$ 24,076,065	$ 24,767,866	
ADDITIONS	-	-	-	-	-	
INVESTMENT EARNINGS	5,660,666	263,110	(6,526,574)	2,544,475	4,553,291	**(1)**
DEVELOPMENT FUNDING ALLOCATION	(304,790)	(368,276)	(309,959)	(483,585)	(485,153)	
SPENDING DISTRIBUTION	(1,335,761)	(1,425,406)	(1,456,782)	(1,369,089)	(1,248,103)	**(2)**
ENDING MARKET VALUE, JUNE, 30:	$ 33,899,952	$ 32,369,380	$ 24,076,065	$ 24,767,866	$ 27,587,901	

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THE UNIVERSITY OF NEW MEXICO

REGENTS' ENDOWMENT

	2006-07	2007-08	2008-09		2009-10	2010-11	
PRINCIPAL/CORPUS							
BEGINNING MARKET VALUE, JULY 1:	$ 32,325,235	$ 36,674,360	$ 35,018,525		$ 25,165,952	$ 25,889,070	
WITHDRAWALS:							
SCHOLARSHIP FUNDING	-	-	(880,525)	**(3)**	-	-	
INVESTMENT EARNINGS	6,123,941	284,643	(7,060,716)		2,659,659	4,759,412	**(1)**
DEVELOPMENT FUNDING ALLOCATION	(329,734)	(398,416)	(335,326)		(505,476)	(507,115)	
SPENDING DISTRIBUTION	(1,445,081)	(1,542,062)	(1,576,006)		(1,431,065)	(1,304,603)	**(2)**
ENDING MARKET VALUE, JUNE 30:	$ 36,674,360	$ 35,018,525	$ 25,165,952		$ 25,889,070	$ 28,836,764	

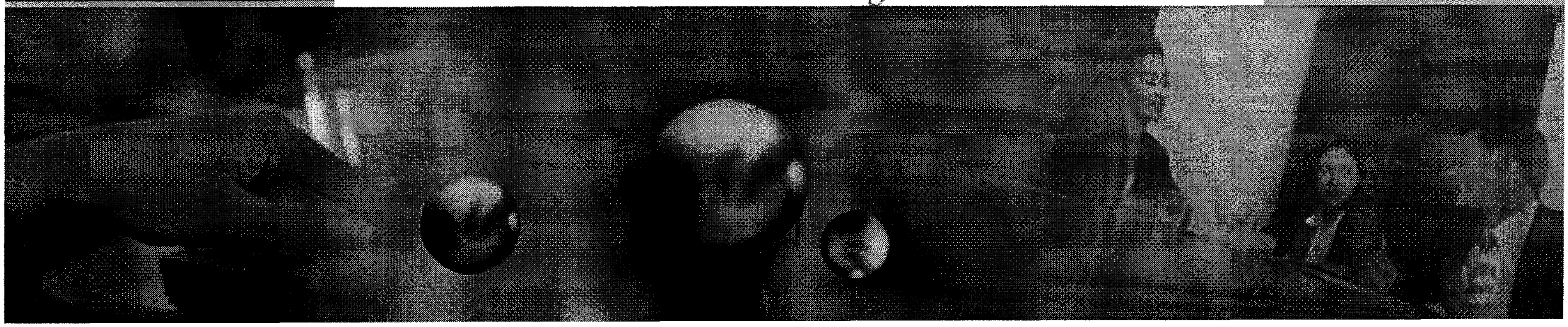
(1) FY 2010-11 Net investment Earnings: Represents the actual net investment earnings through June 30, 2011. Net investment earnings for the period of July 1, 2010, through June 30, 2011, were 19.0% (net of manager fees).

(2) FY 2010-11 Spending Distribution: Represents the quarterly spending distributions from July 1, 2010, to June 30, 2011.

(3) FY08-09 Withdrawal for scholarship funding: $1,000,000 was authorized to be withdrawn from the Regents' Endowment for FY08-09 scholarship funding. Of the authorized $1,000,000, $880,525 was withdrawn from the endowment.

CHANGING WORLDS

the CAMPAIGN for UNM



UNM Board of Regents

Henry Nemcik, President & CEO

UNM Foundation, Inc.

September 13, 2011

Methodology

This report showcases data from institutions with similar attributes to the inquiring member institution: large, public universities with multiple fundraising units. The following institutions were selected (abbreviations used in the following table given in parenthesis):

- Georgia Institute of Technology (GT)
- Iowa State University Foundation (ISU)
- Mississippi State University Foundation (MSU)
- The Pennsylvania State University (PSU)
- Texas A&M University Foundation (TA&M
- Texas Tech University (TTU)
- University of California, Los Angeles (UCLA)
- University of Oregon (UOre)
- University of South Florida (USF)
- The University of Texas at Austin (UT-A)
- University of Washington (Uwash)
- A National Research University (NRU)*

* One participating institution requested to remain anonymous.

Comparative Data

An X indicates the institution submitted frontline fundraising staff data for each fundraising unit listed at left

	GT	ISU	MSU	PSU	TA&M	TTU	UCLA	UOre	USF	UT-A	UWash*	NRU	Number of Responses
Agriculture/Forestry/Natural Resources/Environmental Sciences		X	X	X	X	X					X	X	7
Architecture	X	X	X	X	X	X		X	X	X	X		10
Art Museum								X					1
Arts & Sciences	X	X	X	X	X	X	X	X	X	X	X	X	12
Athletics		X		X		X	X	X	X	X	X	X	9
Business	X	X	X	X	X	X	X	X	X	X	X	X	12
Communications/Journalism				X		X		X		X			4
Education			X	X	X	X	X	X	X	X	X	X	10
Engineering	X	X	X	X	X	X	X		X	X	X	X	11
Fine Arts/Performing Arts						X	X	X	X	X		X	6
Hospital/Medical Center/Medicine***				X		X	X		X		**	X	6
Law				X		X	X	X		X	X	X	7
Libraries		X		X		X	X	X	X	X	X		8
Public Broadcast				X		X			X		X		4
Public Policy/International Study											X		1
Social Work							X			X	X	X	4
Regional Campuses	X			X				X	X			X	5
Other	X(5)	X(2)	X(3)	X(8)	X(7)	X(4)	X(4)	X(5)	X(9)	X(8)	X(9)	X(2)	12

*University of Washington reported only centrally funded investments in terms of total FTE count.

**The University of Washington has a medical center, though frontline staffing data not reported.

***Participants reported frontline staff in other health sciences categories--dentistry, nursing, optometry, pharmacy, public health, and veterinary medicine--but not in sufficient numbers to warrant analysis

Data for shaded units presented in the following charts

Fundraising Unit Medians

Fundraising Unit	Median Frontline Staffing FTE	Median Frontline Staffing FTE UNM	Median Dollars Raised per Frontline FTE (Millions)*	FY 2010-2011 Median Dollars Raised per Frontline FTE (Millions)* UNM
Agriculture/Forestry/Natural Resources/Environmental Sciences	3.0	0.0	$4.8	NA
Architecture	1.0	1.0	$1.1	$397K
Arts & Sciences	3.5	2.0	$3.0	$3.85
Athletics	3.0	2.0	$6.8	$5.75
Business	3.0	1.0	$3.2	$7.0
Education	1.5	1.0	$1.7	$929K
Engineering	5.0	1.0	$4.8	$1.8
Fine Arts/Performing Arts	2.0	3.0	$811K	$1.8
Hospital/Medical Center/ Medicine	7.0	7.0	$8.5	$4.44
Law	4.0	1.0	$2.1	$904K
Libraries	1.5	1.0	$559K	$1.1
TOTAL	34.5	19.0		

* Dollars raised figures incorporate total dollar value of all new gifts, new pledges, and new irrevocable deferred expectancies

How does the Foundation Match Donor Interests with College Priorities?

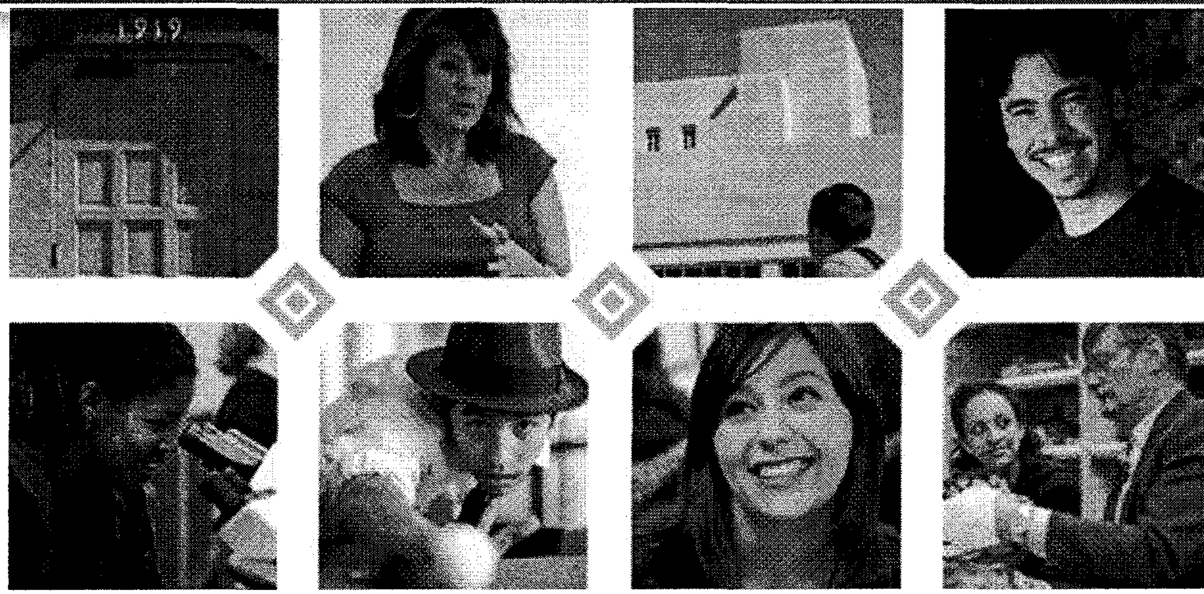
President of the Foundation plus VP of Development plus a Development Officer

- Attends President's Executive Council Meeting weekly/monthly
- Attends Provost's and Deans' meetings quarterly
- Makes periodic presentations to Faculty Senate
- Attends donor/alumni activities in colleges
- Visits with Deans
- Serves on committees
- Development officers embedded in colleges and HSC
- Attend all Deans' meetings

HR, Legal, Operations, Finance

- Work with all appropriate departments at the University to ensure service level

Changing Worlds: *The Campaign for UNM*



Together we will change endless worlds and endless lives, student by student, teacher by teacher, idea by idea, breakthrough by breakthrough. And gift by gift. To change lives, you must first believe, then act.

Today and tomorrow, UNM is the pathway for that action and the hope for that change. The University of New Mexico is the flagship—the place that will transform New Mexico, and indeed the world, by crafting a new paradigm that creates jobs, contributes to a robust economy and fosters knowledge, education, health, harmony and prosperity for our multicultural society. Through the force of your conviction and giving, UNM will emerge, grow and transform.

And so will you.

The University of New Mexico
PARENT
ASSOCIATION

PARENT ASSOCIATION REPORT TO THE BOARD OF REGENTS
BY: PRESIDENT, MARIA PROBASCO
SEPTEMBER 13, 2011

LOBO Orientations and CEP Orientations: During the Summer, members of the Parent Association were able to meet, greet and network with parents and students of the Freshman class during the LOBO Orientations and the College Enrichment Program Orientations.

Move-in Week: Parent volunteers welcomed students and parents during Move-in Week, August 18, 19, 20, and 21, 2011. In cooperation with UNM Housing and LOBO Village we had Parent Association welcoming stations at LOBO Village and SRC Commons.

Freshman Day and Convocation: – August 21, 2011. This was a great day for the University and the Freshman Class.

During these events and activities the Parent Association added over **600 parents to the Parent ListServe to receive the Parent Newsletter and other Parent Association communications. Of these, 237 signed up to volunteer** and **75 parents stated that they are willing to donate.**

Upcoming Events/Activities:

Family Weekend: September 16, 17, & 18, 2011. I have attached our Golf Tournament flyer for your information and in the hope that you will take some time off and join us in playing a round of golf with us. As of September 2, we have signed up 107 players and the sponsorship level has already exceeded last year's tournament revenue.

The Schedule of Events is:

- Friday, September 16:
  - 2nd Annual Golf Tournament at Sandia Resort Golf Course with a shotgun start at 1:30pm.
  - 8:00pm - Event co-sponsored with Student Special Events - Hypnotist.
- Saturday, September 17:
  - 9:00am – Parent Association's Annual General Membership Breakfast/Meeting—Keynote Speaker; Student Regent Jake Wellman
  - 10:30am – Workshops
  - 11:30am – Tailgate Party
  - 1:30pm – Football Game
- Sunday, September 18
  - 9:00am – A tour of the Pit and Breakfast

There is still time to sign up for these fun filled weekend events and activities.

UNM PLANNING & CAMPUS DEVELOPMENT

MEMORANDUM TO ADVANCE
AGENDA ITEM TO
THE BOARD OF REGENTS
THE UNIVERSITY OF NEW MEXICO

DATE: September 6, 2011

TO: Jack L. Fortner, President, Board of Regents

FROM: Chris Vallejos, AVP, Institutional Support Services C Vallejos

RE: Action Item: Adoption of the Consolidated Master Plan 2011

After review by the full Board of Regents on August 9, 2011, the Consolidated Master Plan 2011 is to be advanced to the full Board for adoption in the September 13th meeting. I am requesting that this item be placed on the agenda for action. Dale Dekker, Principle, Dekker Perich Sabatini, will outline a high level land use plan that identifies key development principles from the comprehensive document located on the web at http://iss.unm.edu/PCD/university-planning/master-planning/index.html. As directed, the draft Master Plan Update 2009 has been available for public comment since August 2009 and further refinement of the Plan addresses many of the ideas expressed by a variety of constituents. The Consolidated Master Plan captures and brings together all master plans, from the broad ideas in the Master Plan Update 2009, Athletics and Rio Rancho Master Plan to the 2009 Climate Action Plan, HSC Master Plan 2010, Transportation Strategic Plan and the South Campus Placemaking Plan.

The Master Plan Update/Consolidated Master Plan is a shared vision and physical framework that will guide the future development of the University campus. Growth and change, capacity and condition, town/gown and partnerships all influence UNM's ability to adapt to future needs. Within the context of President Schmidly's goals of Student Success, Systemic Excellence, Healthy Communities and Economic and Community Development, a dynamic, sustainable Plan emerged. The presentation discusses the process and input from Deans, faculty, staff, neighbors and businesses and how it shaped a balanced approach. The challenge is to evolve from a commuter campus to a sustainable urban campus. The proposed strategies include creating a Live/Learn/Work/Play environment for students, collaborating with the City, County and CNM through MRCOG to address transportation strategies, encouraging growth that connects north, main and south campus through programs and land maximizes the use of existing facilities through efficient scheduling, facility replacement and renewal, and exploration of commercial development opportunities. Next steps will be outlined to ensure that the Comprehensive Master Plan document continues to change and reflect the needs of the University of New Mexico.

Thank you for your consideration.

CC: Mary Kenney, University Planning Officer
David W. Harris, EVP for Administration, COO & CFP

UNM

August 31, 2011

TO: Provost Chaouki Abdallah

FROM: Rick Holmes, Office of the University Secretary

SUBJECT: Summer 2011 Degree Candidates

The Faculty Senate approved the Summer 2011 Degree Candidates at the August 30, 2011 Faculty Senate Meeting.

Included is the list of the Summer 2011 Degree Candidates. Please do not publish the candidates that are on the privacy flag list.

Degree Candidate Summary*

Doctoral and MFA Degree	98
Master's Degree	301
Bachelor's Degree	277
Associate's Degree	54
Total	730

*Final number of conferred degrees will be slightly lower due to changes in student degree status that occur until the end of the semester.

Please place this item on the next Board of Regents ASAR Committee meeting agenda for consideration.

Thank you.

Attachments

The University of New Mexico · MSC05 3340 · 1 University of New Mexico · Albuquerque, NM 87131-0001 · Phone 505.277.4664 · Fax 505.277.4665 · secretary.unm.edu
Office of the Secretary · Scholes Hall Room 103

UNM

August 31, 2011

TO: Provost Chaouki Abdallah

FROM: Rick Holmes, Office of the University Secretary

SUBJECT: Posthumous Degree Request for Christina Joe

The Faculty Senate approved the posthumous degree for Christina Joe at their August 30, 2011 Faculty Senate Meeting.

Included is the request from UNM Gallup.

Please place this item on the next Board of Regents Academic Student Affairs and Research Committee meeting agenda for consideration

Thank you.

Attachments

The University of New Mexico · MSC05 3340 · 1 University of New Mexico · Albuquerque, NM 87131-0001 · Phone 505.277.4664 · Fax 505.277.4665 · secretary.unm.edu
Office of the Secretary · Scholes Hall Room 103

UNM GALLUP

Dean of Instruction Office

August 2, 2011

University of New Mexico
Faculty Senate Operations Committee
Office of the University Secretary
MSC05 3340
1 University of New Mexico
Albuquerque, NM 87131-0003

On recommendation of the faculty and with approval from the Dean of Instruction of the University of New Mexico at Gallup, we request award of an Associate of Science (AS) posthumous degree in Nursing to Ms. Christina Joe, Banner Student ID 100883891. Ms. Joe died in an automobile accident in Gallup on Saturday, July 23, 2011. At the time of her death Ms. Joe was a student in good standing in the Nursing Program at Gallup and needed six *(6)* units of credit to graduate. Dr. Sylvia Andrew, UNM-Gallup Executive Director, concurs in this recommendation.

Ms. Joe was president of the Student Nursing Association and a leader among her colleagues at the Campus and her loss is a particularly hard one for all of us. Ms. Joe, an Iraq Conflict Veteran and a Staff Sergeant in the New Mexico Army National Guard, was buried with full military honors in Gallup on Friday, July 30, 2011.

Respectfully submitted,

A. Neal Mangham

Dr. A. Neal Mangham
Dean of Instruction

cc: Dr. Sylvia Andrew, Executive Director
Mr. Esequiel Garcia, Director of Student Services

I:\Instructional depts\Nursing\C. Joe Posthumous degree request.doc

705 Gurley Avenue · GALLUP, NEW MEXICO 87301 · (505) 863-7679 · FAX (505) 863-7681

UNM Faculty Senate Ad Hoc Committee on Internationalization
August 2011

Committee members:
Dante DiGregorio, Co-chair, Anderson School of Management
Natasha Kolchevska, Co-chair, College of Arts and Sciences
Dale Alverson, Health Sciences Center
Claire-Lise Benaud, Zimmerman Library
Melissa Bokovoy, College of Arts and Sciences
Sherri Burr, School of Law
Terry Crowe, Health Sciences Center
Chris Duvall, Arts and Sciences
Frank Gilfeather, College of Arts and Sciences
Ramiro Jordan, School of Engineering
Margot Milleret, College of Arts and Sciences
Cassiano de Oliveira, School of Engineering
Christine Sauer, College of Arts and Sciences
Doug Thomas, Anderson School of Management

Ex-officio after July 1, 2011
Chaouki Abdallah, Interim Provost and Executive Vice-President
Mark Peceny, Interim Dean of the College of Arts and Sciences

RATIONALE:

International education figures prominently in the stated mission of UNM, and comprehensive internationalization at UNM is crucial to helping New Mexico's students, economy and society prepare for increased interdependence across nations. As stated by the NAFSA, the Association of International Educators (www.nafsa.org/cizn/), "*Comprehensive internationalization is a commitment, confirmed through action, to infuse international and comparative perspectives throughout the teaching, research and service missions of higher education. It shapes institutional ethos and values and touches the entire higher education enterprise. It is essential that it be embraced by institutional leadership, governance, faculty, students, and all academic service and support units. It is an institutional imperative, not just a desirable possibility.*"

International education refers to the cross-border and global dimensions of the university's core activities related to teaching, research and service. It therefore includes the recruitment, admission and support for international students admitted into UNM's degree programs; incoming and outgoing study abroad through both exchanges with foreign universities as well as through UNM faculty-led programs, sponsored programs involving international topics and partner institutions abroad, academic programs and courses on campus that help UNM students acquire knowledge and skills related to international and global topics, and new initiatives that enhance international education at UNM (e.g., joint or dual degrees, internationalization of the core curriculum, etc.). Internationalization also involves support for international research and service projects and initiatives undertaken or sponsored by UNM faculty, who have a long and active history of involvement in multicultural and international projects.

In order to elevate the stature and performance of international education at UNM, we recommend a set of changes to administrative and financial structures, policies, and procedures within the Provost's office that will improve the efficiency and effectiveness of the efforts of various units that currently contribute to international education at UNM. These changes will enable UNM to pursue goals that include catching up to UNM's peer institutions in several performance areas related to international education, including the percentage of students who study abroad and of international students as a percentage of the student body.

This document a) elucidates the centrality of internationalization efforts to UNM's academic mission; b) establishes goals for a coherent internationalization program that will advance UNM's core missions, and c) makes recommendations on how to achieve this program.

GOALS:

The goals of international education at UNM are as follows:

- Enhance student and faculty access to international educational, research and service activities and increase international student enrollment on campus.

- Increase faculty governance of all aspects of international education, research and service.

- Establish goals and metrics for
  a) internationalizing academic units and curricula (including study abroad)
  b) recruiting international students
  c) supporting and coordinating international research and service.

- Establish structures and policies to
  a) enable the financing and coordination
  b) ensure the transparency and accountability
  of all aspects of international education, research and service.

- Identify and prioritize strong international partners to ensure productive and sustainable collaborative efforts.

RECOMMENDATIONS:

1. **Create an International Initiatives office at UNM and appoint an Associate Provost for International Initiatives.**

We recommend that an Office of UNM International Initiatives be created as a unit under the Provost, led by a tenured faculty member serving as Associate Provost for International Initiatives. The Associate Provost should serve on a part-time basis, reporting directly to the Provost. To increase efficiency, the current Office of International Programs and Studies (OIPS) should be dissolved and two new units established: an Office of International Scholar Support Services (ISSS) that unifies all support services for international faculty and students, and a Study Abroad Office (SAO) that unifies all study abroad efforts on campus. These two units, as well as the Latin American and Iberian Institute (LAII), will report directly to the Associate Provost. The new Associate Provost will also oversee the following functions: coordination of international recruitment and admissions functions, implementation of Amigos Scholarships for international students and Regents Scholarships for Study Abroad, funding mechanisms for faculty-led study abroad programs including a 'tuition capture' system, and any 'platform' programs that may be created, including but not limited to the UNM Rome Center. Individuals reporting directly to the Associate Provost for International Initiative should include the Directors of the LAII, ISSS, SAO, and Center for English Language and American Culture (CELAC).

2. Establish a faculty-led advisory committee for international initiatives.

A standing committee should be established to provide faculty governance over the activities of UNM International Initiatives. Modeled in part on the Executive Research Advisory Committee (http://research.unm.edu/erac/), this body would include leadership from the colleges and schools (i.e., associate deans or deans' representatives), international education leadership (Associate Provost, ISSS, LAII, ISI and Study Abroad Directors), and a set of dean's liaisons, faculty members and staff involved in international programs. Faculty members must represent multiple units and diverse regional interests. The governance committee will work with the Associate Provost for International Initiatives to establish goals, strategies, and performance metrics for international education, research and service. The committee will also advise on specific policy decisions including: expansion of international content in UNM curriculum offerings, support for critical and less-commonly taught languages, and development of platform programs (dedicated international sites available for UNM programs across disciplines).

3. Create a Study Abroad Office reporting to the Associate Provost for International Initiatives.

UNM does not currently have an institutionalized mechanism for supporting faculty-led study abroad programs. At the same time, study abroad activities are currently dispersed in an awkward fashion between LAII (usually Spain and Latin America) and OIPS (usually the rest of the world). There is also an opportunity to develop foreign-based platforms for UNM programs as has previously been done in Quito and Rome. The new office should be created by reassigning staff from the current Office of International Programs and Studies (OIPS) and LAII. The director of that office should manage international exchanges for supporting incoming and outgoing students, in collaboration with ISSS, LAII, SAO and other units. The office should be responsible for implementation of the newly acquired TerraDotta software system. The office should support faculty-led study abroad programs by assisting with compliance issues (e.g. TerraDotta, adherence to UNM travel and security policies, collection of documentation for insurance and waivers), integration with UNM student advisement and registration systems, handling financial arrangements for international payments and reimbursements for faculty-led study abroad, and implementation of financing mechanisms for study abroad programs including the Regents Scholarships and tuition capture. In-country logistical support will generally be provided by UNM's academic units or third party providers, but UNM International Initiatives should assess whether it also makes sense to invest in foreign-based platforms that would provide this higher level of support for a very limited number of locations.

4. **Establish new mechanisms for funding international education at UNM.**
International education at UNM can benefit from structural and procedural changes that will enable more efficient and effective use of existing resources as well as more effective leveraging of existing resources to compete for additional outside funding. **First,** existing resources include the Regents Scholarships, international recruitment funding, and the Amigos scholarships. We recommend that the Provost's office commit existing, discretionary resources as start-up, seed funding for the Associate Provost for International Initiatives and the new Study Abroad Office. **Second,** this start-up funding would allow these units to compete for external funding opportunities. The Associate Provost's office should collaborate with the VP for Research and with academic units to seek external funding for international programs and to support proposals coming from academic units. **Third,** administrative reorganization, as described above, would reduce the duplication of efforts across campus, and instill greater transparency and accountability in the use of existing resources. **Fourth,** a prior faculty-led committee determined that the most feasible system for funding faculty-led programs would be a 'tuition capture' system enabling programs to utilize a percentage of the tuition these programs generate, yet this system has not been implemented. The Associate Provost's office should vigorously pursue the implementation of a 'tuition capture' system.

5. **Evaluate and reassign staff in the Division of Enrollment Management to work exclusively on international recruitment and admissions.**
Significant opportunities for recruiting and enrolling international students at UNM are being missed because of inadequately trained staff and inadequate lines of communication on international matters with the Division of Enrollment Management. UNM should follow the model of other universities and hire a professional International Recruitment Manager.

6. **Articulate an agreement that clarifies the relationship between the Associate Provost for International Initiatives and the Health Sciences Center.**
This agreement will determine lines of oversight and authority, funding, and travel policies and create an executive international officer at the HSC who is a counterpart to the Associate Provost for International Initiatives on main campus.

7. **Create a single clearinghouse for all international educational, research and services at UNM.**
This clearinghouse will collect basic information on all projects and initiatives with an international focus into a database that will be made available to students and faculty. The availability of this information will encourage greater student participation in international education, and enable faculty to leverage existing campus resources and expertise in the development of new programs.

Unresolved Issues:

1. The 'academic home' of the programs offered by the International Studies Institute (BA in Asian, European, and International Studies) and the Latin American and Iberian Institute (BA, MA, and PhD in Latin American Studies) would still be the College of Arts & Sciences, and these programs would generally be led by A&S faculty (and compensated by A&S) while also collaborating with other academic units and the Associate Provost for International Education. While there is already a precedent for this (LAII/LAS), details would need to be worked out.

2. How can key staff be involved in the faculty governance committee? In some academic units, staff are very involved in directing activities such as coordinating study abroad programs.

3. Where does CELAC (Center for English Language and American Culture, currently part of OIPS) fit in? CELAC is self-funded and operates fairly autonomously.

APPENDIX A: BACKGROUND INFORMATION

New Mexico, as a border state, had long before statehood close cultural and historical ties to the extended regions to our south. In the 20th century our state strengthened these unique cultural ties as UNM became an important center of study and exchange between our people and those in Latin America. These unique ties need to continue and be nurtured, yet there arises now a new need to seek broader cross-cultural experiences for our students. In the 21st century, borders are becoming less important and globalization means that knowledge of world regions and peoples has become critical to the success of our graduating students. In educating both undergraduate and graduate students for 21st century careers and opportunities, UNM needs to look at what skills and experiences will prepare them for the mid-century world – one we are just beginning to sense. For our students to compete and be successful, they will need in addition to their academic field a global view that is informed and sensitive to other cultures and societies. This is why international programs are becoming so important not only at UNM but at all universities. UNM thus seeks to commit to a strategy and to a new structure and policy enhancements designed to internationalize all aspects of teaching, research and service. This UNM Faculty Senate Ad Hoc Committee report lays out recommendations to strengthen, expand and support our international and study abroad programs while maintaining our particular and traditional strengths.

In May, 2011, the Faculty Senate Operations committee, in consultation with FS President Richard Wood, decided to create an ad hoc committee on international education at UNM. This initiative was prompted by the failure of leadership and imagination at the highest levels of UNM's administration, which has resulted in a highly decentralized and disorganized approach to the critical issue of internationalizing the UNM campus. It is also a response to the Higher Learning Commission's 2009 accreditation report that called for faculty—as the university's most enduring body—to play a more central role in university governance in matters of research, teaching and curricula. As UNM's peer institutions have understood, internationalization efforts lie at the heart of everything we do in higher education in the 21st century. The current level of decentralization has been to the detriment of our students and our faculty. UNM, with its remarkable international and multicultural history, needs to aggressively address this issue in all of its dimensions.

Numerous units are involved in a very broad range of international initiatives at UNM: The Office of the Deputy Provost, the Office of International Programs and Studies (OIPS), the Latin American and Iberian Studies Institute (LAII), the offices of the Vice Presidents for Student Affairs, Enrollment Management, Research, etc. In addition, there is a large number of study abroad programs that are led by faculty in various colleges, including A&S, Management, Engineering, Law and Health Sciences.

UNM's international efforts have been the focus of numerous committees and executive reports over the past ten years, and we do not want to duplicate or take away from the excellent work that has been done by various stakeholders. Rather, the charge to the committee, chaired by Dante DiGregorio (ASM) and Natasha Kolchevska (A&S), was to examine and summarize the current status of a broad range of international issues at UNM and to make recommendations to the Faculty Senate and the Provost on how to bring UNM up to the level of our peer institutions. Committee members included faculty from north and main campuses who have been involved in various internationalization efforts—from recruiting to faculty-led study abroad programs to faculty research. It was the intention of this committee to make recommendations that would create a blueprint for coordinating international education and laying out a program for the comprehensive internationalization of the UNM campus. We feel that as long-term stakeholders, faculty are in a unique position to make both practical recommendations that can be implemented rather quickly and a vision for UNM that will endure and survive, regardless of the specific higher administration. Only through a combination of shared responsibility and collaboration between faculty and administration can we advance UNM's international education missions in all of their depth, breadth and richness.

The ad hoc committee met on a regular basis between May and August 2011 and invited various stakeholders, including

- Chaouki Abdallah, Interim Provost
- Kate Moore, Office of the Provost
- Johannes Van Reenen and Jane Slaughter, OVPR
- Daniel Ortega, Special Assistant to the Provost for International Affairs
- Susan Tiano, Director of the Latin American and Iberian Institute,
- Ken Carpenter, Associate Director of the Office of International Programs and Studies
- Linda Melville, International Student Services, OIPS
- Eliseo Torres, VP for Student Affairs
- Terry Babbitt, Acting VP for Enrollment Management
- Katie Richardson, President, GPSA.

APPENDIX B: LIST OF RELEVANT REPORTS AND RECOMMENDATIONS, 2002-2011

June 22, 2011	Report on Briefing by Daniel Ortega (see attachment)
June 6, 2011	Restructuring Study Abroad Programs at UNM (see attachment)
April 15, 2011	Proposal to Merge Study Abroad Office functions in one location (available on request)
March 2011	Study Abroad Business Model (available on request)
February 28, 2011	Draft Proposal from Enrollment Management for Recruitment of International Students (available on request)
February 2011	LAII response to President's Cost-Cutting Committee (see attachment)
November 3, 2010	OIPS self-study (available on request)
March 30 2010	Strategic Inventory and Gap Analysis: A Return on Investment Approach for the Provost's Office (see attachment)
November 23, 2009	Proposed recommendations for UNM sponsored group trips abroad (available on request)
May 28, 2009	Final Proposal of UNM Task Force on International Programs (available on request)
Summer 2009	UNM Study Abroad Task Force 2009: Impediments to International Programming--Summary of Comments from Prior Initiatives (see attachment)
2009	Faculty-Led Programs in A&S (see attachment)
2008	UNM Study Abroad Advisory Committee: History and Outcomes (2002-2008) (see attachment)
February 1, 2006	UNM International Task Force Report (see attachment)
May 1, 2003	Inventory of International Programs at UNM (available on request)
October 25, 2002	Provost Foster's Call for "More Ideas to Inform Campus Dialogue about International Agenda" (available on request)

UNM

Division of Enrollment Management

ALBUQUERQUE CAMPUS

HEADCOUNT

	Fall 2010	Fall 2011	CHANGE	%CHANGE
TOTAL HEADCOUNT	29,091	29,368	277	0.95%

STUDENT CREDIT HOURS

	Fall 2010	Fall 2011	CHANGE	%CHANGE
LOWER DIVISION	185,650	184,648	(1,002)	-0.54%
UPPER DIVISION	98,915	102,279	3,364	3.40%
GRADUATE	60,079	61,819	1,740	2.90%
TOTAL STUDENT CREDIT HOURS	344,644	348,746	4,102	1.19%

HEADCOUNT

	Fall 2010	Fall 2011	CHANGE	%CHANGE
NON-RESIDENTS	3,864	4,101	237	6.13%
GRADUATE PROGRAMS	4,553	4,609	56	1.23%
ONLINE	2,820	4,721	1,901	67.41%

STUDENT CREDIT HOURS

	Fall 2010	Fall 2011	CHANGE	%CHANGE
ONLINE	11,788	21,419	9,631	81.70%

- Enrollment is a new record
- Increases in upper division and graduate credit hours are part of "smart growth"

RIO RANCHO AND BRANCHES

HEADCOUNT

	Fall 2010	Fall 2011	CHANGE	%CHANGE
RIO RANCHO CAMPUS	297	495	198	66.67%
GALLUP BRANCH	2,824	2,779	(45)	-1.59%
LOS ALAMOS BRANCH	765	736	(29)	-3.79%
TAOS BRANCH	1,424	1,390	(34)	-2.39%
VALENCIA BRANCH	2,314	2,525	211	9.12%

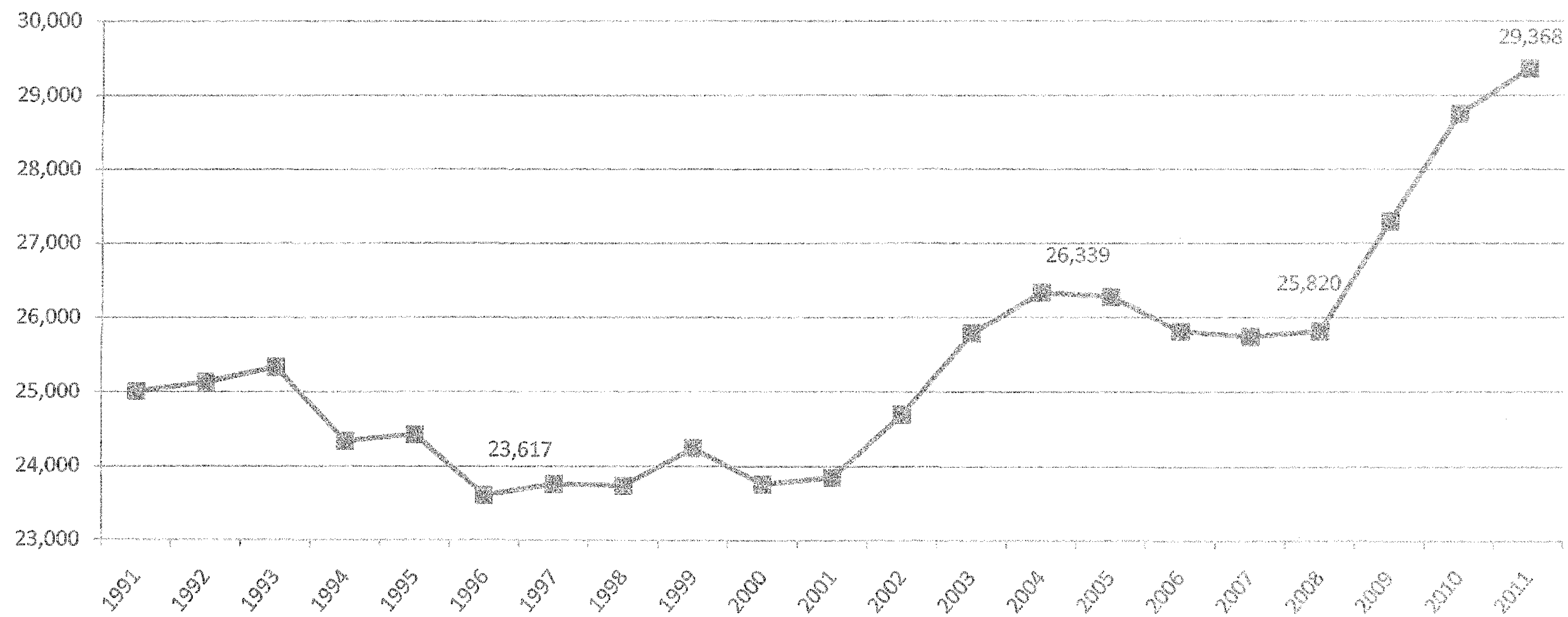
STUDENT CREDIT HOURS

	Fall 2010	Fall 2011	CHANGE	%CHANGE
RIO RANCHO CAMPUS	1,091	2,009	918	84.14%
GALLUP BRANCH	28,286	27,152	(1,134)	-4.01%
LOS ALAMOS BRANCH	5,552	5,270	(282)	-5.08%
TAOS BRANCH	12,467	12,543	76	.61%
VALENCIA BRANCH	21,839	23,356	1,517	6.95%

UNM

Division of Enrollment Management

UNM Fall Enrollment 20 year Trend

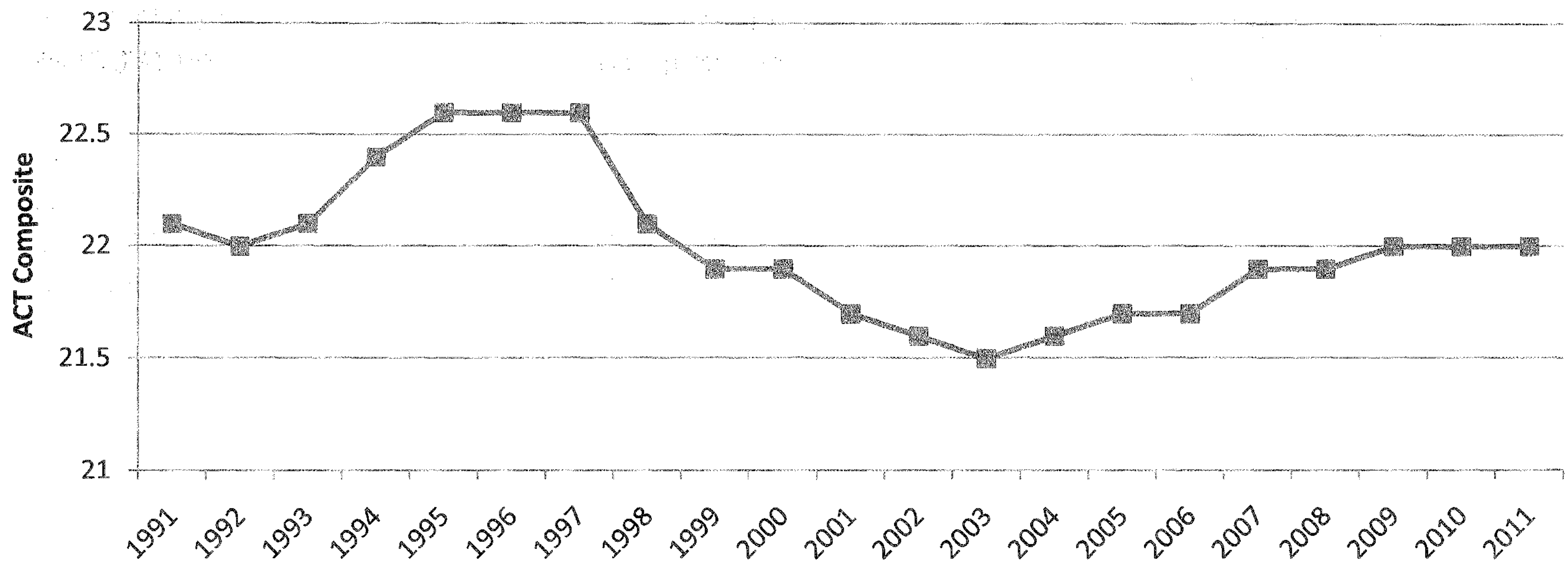


UNM

Division of Enrollment Management

BEGINNING FRESHMEN

	HEADCOUNT			
	Fall 2010	Fall 2011	CHANGE	%CHANGE
NEW FRESHMEN	3,609	3,341	(268)	-7.43%
AVERAGE ACT	21.98	22.02	.04	.18%
LESS THAN 18 ACT	14%	13%	-1%	
REFUSED ADMISSION	372	773	401	108%



- Profile is not a lot different because admission changes are based on grade point calculation and not test score
- Increased refusals; deferred admission for high remedial need students; less full scholarships; economy all contributing factors

UNM

Division of Enrollment Management

ACT College Readiness Benchmarks Compared to UNM 2011 Admissions

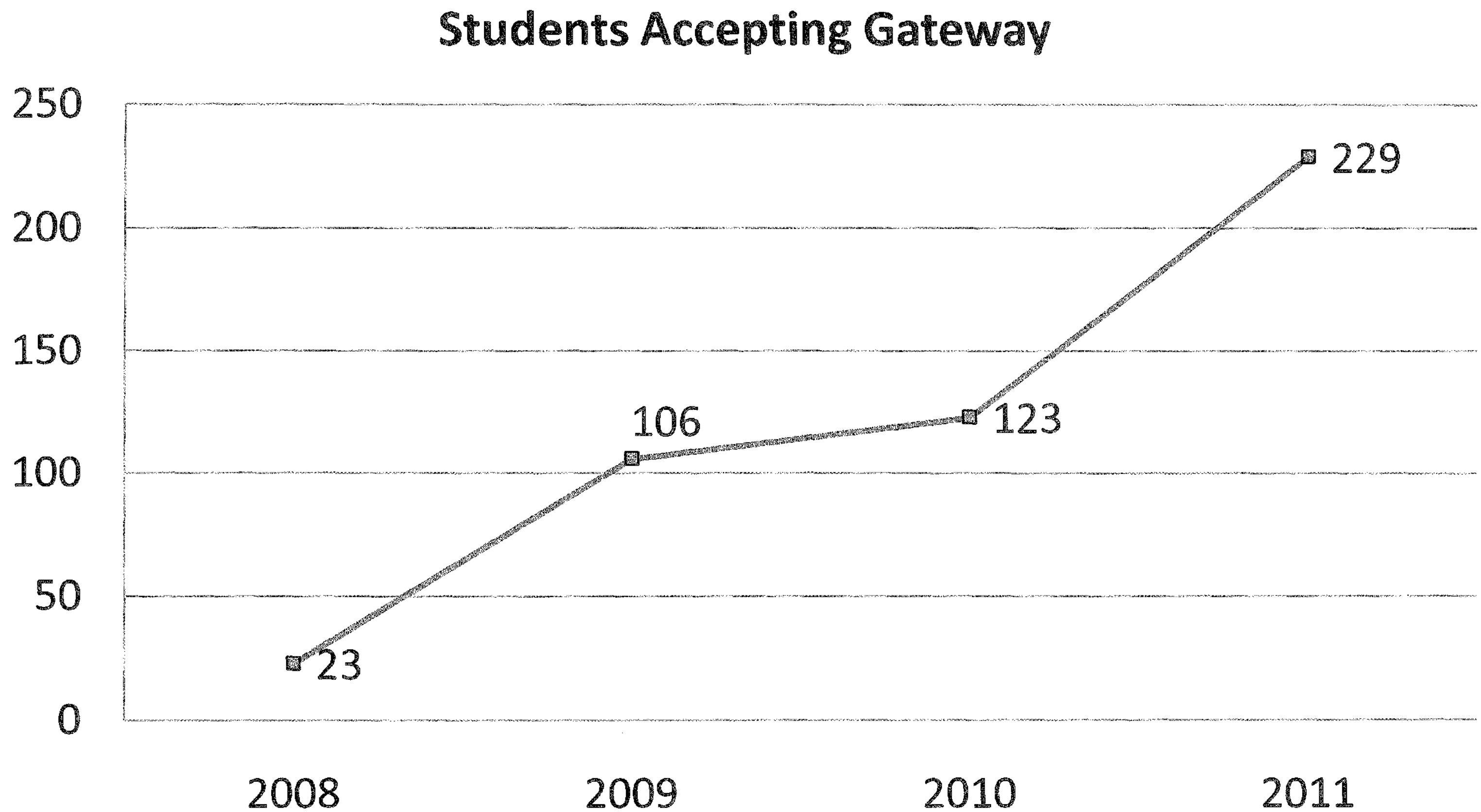
College Course/Course Area	ACT Test	Benchmark Score	UNM 2011 Preliminary Cohort Avg.	UNM 2011 Refusals Avg.	UNM 2011 Deferred/Delayed Admission Avg.
English Composition	English	18	21.8	15	14.6
Algebra	Mathematics	22	21.4	16.6	16.4
Social Sciences	Reading	21	21.9	16.8	15.7
Biology	Science	24	22.6	17.3	16.7
	Composite	21.3	22	16.5	16
	% Less than 18		13%	71%	84%

- Refusals and delayed admissions were the right decision based on the extremely low profile of these groups
- If we had not refused and deferred we would have a larger group of much less prepared students which would be a huge challenge

UNM

Division of Enrollment Management

UNM/CNM Gateway Program



- Acceptances to Gateway Program (for students not prepared for UNM admission) have increased 86%

UNM

Division of Enrollment Management

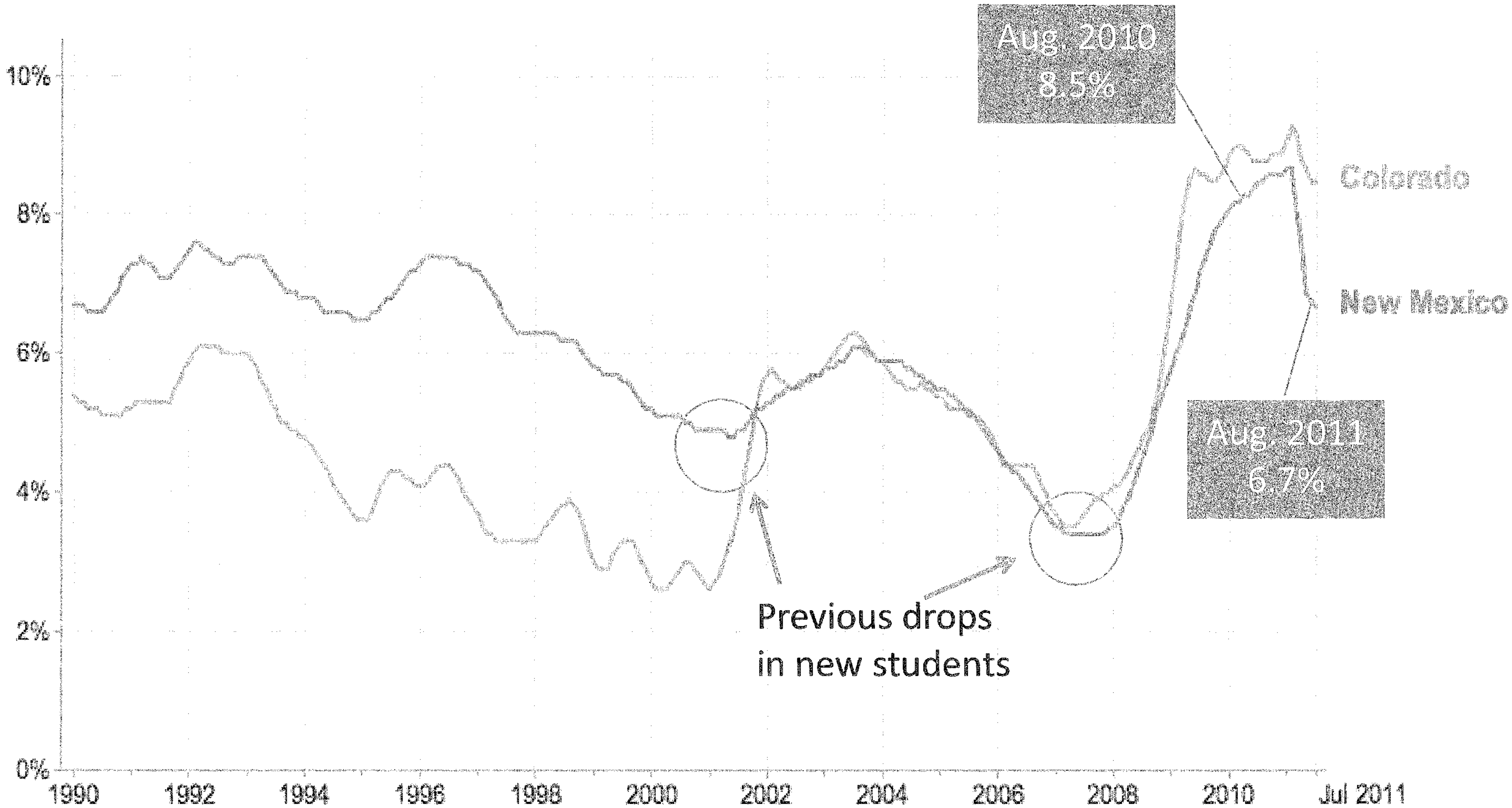
UNM Beginning Freshmen 20 year Trend

- Drops in 2001 and 2007 correlate with economic conditions

UNM

Division of Enrollment Management

New Mexico Unemployment Rate



- The circled areas are the points in time corresponding with the last two substantial drops in new students

University Services

University Services Business Operations	UNM Surplus Property
UNM Copy Center	UnivServ Shipping and Receiving
UNM Mailing Systems	UNM Inventory Control
UNM Records Management	Chem Stores/CRLS
http://www.unm.edu/~univserv/	Copier Management Program

Date: August 12, 2011

To: Bruce Cherrin, Chief Procurement Officer
Purchasing Department

From: Debra L. Fondino D. Fondino
Associate Director, University Services

Subject: Equipment Disposition – August 2011

Attached for your review and submission to the Board of Regents is the Surplus Property Disposition Detail list for the month of August, 2011.

Consistent with UNM Board of Regents Policy 7.9 and the Disposition of Surplus Property Act, 13-6-1, NMSA 1978, and based upon documentation submitted by the UNM departments responsible for the equipment, I certify that the equipment identified on the list is worn-out, unusable or obsolete to the extent that the items are no longer economical or safe for continued use by the University. I recommend that the items be deleted from UNM's inventory and disposed of in accordance with the above noted Regents Policy and Surplus Property Act.

Surplus Property Department
Disposition Detail List
as of 08-12-11

	UNM#	Department surplussing equipment	Description	Manufacturer	Model#	Serial#	Year	Acquisition Cost	NBV	Method Of Disposal Desc	Disposal Date
	146592	KNME Operations	TRANSLATOR TV	TV TECH	XL20	116	1982	$6,457.00	$0.00	Beyond Repair	08/15/2011
(1)	152550	Biochemistry Molecular Biology	GRADIENT ADVANCE SYS	BECKMAN		451-1733	1982	$19,700.00	$0.00	Obsolete	07/29/2011
	188370	KNME Operations	TRANSLATOR	TTC	XL20V4	1009	1990	$8,250.00	$0.00	Beyond Repair	08/15/2011
	190947	KNME Operations	TRANSLATOR	TTC	XL20VU	1093	1991	$6,995.00	$0.00	Beyond Repair	08/15/2011
(2)	198200	Electrical Computer Engineering	MEASURE SYSTEM	DEKTAK	IIA	01145	1992	$15,300.00	$0.00	Obsolete	08/08/2011
	214964	Biochemistry Molecular Biology	FREEZER	VWR	A8517U14	X23E221715YE	1996	$5,479.00	$0.00	Too Costly to Repair	07/28/2011
	222651	Pathology Department	FREEZER/LOW TEMP	FORMA SCIENTIFIC	8523	88547943	1996	$6,974.00	$0.00	Too Costly to Repair	07/28/2011
(3)	227499	Ctr for Adv. Research Computing	MAINFRAME	SILICON GRAPHICS	ONYX2	K0009235	1997	$335,042.00	$0.00	Obsolete	08/15/2011
(4)	228692	Platforms Databases & Storage Svs	COMPUTER DISK SYSTEM	IBM	3494	12181	1997	$384,841.00	$0.00	Obsolete	08/15/2011
	230706	CASAA Department	COMPUTER CPU/SYSTEM	GATEWAY 2000	P300	8881453	1998	$5,112.00	$0.00	Obsolete	08/08/2011
	240394	Ctr for Adv. Research Computing	MODULE SWITCHING	INTEGRITY	SUPER STALK II		2000	$9,795.00	$0.00	Obsolete	07/28/2011
(5)	243498	Ctr for Adv. Research Computing	FILE SERVER W/ACCESS	VA	ACCESS GRID STU	SX010800791	2000	$34,000.00	$0.00	Obsolete	08/15/2011
(5)	244369	Ctr for Adv. Research Computing	COMPUTER DOCKING STA	IBM	BLACK DIAMOND		2000	$44,981.00	$0.00	Obsolete	08/15/2011
	244809	Taos Branch	COMPUTER CPU/SYSTEM	DELL	Poweredge 2400	3M0W301	2000	$8,516.00	$0.00	Obsolete	08/15/2011
(5)	245847	Ctr for Adv. Research Computing	COMPUTER FILE SERVER	SUN MICROSYSTEMS	Enterprise 4500	102H21CC	2001	$75,370.00	$0.00	Obsolete	08/15/2011
	253143	Ctr for Adv. Research Computing	Computer Network Hardware	ABBA TECH INC	8 portGBE	0134F14448	2001	$5,937.00	$0.00	Obsolete	08/15/2011
	253144	Ctr for Adv. Research Computing	Computer Network Hardware	ABBA TECH INC	8 portGBE	0134F14450	2001	$5,937.00	$0.00	Obsolete	08/15/2011
(5)	253312	Ctr for Adv. Research Computing	COMPUTER FILE SERVER	IBM	RS6000	10-26DCF	2001	$45,772.00	$0.00	Obsolete	08/15/2011
	N00000527	Unrestricted Accounting Main	Scanner	Fujitsu (CDW-G)	Duplex	604235	2004	$6,069.71	$0.00	Obsolete	07/28/2011
(6)	N00012489	UNM Copy Center	Hole-Puncher	Factory Express	Alpha Doc Mill	P330404	2007	$25,891.43	$0.00	Obsolete	07/29/2011

Total Dispositon Items: 46

Disposition value: 1,056,419.14

Disposition bookvalue: 0.00

August 12, 2011

Additional Notes to Surplus listings dated 8/12/11:

1 –Asset# 152550 is a 1982 Gradient Advance System that at almost 30 years old is obsolete and no longer in working order. It has no remaining value to the Department of Biochemistry and Molecular Biology.

2 –Asset# 198200 is a 1992 Measure System that has been obsolete for 15 years in regards to the Electrical and Computer Engineering Department's needs. Considering that it is now no longer functional, the department has chosen to submit for disposition.

3 –Asset# 227499 is a 14-year old Silicon Graphics Onyx visualization server that is no longer of use to the Center for Advanced Research Computing. Based on a rough Moore's Law (the doubling of technology capability every 18 months in new equipment produced), the mainframe is technologically obsolete as well as now inoperative. After being in storage for two years and not being used by the Visualization Resident Research Group, the decision was made to dispose of the mainframe and utilize the space for the new supercomputer cluster.

4 –Asset# 228692 is a 1997 Robotic Tape Library that became obsolete when the University converted to the Banner web based system which required the use of servers. UNM no longer uses tapes from this system; it is an antiquated system that only works with a mainframe.

5 –Assets# 243498, 244369, 245847, and 253312 are all items from the Center for Advanced Research Computing (CARC). The department is in the process of cleaning out all old equipment that has not been in use for many years and has been going obsolete over time. [Please reference Moore's Law referenced above relative to similar equipment.] The cleanup process is prompted by the need to free up valuable space for the supercomputer cluster.

All four items are 11- and 12-years old which have been in storage for more than two years and have not been turned on or used during that time. #243498, a VA Linux File Server; #244369, an Extreme Corporation Networking Equipment with Fiber Optic Switches; #245847, a Sun Enterprise Server transferred to CARC from Electrical Computer Engineering in 2004; and #253312, an IBM Computer Server are all inoperable and obsolete.

6 –Asset# N00012489 is a 2007 DocuPunch Automatic Binding Machine. When purchased, the Hole Punch was stated as capable of punching many different types of media; however, plastic covers is not one of them. 98% of the UNM Copy Center's book orders request plastic covers, which the equipment will not do without jamming several times. The department is aware of interest in the industry for this equipment and will recover some of its cost in the resale.

UNM

The University of New Mexico
Purchasing Department
MSC01 1240
1 University of New Mexico
Albuquerque, NM 87131-0001

MEMORANDUM

To: David Harris, Executive Vice President for Administration

From: Bruce Cherrin, Chief Procurement Officer

Subject: Contract Approval

Date: August 19, 2011

The following is being submitted for approval per Regent Policy 7.4. This will need to proceed to the full Board of Regents.

University of New Mexico Hospital

1. **New Mexico Department of Public Health**

   Source of Funds: UNM Hospitals Operating Budget

   Description: Request for three year arrangement with Department of Health (DOH) to provide insurance assistance subsidies and medication co-payment reimbursement to clients infected with HIV/AIDS and enrolled in the DOH Insurance Assistance Program, pursuant to available funding and Program eligibility guidelines. DOH enrolls clients in the DOH Insurance Assistance Program and bills UNMH on a quarterly basis for premiums and co-payments made on behalf of UNMH clients who have been deemed eligible for financial assistance through the UNM Care Program in the New Mexico Medical Insurance Pool (NMMI), as specified in UNM Hospital's agreement with (DOH).

   Process: Sole source: Only agency to provide service per DOH contract.

   Total Cost: Ranges from $500,000.00 - $575,000, dependent on number of available clients

University of New Mexico

2. **Institutional Support Services – Mountain West GolfScapes, Inc.**

   Proposals were solicited on June 30, 2011 for Golf Course Maintenance of the South and North Course. There were a total of 2 respondents out of 91 companies that received a request for proposal.

   In accordance with the criteria established for the procurement, the evaluation committee recommends awarding the procurement to Mountain West Golfscapes, Inc. As UNM's Golf Course Maintenance provider

UNM

Real Estate Department

Memo

To: David W. Harris, Executive Vice President for Administration, COO & CFO

From: Kim D. Murphy, Director of Real Estate KDM

Date: August 18, 2011

Re: Third Amendment to Lease for the UNM Hospitals Addiction and Substance Abuse Program at 2450 Alamo Avenue SE, Albuquerque, New Mexico

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Pursuant to Regents' Policy 7.9 PROPERTY MANAGEMENT, I am requesting Board of Regents' approval of the following modifications to the existing lease of space at 2450 Alamo Avenue SE for the UNM Hospitals' Addiction and Substance Abuse Program (ASAP). The program provides substance abuse and mental health treatment to adults and adolescents with a primary substance abuse diagnosis.

ASAP currently occupies 16,588 square feet and pays $11.00 per square foot, or $182,468 per year. The Landlord (Multiflex LLC) pays all operating expenses with exception of gas, electricity, and telecommunications. The current lease expires June 30, 2012 and there are no additional renewal periods.

We are requesting approval to amend the lease to extend the term of the lease for one additional year with an expiration date of June 30, 2013. The rent will increase to $11.25 per square foot, or $186,615 per square foot.

UNM

August 17, 2011

TO: Executive Vice President David Harris, Administration

FROM: Rick Holmes, Office of the University Secretary

SUBJECT: Naming Request for the TriServices Building

Upon recommendation of Vice Chancellor for Research Richard Larson (Health Sciences Center), the University Naming Committee approved the request to name the old TriServices Building the Innovation, Discovery and Training Complex.

The request for regent approval is pursuant to Regent's Policy 2.11 Naming University Facilities, Endowments and Programs.

Please place this item on the next Finance and Facilities meeting agenda for consideration.

Thank you.

Attachment

The University of New Mexico · MSC05 3340 · 1 University of New Mexico · Albuquerque, NM 87131-0001 · Phone 505.277.4664 · Fax 505.277.4665 · secretary.unm.edu
Office of the Secretary · Scholes Hall Room 103

UNM

MEMORANDUM

Date: July 26, 2011

To: Dr. David Schmidly, President, University of New Mexico

From: Dr. Breda Bova, Chair, UNM Naming Committee

Re: UNM Naming Committee Approvals from July 26, 2011

The Naming Committee has reviewed and voted on the following naming requests and recommends your approval. A copy of the departmental request along with UNM Policy 1020 is attached for your reference.

1. Naming Request from the School of Medicine, Health Sciences Center

   - **Request to Rename the TriServices Building the Innovation, Discovery and Training Complex**

     UNM Policy 1020 Section 3.2.1 Exterior Space.

2. Naming Request from the Anderson School of Management

   - **Naming of Distinguished Professor Sul Kassicieh as the Faculty Chair-Holder of the ASM Endowed Chair in Economic Development**

     UNM Policy 1020 Section 3.2.5 Endowed Chair

Please call me at 277-7611, if you have any questions or wish to discuss in further detail.

UNM HEALTH SCIENCES CENTER

OFFICE OF RESEARCH
Richard S. Larson, M.D., Ph.D
Vice Chancellor for Research

June 7, 2011

To: Breda Bova, PhD, Chair
UNM Committee on Naming Facilities, Spaces Endowments, and Programs

Through: Paul Roth, MD, MS, FACEP
Chancellor for Health Sciences

Approved by HSC Executive Committee on 6/27/11

From: Richard S. Larson, MD, PhD
Vice Chancellor for Research

RE: Class I Request to rename TriServices Building

Per University Business Policy 1020, Naming Facilities, Spaces, Endowments, and Programs, this memorandum is to request that the TriServices Building located on the Health Sciences Center campus at 700 Camino de Salud, NE be renamed the ***Innovation, Discovery and Training Building***. This new name reflects the activities associated with the programs that will be housed in this building. The first floor of the building will serve as the home for our Emergency Medicine training and Center for Disaster Medicine, while the second and third floors will house innovative research and drug discovery efforts.

The ***Innovation, Discovery and Training Building*** is currently undergoing renovations to house the following programs:

- Ground and First Floor –will house Emergency Medical Services Academy (EMSA) and Center for Disaster Medicine (CDM) (Department of Emergency Medicine)

  EMSA is the largest EMS training agency in New Mexico, and remains our state's designated lead ***training*** agency. EMSA is one of few agencies nationally to offer a statewide ***education*** program, and is now one of only thirteen university programs to offer a Bachelor's degree in EMS. Thousands of students turn to EMSA every year for their EMS education needs.

  The CDM provides disaster and emergency medical services to New Mexico and the United States through specialized emergency medical care units and emergency planning activities. Several ***education*** and ***training*** opportunities are offered by the CMD in their training room which has full audiovisual capability including Telehealth video conferencing services. Courses include Core Disaster Life Support, Advanced Cardiac

Life Support, Pediatric Advanced Life Support, Trauma Nursing Core Courses, Emergency Nursing Pediatric Course, Prehospital Trauma Life Support, and Disaster Medicine.

- Second Floor – Center for Molecular Discovery

  Under the direction of Dr. Larry Sklar, the University of New Mexico Center for Molecular Discovery supports an environment of ***discovery*** and ***innovation*** by including faculty, staff, and student colleagues in the development and application of technology for small molecule and drug discovery. The center supports individual investigator and partners with greater than 10 centers in New Mexico and around the country as well as with several training grants.

- Third Floor – Center for Research Excellence in Digestive Disease and Infection

  The Center for Research Excellence in Digestive Disease and Infection will expand wet laboratory space for the Department of Pathology and the Department of Internal Medicine to conduct translational research in the area of digestive disease and infection research. This project will bring together researchers from the Departments of Internal Medicine and Pathology to form a Center for Research Excellence in Digestive Disease and Infection. It will support existing research, provide the opportunity ***for innovative research*** in both departments and provide a ***training ground*** for graduate students in the biomedical sciences.

UNM

Institutional Support Services

MEMORANDUM

DATE: August 22, 2011

TO: David W. Harris
EVP for Administration, COO & CFO

FROM: Chris Vallejos, AVP for Institutional Support Services
Lisa Marbury, Manager Administrative Operations

RE: Information Item for Regent's Finance and Facilities Meeting Agenda

---

I would like to request time on the September 1st Regent's Finance & Facilities Meeting Agenda to provide an update on the UNM Golf Courses Financial Sustainability Plan.

Thank you.

UNM Golf Courses
Fiscal Sustainability Plan

INTRODUCTION

The UNM Golf Courses have a long history at the University of New Mexico. The university opened its first golf course in 1942. Originally, the 18-hole course was located on a portion of the land where the North Course sits now. It was the first course in America to break the 7000 yard barrier. It measured 7300 yards from the Championship tees and played host to the first professional tournament in Albuquerque in 1947, won by Lloyd Mangrum, and to the NCAA Championships in 1950, won by Fred Wampler. The North Course also hosted the 1953 International Jaycee Junior Championship won by Al Geiberger. Arnold Palmer, JoAnn Carner, Johnny Miller, Kermit Zarley, and Babe Didrickson Zaharias are just a few of the well-known people who played the course.

The present 9-hole course covers approximately 80 acres on North Campus. In FY10/11 the North Course hosted 36,254 rounds of golf and accounted for $560,000 in revenues against expenditures of $610,000. This equates to 30% of the revenues earned by the department.

As the campus continued to grow, the need for land intensified. In 1967 the North Course was shortened and the Championship Golf Course was opened on 220 acres of land south of the University's Central Campus. Since its opening, the Championship Golf Course remains one of the finest golfing venues in the nation. The primary function of the UNM Golf Courses is direct support of our UNM women's and men's golf programs. Secondarily, it is open to the public and serves the larger metro area, as well as state of New Mexico. It was recently named in the Top 20 for College Courses in the Nation and in the Top 5 for courses in New Mexico.

In addition to being the home course for our men's and women's golf teams, the Championship Course hosts approximately 80 golf tournaments, including two intercollegiate tournaments, four national junior tournaments, and three local junior tournaments. Additionally, the Championship Course continues to host numerous charitable benefit tournaments as well as provide a venue for many UNM departmental fund-raising efforts. In FY 10/11, the Championship Course hosted 28,973 rounds of golf and accounted for $1,355,000 in revenues against $1,780,000 in expenditures, or 70% for the department as a whole.

Over the last four months, the office of Institutional Support Services has been actively working on a strategic plan to avoid closure and maintain the caliber of the University Golf Courses while at the same time minimizing the financial losses to the University. This plan focuses on four major components:

1. An independent operational review and financial analysis

2. Engagement of our own UNM graduate students from the Anderson School of Management's award winning MBA program to provide a marketing plan to increase market share
3. Reduction of the existing maintenance contract through a request for proposal process
4. A diligent review of budget line items to further reduce expenses and re-align revenue projections to more accurately reflect the current golf market

OPERATIONAL REVIEW & FINCANCIAL ANALYSIS

Through the Lobo Development Corporation, we worked with an outside consultant, THK & Associates Inc., to perform an operational audit and feasibility study of the Golf Courses to determine the long-term prognosis for operation. During the months of June, July and August, THK performed its review and forwarded UNM a draft of its findings. The report makes some recommendations that the University and Golf Course management could begin implementing immediately to improve both revenue generation and additional cost containment. Listed below are just a few of the short-term actions that they recommend:

- Implement a new on-line reservation system. The technology systems at the golf courses are poorly integrated and need to offer today's customer the flexibility to book their tee times using the internet and mobile devices.

- New Marketing Strategies:
  - When gaps or slow play periods are identified, "on-the-spot" discounting can be advertised weekly or by phone when calls come in. This "spot" discounting will keep people checking the web-site or calling more frequently rather than relying on a set time and date to receive discounted play.
  - Use social media tools such as FaceBook and Twitter. The Golf Courses are currently not taking advantage of free media and marketing tools that social media can provide. This is another area where "spot" discounting could be effectively used. Additionally, it opens up a potentially new, younger audience to the courses.
  - Create more "league" promotions. League play is a good way of having groups of people coming to the course during non-peak hours and also provides a guaranteed revenue stream, regardless of weather. Currently there is one standing league at North Course and two small Summer leagues at Championship.

- Improve Pro Staff image and professionalism through improved customer service training and required unified, professional attire.

Additionally, THK & Associates believe that, with some additional long-term changes, both the UNM Championship Golf Course as well as the North Golf Course can increase the number of rounds played thereby further increasing revenues.

GRADUATE STUDENT MARKETING PLAN

In the beginning of July we met with three Anderson School of Management graduate students enrolled in the MBA program. As a class project for Professor John Benavidez, they completed a brief analysis and strategic marketing plan for both the Championship and North Golf Courses. Below are some of the initiatives and opportunities that they uncovered and recommend:

- **Define new, clear Mission and Vision for both courses.** There is an opportunity to re-brand the golf facilities as not only a sporting venue, but as a social events venue as well. This should be brought in to a Mission and Vision statement and be displayed for the patrons to view.

- **Increase advertising efforts.** Over the last several years, the Golf Courses have cut their advertising budgets to zero as a means to further cut costs. This is an area of funding that needs to be pursued and managed to drive our marketing efforts more effectively.

- **Create better "play & stay" hotel promotional packages.** The location of the Championship Course is ideal for quick, in-and-out travelers to the state of New Mexico. We need to partner with the many hotels in the vicinity to promote our course as a quick and affordable addition to their travel itinerary.

- **Identify new, previously un-targeted (or under-targeted) market audience.** There are potential opportunities to better target women, single mothers, kids, grandparents with grandchildren, UNM students, and other segments of the population not yet targeted by our competition.

- **Create new scholarship tournament for students.** In a survey conducted by the graduate students, they found that only 40% of UNM students had ever been contacted by the UNM Golf Courses. One way to potentially increase student play is to offer a student tournament, with the top prize being a scholarship.

We will be putting together specific action items to implement these suggestions in the coming month. We also will continue our relationship with Anderson School of Management to help us implement these and other marketing and promotional ideas.

RFP FOR MAINTENANCE CONTRACT

The current maintenance contract for both the Championship and North Golf Courses is set to expire on October 31, 2011. A committee was formed that included the Director of Golf, the Head Pro at the North Course, the Men's and Women's golf coaches, and the Manager for Administrative Operations, to put out a new request for proposal for these services. In working with the Purchasing Office, this RFP was advertised during the month of July and two proposals were reviewed by the team. We are ready to recommend to the Regents an award of the contract that will save approximately $300,000 annually from the prior contract.

HISTORY OF LOSSES & BUDGET

The Golf Courses' budget has seen reductions in expenses over the last three fiscal years (see chart below). For fiscal year 11/12, we have reduced the expenses in the budget by an additional $360,000. Additionally, budgeted revenues were aligned to better reflect prior year actuals and trends in the market. Over the last four fiscal years the budget has been reduced by 22%.

Year	Budget	Actual Revenues	Actual Expenses
FY 09	$ 2,804,769	$ 2,110,511	$ 2,977,987
FY 10	$ 2,727,292	$ 2,091,331	$ 2,764,217
FY 11	$ 2,555,875	$ 1,915,890	$ 2,387,125
FY 12	$ 2,196,802		

Year	Loss
FY 09	$ (867,476)[i]
FY 10	$ (672,886)
FY 11	$ (471,235)

As you can see, over the last three years we have been successful in cutting the annual losses of the department by approximately $400,000. Here are some of the strategies we have implemented to mitigate the loss of revenues:

- Reduced the original maintenance contract with Mountain West GolfScapes by $150,000.
- Reduced overall labor to a minimal Pro shop crew. This is a 7-day, 12 hours per day operation that runs with 4 FTE plus a combination of volunteers, on-call, temporary, and student employees.
- Made capital investments to "modernize" the facilities to help bring in additional event revenues and increase food sales.
- Review pricing annually to determine if price increases will bring in more revenue or, conversely, push our customers to the competition. This research in FY10 showed that, due to the lagging economy and the lowering of prices at the surrounding courses, a rise in prices would have a negative impact on our revenues.

UNM Golf Courses Long Term Plan

In addition to the short-term recommendations mentioned above, the Operational Audit completed by THK and Associates, Inc. indicates opportunities to not only stop the deficits, but to generate a positive balance at the Championship Golf Course. Below are two of the major recommendations:

- Outsource Food Services and Event Management
- Planned investments and capital campaigns for major infrastructure and facilities upgrades

While the report also recommends the outsourcing of our Pro Shop and Management of the Golf Course, we do not agree with this recommendation at this time.

NOTE - The UNM Golf Operation annually contributes to the Athletic Department approximately $150,000 each year. This contribution occurs in two ways; first, the golf course is closed to revenue paying customers during the two separate NCAA tournaments held annually in September, as well as for one-day fund raising events for each team. In years that the Championship Course plays host to NCAA national or regional tournaments, the impact is significantly greater. The Golf Course also incurs substantial expenses in providing turf maintenance for a golf practice area that is reserved strictly for usage by the golf teams and thus provides no revenue potential. The Golf Course is not reimbursed for any of these expenses as the mission to support the UNM team golf is paramount. In return, however, the Golf Course partnership garners National exposure, positive acclaim and prestige for the university, the community, and the state.

CONCLUSION

By taking the actions outlined in this document, we can already see that in FY12, we should be able to change the downward trend of losses at the Golf Courses and project a break-even year. This comes from a reduction in the budget of $360,000 and the further reduction of the maintenance contract by $100,000. Comparing these budgetary reductions of $460,000 to the loss of $471,000 in FY 11, we can see that we have already made great progress. Additionally, we anticipate that through our new marketing and revenue generating efforts we will see a rise in golf rounds and other revenues.

We are confident that by pursuing the actions and strategies outlined in this plan we can save the Golf Courses from closure while restoring fiscal responsibility and accountability to the University of New Mexico.

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[i] 2008 NCAA Women's Championship tournament expenses

UNM

The University of New Mexico
Purchasing Department
MSC01 1240
1 University of New Mexico
Albuquerque, NM 87131-0001

MEMORANDUM

To: David Harris, Executive Vice President for Administration

From: Bruce Cherrin, Chief Procurement Officer

Subject: Contract Approval

Date: August 19, 2011

The following is being submitted for approval per Regent Policy 7.4. This will need to proceed to the full Board of Regents.

University of New Mexico Hospital

1. **New Mexico Department of Public Health**

Source of Funds: UNM Hospitals Operating Budget

Description: Request for three year arrangement with Department of Health (DOH) to provide insurance assistance subsidies and medication co-payment reimbursement to clients infected with HIV/AIDS and enrolled in the DOH Insurance Assistance Program, pursuant to available funding and Program eligibility guidelines. DOH enrolls clients in the DOH Insurance Assistance Program and bills UNMH on a quarterly basis for premiums and co-payments made on behalf of UNMH clients who have been deemed eligible for financial assistance through the UNM Care Program in the New Mexico Medical Insurance Pool (NMMI), as specified in UNM Hospital's agreement with (DOH).

Process: Sole source: Only agency to provide service per DOH contract.

Total Cost: Ranges from $500,000.00 - $575,000, dependent on number of available clients

University of New Mexico

2. **Institutional Support Services – Mountain West GolfScapes, Inc.**

Proposals were solicited on June 30, 2011 for Golf Course Maintenance of the South and North Course. There were a total of 2 respondents out of 91 companies that received a request for proposal.

In accordance with the criteria established for the procurement, the evaluation committee recommends awarding the procurement to Mountain West Golfscapes, Inc. As UNM's Golf Course Maintenance provider since 2007, Mountain West GolfScapes has worked with the University in reducing the annual cost from $1,300,000.00 to $1,150,000.00 by identifying service levels that could be adjusted.

Total Cost: Expenditures for Golf Course Maintenance with Mountain West GolfScapes that UNM is currently seeking will be $996,565.00 annually for years one (1) and two (2) with a five percent (5%) increase per year for years three (3) and four (4).

Source of Funding: Operational Revenues

7.7 Subject: TRAVEL REIMBURSEMENT AND PER DIEM

Adopted: September 12, 1996
Amended: June 12, 1997
Amended: September 11, 1997
Amended: August 12, 2003 ***Revised Draft: 8/25/11***

Applicability

This policy applies to all members of the Board of Regents, faculty and staff traveling on official University business.

Policy

Travel on official University business by members of the Board of Regents, faculty and staff is integral to the University's mission. The University shall reimburse the reasonable and allowable costs of this travel. No per diem for attendance at Board or committee meetings shall be paid to Regents.

The University recognizes that it must comply with the New Mexico Per Diem and Mileage Act, NMSA 1978, (the "Act") and the U.S. Office of Management and Budget Circular A-21(see "Cost Accounting Standards," **UBPPM Policy 2400**). To ensure compliance, the Board of Regents has determined the following reimbursement per diems as permitted in Section 10-8-4 of the Act and the federal cost accounting standards.

Definitions

Federal rates: Meal per diem rates set forth from time to time by the Internal Revenue Service (IRS) and U.S. Department of State.

State Funds: Funds appropriated to the University in the General Appropriation Act or those provided in the New Mexico Constitution.

Institutional Funds: All University funds not defined as state funds.

Federally Sponsored Travel

Employees who are reimbursed solely from federal funds will be reimbursed for meals and incidental expenses at the federal reimbursement rates, as provided in §10-8-4(C)(2) of the Act, for travel to destinations outside of New Mexico. Meal per diem for travel within New Mexico is limited to [____% of] the lowest federal reimbursement rate applicable to New Mexico; this rate is applicable to all travel within New Mexico even if the IRS designates a higher rate for a specific city in New Mexico.

Other Travel

Out-of-state travel: Reimbursement from state funds shall be either per diem of $215 as provided in §10-8-4(C)(2) of the Act; or actual expense for lodging and reimbursement for meals of $45 per day as provided in §10-8-4(L) of the Act, with the difference between the state funded portion and the amount allowed by federal meal per diem rates to be reimbursed with institutional funds.

In-state travel: Reimbursement from state funds shall be either per diem of $135 as provided in §10-8-4(B)(2) of the Act; or actual expense for lodging and reimbursement for meals of $30 per day as provided in §10-8-4(L) of the Act, with the difference between the state funded portion and the amount allowed by federal meal per diem rates to be reimbursed with institutional funds consistent with the limitations discussed in federally sponsored travel above.

Implementation

The President shall adopt administrative policies and procedures to implement this policy.

References

Per Diem and Mileage Act, NMSA 1978; U.S. Office of Management and Budget Circular **A-21**; Travel Reimbursement Policies and Procedure, **UBPPM Policy 4030**; "Cost Accounting Standards," **UBPPM Policy 2400**.

7.7 Subject: TRAVEL REIMBURSEMENT AND PER DIEM

Applicability

This policy applies to all members of the Board of Regent, faculty and staff traveling on official University business.

Policy

Travel on official University business by members of the Board of Regents, faculty and staff is integral to the University's mission. The University shall reimburse the reasonable and allowable costs of this travel. No per diem for attendance at Board or committee meetings shall be paid to the Regents.

The University shall follow the State Mileage and Per Diem Act. NMSA Section 10-8-1 et. seq., as amended, (the "Act").

The Act provides that in the case of out-of-state travel, supported by state funds:

A. Per diem shall be $215; 10-8-4 §(c)(2)

B. or (1) actual expenses for lodging and (2) reimbursement for meals of $45 per day. §10-8-4 (L).

The Act provides that in the case of in-state travel supported by state funds,

A. Per diem shall be $135; §10-8-4 (B)(2)

B. or (1) actual expenses for lodging and (2) reimbursement for meals of $30 per day. §10-8-4(L).

The Board of Regents upon a finding made in a public meeting that extraordinary circumstances exist concerning travel to a certain destination may approve allowance of actual expenses rather than the rates set by the Act.

UNM Institutional Support Services

Real Estate Department

Memo

To: David W. Harris, Executive Vice President for Administration, COO & CFO

From: Kim D. Murphy, Director of Real Estate

Date: August 18, 2011

Re: Land Exchange: City of Albuquerque (Gibson Fire Station Site for 4th Street Healthcare Clinic Site)

After fairly extensive discussions between UNM Administrators and the Mayor's Office at the of City of Albuquerque, agreement has been reached on an exchange of vacant land to allow the City to acquire approximately 1.3 acres on Gibson west of University Blvd for use as a COA Fire Station, and UNM to acquire an approximate 2.1 acre site on North 4th Street between Matthew and Mildred for use as a UNM Healthcare Clinic. The UNM Gibson land is appraised at $850,000 (summary enclosed). The City 4th Street land is appraised at $754,000 (summary enclosed). The City has agreed to make up the difference in either cash or infrastructure beneficial to UNM. Both appraisal values assume developed sites with adjacent streets and utilities improved. UNM will be responsible to provide access via a new street intersecting at Gibson and related utilities (subdivision layout and conceptual site plan enclosed).

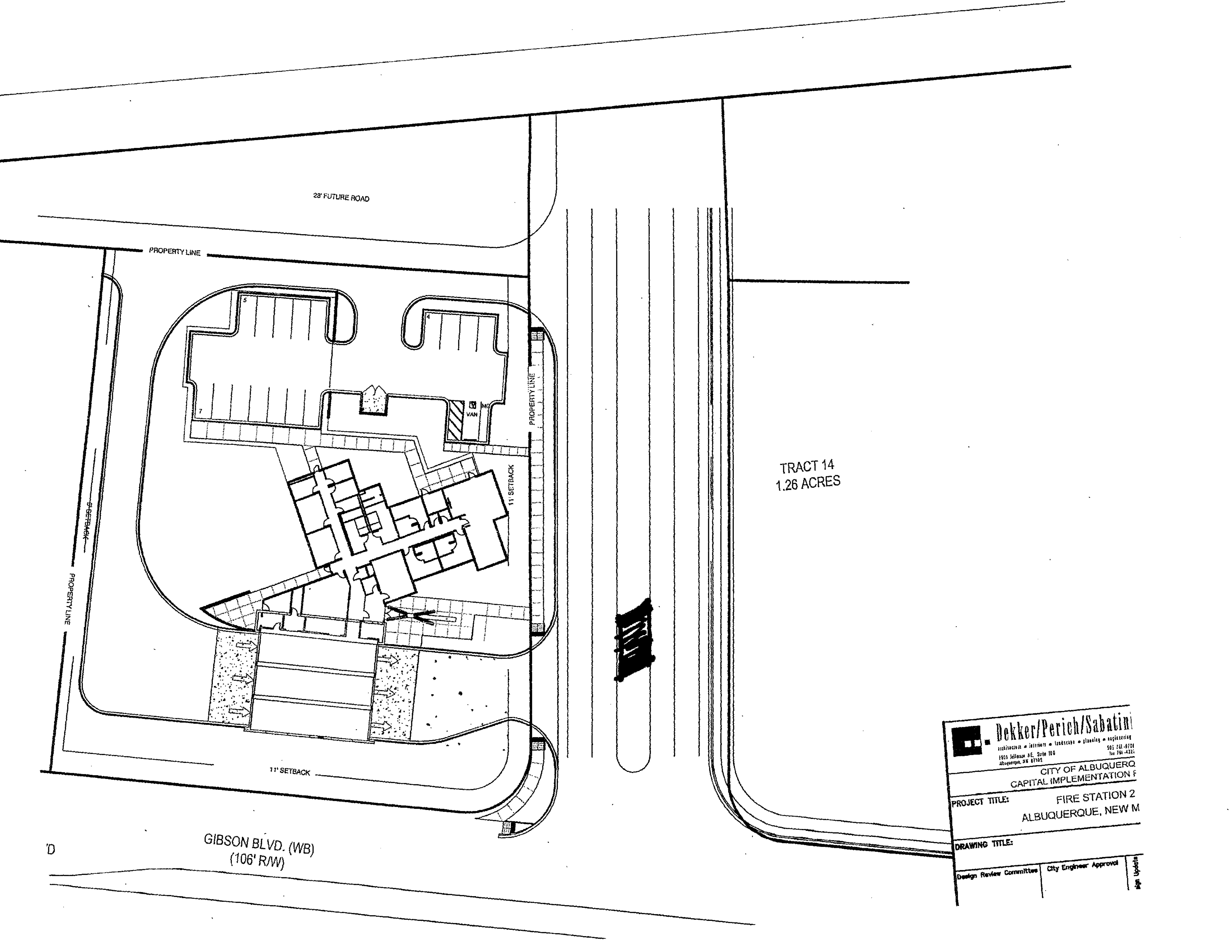
Due to required City approvals for rezoning and platting of the COA Fire Station Site, closing is not anticipated until December 31, 2011.

The Exchange Agreement prepared by outside counsel is enclosed.

Note that UNMH has agreed to reimburse UNM Administration the value of the City 4th Street land, ie $754,000.

Staff will be available to explain details of the transaction and to answer any questions.

SAS
8" WL
8
10.05 Acres
9
6.64 Acres
10
3.84 Acres
EX. 20" WL
8" SAS
8" WL
8" SAS
WEST ROAD
EAST ROAD
UNIVERSITY BLVD.
6
4.97 Acres
7
7.13 Acres
SOUTH DIVERSION CHANNEL
AMAFCA R/W
4
0.85 Acres
5
1.41 Acres
EX. 8" SAS
1
1.25 Acres
2
1.31 Acres
3
1.34 Acres
EX. 8" SAS
EX. 20" WL
GIBSON BLVD.


28' FUTURE ROAD
PROPERTY LINE
PROPERTY LINE
11' SETBACK
PROPERTY LINE
VAN
11' SETBACK
TRACT 14
1.26 ACRES
GIBSON BLVD. (WB)
(106' R/W)
Dekker/Perich/Sabatini
architecture • interiors • landscape • planning • engineering
CITY OF ALBUQUERQ
CAPITAL IMPLEMENTATION
PROJECT TITLE:
FIRE STATION 2
ALBUQUERQUE, NEW M
DRAWING TITLE:
Design Review Committee
City Engineer Approval

July 21, 2011

Thomas M. Neale
Associate Director, Real Estate Department
The University of New Mexico
2811 Campus Boulevard NE
1 University of New Mexico
MSC06 3593
Albuquerque, New Mexico 87131

Reference: Appraisal Report
Vacant Land
North side of Gibson Boulevard at the future alignment of West Road
Albuquerque, New Mexico

We have completed an appraisal of the above referenced property and we are pleased to submit the accompanying self-contained report of our findings and conclusions. The objective of the appraisal was to estimate the market value of the fee simple interest in the property, subject to assumptions and limiting conditions stated in the report. Our analysis indicates the following values of the property.

Effective Date	July 10, 2011
Estimated Market Values	
1.30 Acre Site	$850,000
1.50 Acre Site	$980,000

The main body of our report provides you with our method of study as well as the limitations placed on the work product by the undersigned. Please read these limitations carefully so you may understand our conclusions clearly. In preparing this study, our conduct has been governed by the Code of Ethics of the various professional organizations of which we are members.

This opportunity to provide appraisal services to your organization is appreciated, and questions from authorized users of the report will be welcomed if any aspect of the research or analysis requires clarification.

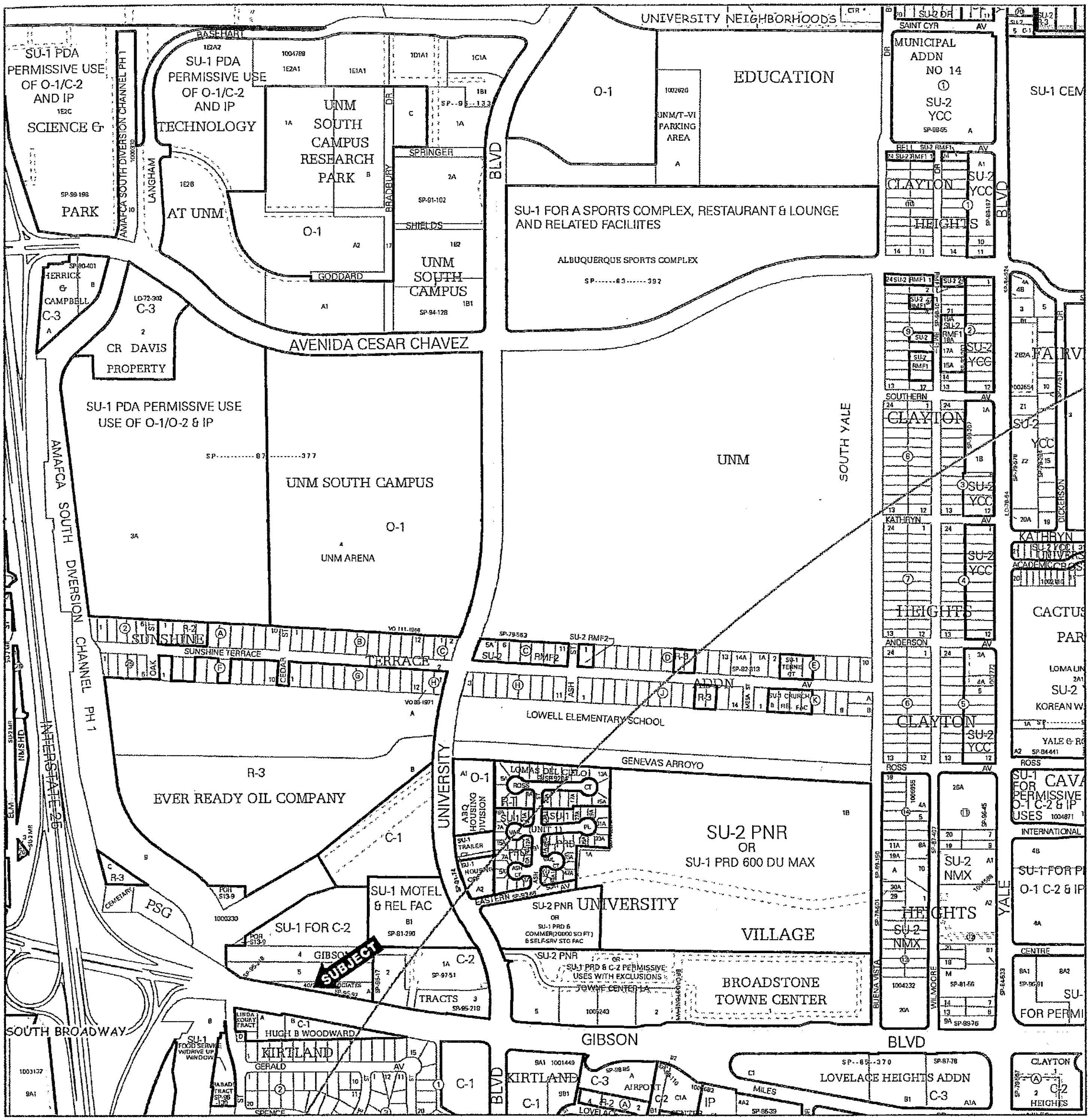
JOSHUA CANNON & ASSOCIATES, INC.

Joshua Cannon

Joshua Cannon, MAI

Executive Summary

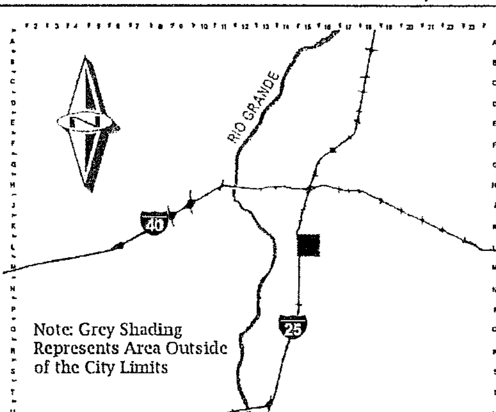
Project:	Vacant Land
Location:	North side of Gibson Boulevard at the future alignment of West Road Albuquerque, New Mexico
Client:	Thomas M. Neale Associate Director, Real Estate Department The University of New Mexico 2811 Campus Boulevard NE 1 University of New Mexico MSC06 3593 Albuquerque, New Mexico 87131
Property Description:	The subject property is part of the 289-acre South Campus Master Plan that is owned by the University of New Mexico and planned for phased development of university and commercial improvements. As part of the master plan, UNM will construct West Road, which will have a north-south alignment connecting Gibson Boulevard on the south and Avenida Cesar Chavez on the north. The subject property lies at the northwest corner of Gibson Boulevard and planned West Road, and various maps and exhibits showing the property are in the *Appendix*. The City of Albuquerque would like to acquire the subject property for use as a fire station and UNM has requested that this appraisal be performed with the Hypothetical Condition that the subject property is a graded pad and all infrastructure of the West Road infrastructure is complete. The parties have also yet to determine the specific area of the land to be acquired and the appraiser is directed to estimate the market value of a tract size range of 1.30 to 1.50 acres.
Land Area:	1.30 Acres - 1.50 Acres
Zoning:	SU-1 for C-2 Uses
Highest and Best Use:	Commercial pad type uses
Estimate of Market Value per Sq. Ft.:	$15.00
Total Estimates of Market Value	1.30 Acres - $850,000 1.50 Acres - $980,000
Effective Date of Appraisal:	July 10, 2011
Hypothetical Conditions:	It is a hypothetical condition that construction of West Road is complete between Gibson Boulevard on the south and Avenida Cesar Chavez on the north. It is assumed this is a good quality two-lane roadway within the alignment shown on the exhibits in the *Appendix* of this report. It is a hypothetical condition that the intersection of Gibson Boulevard and West Road is fully improved with turn bays and traffic signals. It is a hypothetical condition the subject property has graded level terrain and all perimeter infrastructure is complete. It is a hypothetical condition the subject property is a platted tract of 1.30 to 1.50 acres.



For more current information and more details visit: http://www.cabq.gov/gis

Albuquerque Geographic Information System

Map amended through: 2/4/2010



Note: Grey Shading Represents Area Outside of the City Limits

Zone Atlas Page:

L-15-Z

Selected Symbols

SECTOR PLANS

Escarpment

Design Overlay Zones

2 Mile Airport Zone

City Historic Zones

Airport Noise Contours

H-1 Buffer Zone

Wall Overlay Zone

Petroglyph Mon.

0 750 1,500 Feet

January 17, 2011

Thomas M. Neale
Associate Director, Real Estate Department
The University of New Mexico
2811 Campus Boulevard NE
1 University of New Mexico
MSC06 3593
Albuquerque, New Mexico 87131

Reference: Appraisal Report
Vacant Land
3401 4th Street NW
Albuquerque, New Mexico

We have completed an appraisal of the above referenced property and we are pleased to submit the accompanying summary report of our findings and conclusions. The objective of the appraisal was to estimate the market value of the fee simple interest in the property, subject to assumptions and limiting conditions stated in the report. Our analysis indicates the following value of the property.

Effective Date	December 27, 2010
Estimated Market Value	$754,000

The main body of our report provides you with our method of study as well as the limitations placed on the work product by the undersigned. Please read these limitations carefully so you may understand our conclusions clearly. In preparing this study, our conduct has been governed by the Code of Ethics of the various professional organizations of which we are members.

This opportunity to provide appraisal services to your organization is appreciated, and questions from authorized users of the report will be welcomed if any aspect of the research or analysis requires clarification.

JOSHUA CANNON & ASSOCIATES, INC.

Joshua Cannon, MAI

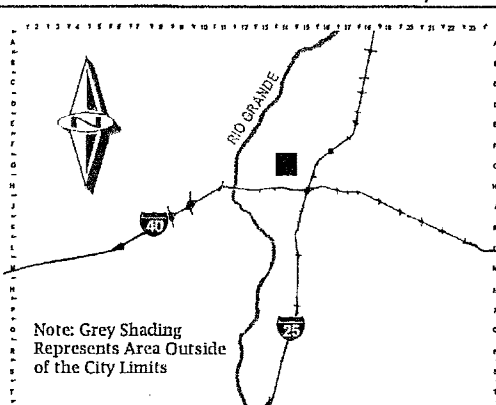
Executive Summary

Project:	Vacant Land 3401 4th Street NW Albuquerque, New Mexico
Client:	Thomas M. Neale Associate Director, Real Estate Department The University of New Mexico 2811 Campus Boulevard NE 1 University of New Mexico MSC06 3593 Albuquerque, New Mexico 87131
Project Summary	
Land Area:	2.1645 acres; 94,286 square feet
Zoning:	C-3, Heavy Commercial
Highest and Best Use:	Commercial & office development
Property Rights Appraised:	Fee simple
Estimate of Market Value:	$754,000
Effective Date of Appraisal:	December 27, 2010

For more current information and more details visit: http://www.cabq.gov/gis

Albuquerque Geographic Information System

Map amended through: 2/4/2010



Note: Grey Shading Represents Area Outside of the City Limits

Zone Atlas Page:

G-14-Z

Selected Symbols

SECTOR PLANS

Escarpment

Design Overlay Zones

2 Mile Airport Zone

City Historic Zones

Airport Noise Contours

H-1 Buffer Zone

Wall Overlay Zone

Petroglyph Mon.

0 750 1,500 Feet

AGREEMENT TO EXCHANGE LAND
("EXCHANGE AGREEMENT")

TABLE OF CONTENTS

AGREEMENT TO EXCHANGE LAND
("EXCHANGE AGREEMENT")

THIS EXCHANGE AGREEMENT is entered into by the City of Albuquerque, a New Mexico municipal corporation (the "**City**"), and the Regents of the University of New Mexico, a body corporate, (the "**Regents**") for and on behalf of the University of New Mexico, a constitutionally created educational institution of the State of New Mexico (each individually a "**Party**" and collectively, the "**Parties**") as of the date of the last signature affixed hereto (the "**Effective Date**").

RECITALS

The Parties enter into this Exchange Agreement in reliance upon the following Recitals, which are material to this Exchange Agreement and which are incorporated into and made a part of this Exchange Agreement for all intents and purposes:

A. The City is the owner of the real property described in **Exhibit A**, attached hereto. The City is authorized to exchange real property owned by the City.

B. The Regents are the owners of the real property described in **Exhibit B**, attached hereto. The Regents are authorized to exchange real property owned by the Regents.

C. The City wishes to acquire the real property described in **Exhibit B** from the Regents.

D. The City has represented to the Regents that the City intends to use the real property described in **Exhibit B** for the construction and operation of a prototype fire station (the "**Fire Station Site**").

E. The Regents wish to acquire the real property described in **Exhibit A** from the City.

F. The Regents have represented to the City that the Regents intend to use the real property described in **Exhibit A** for the construction and operation of a prototype community-based outpatient health clinic (the "**Health Clinic Site**").

G. The City and the Regents have further determined that completion of the proposed exchange of the Fire Station Site for the Health Clinic Site as provided for herein will be of substantial benefit to the City and to the Regents.

H. The City and the Regents have agreed upon the terms of an exchange (the "**Exchange**") which they desire to complete, and the City and the Regents desire to enter into this Exchange Agreement to provide for the consummation of the Exchange.

AGREEMENT

A. Recitals. The provisions of the Recitals are a material consideration in this Exchange Agreement and are hereby and herein incorporated into this Exchange Agreement.

B. Exchange of Real Property. The City and the Regents agree to initiate and close an exchange of their respective properties, with the use of Boot, hereinafter defined, if necessary to equalize values.

1. The City will have the market value of the Health Clinic Site estimated on a per square foot basis by an appraiser, who is a Member of the Appraisal Institute ("**MAI**"), which estimate shall be based on the valuation conclusion derived from a market value appraisal (the "**Health Clinic Site Appraised Value**").

2. The Regents will have the market value of the Fire Station Site estimated on a per square foot basis by a MAI appraiser, which estimate shall be based on the valuation conclusion derived from a market value appraisal (the "**Fire Station Site Appraised Value**").

3. The Health Clinic Site Appraised Value and the Fire Station Site Appraised Value must be acceptable to both Parties. In the event either Party challenges the appraised value of either of the sites, the Exchange will not proceed further until the matter of the valuation of both sites is resolved to the mutual satisfaction of the Parties.

4. To the extent there is a difference in the Health Clinic Site Appraised Value and the Fire Station Site Appraised Value, with the understanding that the final square footage of both parcels remains to be confirmed and/or determined and the appraised value calculated upon final square footage determinations, the Party whose real property has the lesser value will contribute additional value ("**Boot**"), in a form acceptable to the Party whose real property has the higher value, sufficient to equalize the value of the exchange.

C. Exchange of Documents. The City and the Regents each agree to provide the other with all documentation and information, in the actual or constructive possession of the Party, pertaining to the land which the Party owns, including, but not limited to, title information (including title commitments and policies), surveys, environmental information (including environmental site assessments), permits, governmental reservations, restrictions, or requirements, governmental notices, citations, and litigation (the "**Exchange Documents**").

D. Due Diligence.

1. City Access; Responsibility. The City, and its employees, agents, contractors, and their subcontractors, shall have the right to enter the Fire Station Site for the purpose of conducting any and all inspections, assessments, surveys, tests, and other due diligence activities (collectively, the "**Due Diligence Activities**") it considers

necessary and prudent, acting in its sole discretion, for ninety (90) days from and after the Effective Date (the "**Due Diligence Deadline**"). Upon completion of the Due Diligence Activities, the City shall restore the Fire Station Site to its pre-Due Diligence Activities condition, and shall defend and hold the Regents harmless from any loss arising out of the exercise of the Due Diligence Activities by the City or the failure of the City to perform its obligations with respect thereto, and shall be responsible to the Regents for failure to do so.

2. Regent Access; Responsibility. The Regents, and their employees, agents, contractors, and their subcontractors, shall have the right to enter the Health Clinic Site for the purpose of conducting any and all Due Diligence Activities they consider necessary and prudent, acting in their sole discretion, until the Due Diligence Deadline. Upon completion of the Due Diligence Activities, the Regents shall restore the Health Care Clinic Site to its pre-Due Diligence Activities condition, and shall defend and hold the City harmless from any loss arising out of the exercise of the Due Diligence Activities by the Regents or the failure of the Regents to perform their obligations with respect thereto, and shall be responsible to the City for failure to do so.

E. Limitation on Liability Exposure. The City and the Regents covenant that each and all of their agents and personnel will use due care and diligence in all of their activities and operations. However, notwithstanding any provision in this Exchange Agreement inconsistent or to the contrary, the City and the Regents agree to the defend and hold harmless provisions in this Exchange Agreement, only to the extent permitted by law and to the extent not prohibited by law and without waiving any limitation of liability or protection from liability provided by law. The Parties are government entities governed by the New Mexico Tort Claims Act, NMSA 1978, Sections 41-41-1, et seq., and any amendments thereto, and their respective liabilities shall be subject to the immunities and limitations of the New Mexico Tort Claims Act, NMSA 1978, Sections 41-41-1, et seq., and any amendments thereto.

F. Subdivision. It will apparently be necessary to subdivide a portion of Tracts 4 and 5 of Corrected Plat of Tracts 1 thru 5 of Gibson Tracts, recorded in the records of the Bernalillo County Clerk on January 23, 1996, in Volume 96C, at Folio 36, as Document No. 96008104, and, a portion of Tract A of Replat of Tracts A & B of 40/25 Associates Subdivision recorded in the records of the Bernalillo County Clerk on May 1, 1995, in Volume 95C, at Folio 149, as Document No. 95042667, to create a separate platted parcel for the Fire Station Site (the "**Fire Station Parcel**").

1. Plat Preparation; Process. The Regents, at its sole cost, with the consent and cooperation of the City, will prepare the plat for the Fire Station Parcel and process the subdivision application for approval of the Fire Station Parcel.

2. Plat Conditions. The Regents shall be responsible, at its sole cost, for the satisfaction of any and all reasonable conditions to approval of the subdivision of the Fire Station Parcel, including a site development plan for subdivision and any and all infrastructure requirements reasonably required by the City approval authority. In no

event shall the City be responsible for satisfaction of conditions of plat approval. However, if the infrastructure requirements pertaining to the development of the Fire Station Parcel have not been installed by March 31, 2012, or later as approved by the City, the City may install the infrastructure required for development of the Fire Station Parcel, at the City's expense, in which event the City may then invoice the Regents for the City's actual reasonable costs in installing the infrastructure required for development of the Fire Station Parcel, which invoice the Regents agree to pay within thirty (30) days of receipt.

3. Final Approval. The Regents shall use reasonable and best efforts to accomplish final site development plan for subdivision approval and other necessary approvals sufficiently in advance of December 31, 2011 to allow the conveyance of the Fire Station Parcel to the City on or before December 31, 2011. However, City approval of the subdivision creating the Fire Station Parcel shall not be final until all appeals and appeal periods are exhausted.

4. Condition Precedent. Approval of the Fire Station Parcel, as a stand-alone subdivided parcel, shall be a condition precedent to the Closing of this Exchange Agreement.

G. Fire Station Site Plan and Architectural Review. The University of New Mexico (the "**University**") Executive Vice President for Administration or his designee ("**EVP**") shall have the right to review and approve the City's Fire Station site development plan for building permit, including grading, drainage, utilities, and landscaping plans and architectural elevations and materials prior to submission to: (1) the Development Review Board ("**DRB**"), Environmental Planning Commission ("**EPC**"), and any other City land use regulatory authority (collectively, the "**Regulatory Authorities**") for approval of the site development plan for building permit, zoning or other related land use or regulatory approvals, and (2) the Regulatory Authorities for building permit, or other regulatory permit or land use approval, which review shall additionally include building plans, elevations, site and building renderings. Materials to be submitted to the University EVP for review per (1) and (2) (the "**Submittal**") shall be provided to the University EVP, at the Regents Notice Address, not less than 10 days prior to the applicable submission dates for the particular approval sought from any of the Regulatory Authorities. The University EVP shall approve or disapprove each Submittal, in writing, within five business days of receipt of each Submittal at the Regents Notice Address (the "**Review Period**"). In the event that the University EVP does not act on a Submittal before the conclusion of the Review Period, the Submittal shall be deemed approved. In the event that the University EVP disapproves a Submittal before the conclusion of the Review Period, the reasons for the disapproval shall be set forth in writing, in which case the Submittal shall not be submitted to the Regulatory Authorities until the reason(s) for disapproval have been addressed to the reasonable satisfaction of the University EVP. In no event shall the University EVP unreasonably withhold approval of the Fire Station Site.

1. It is understood that review and approval of the site plan for building permit, the building permit, and the architectural drawings by the University EVP is required to ensure that development on the Fire Station Site will be consistent with and complimentary to the development of the remaining and adjacent properties of the Regents, more particularly shown on **Exhibit C** attached (the "**Adjacent Property**").

H. Health Clinic Site Plan and Building Permit Review. The Regents of the University of New Mexico shall use the Health Clinic Site as a community-based outpatient health clinic. The Regents use of the property shall comply with and be entitled to the benefits of all City zoning and development regulations including but not limited to the North Fourth Street Rank III Corridor Plan.

Prior to submission for a building permit to the State Construction Industries Division and prior to any construction at the Health Clinic Site the Regents shall prepare a site development plan, which shall include a seven (7) foot landscape buffer at the west end of the Health Clinic Site, and a landscaping plan for submission to the City's Zoning Enforcement Officer for approval. The site development plan and landscaping plan shall be in a form required by the City for approval of such documents pursuant to City Ordinances and the North Fourth Street Rank III Corridor Plan.

The University and City will present the proposed site development plan and landscaping plan for the Health Clinic Design to interested parties at no less than one neighborhood meeting and will consider any comments received.

The University shall not proceed to submit for a building permit to the State Construction Industries Division or proceed with any construction at the Health Clinic Site until the City's Zoning Enforcement Officer has approved the site development plan and landscaping plan.

If there is an appeal of an approval by the City's Zoning Enforcement Officer of the site development plan or landscaping plan the University shall not proceed with any construction at the Health Clinic Site until the appeal is resolved favorably to the University.

The Regents use of the Health Clinic does not and will not include treatment for methadone drug rehabilitation.

I. Replat. Should it be necessary to combine portions of separate tracts, lots and/or parcels on the Health Clinic Site to create a single separate parcel for the Health Clinic (the "**Health Clinic Parcel**") by replat or other appropriate document(s), the Parties agree to proceed as follows:

1. Replat Preparation; Process. The City, at its sole cost, with the consent and cooperation of the Regents, will prepare the replat or other appropriate document(s) to create the Health Clinic Parcel and process the appropriate application for approval of the Health Clinic Parcel.

2. Replat or Other Conditions. The City shall be responsible, at its sole cost, for the satisfaction of any and all reasonable conditions to approval of the subdivision of the Health Clinic Parcel, including a site development plan for subdivision and any and all infrastructure requirements reasonably required by the City approval authority. In no event shall the Regents be responsible for satisfaction of conditions of plat approval. However, if the infrastructure requirements pertaining to the development of the Health Clinic Parcel have not been installed by March 31, 2012, or later as approved by the Regents, the Regents may install the infrastructure required for development of the Health Clinic Parcel, at the Regent's expense, in which event the Regents may then invoice the City for the Regent's actual reasonable costs in installing the infrastructure required for development of the Health Clinic Parcel, which invoice the City agrees to pay within thirty (30) days of receipt.

3. Final Approval. The City shall use reasonable and best efforts to accomplish final replat approval and other necessary approvals sufficiently in advance of December 31, 2011 to allow the conveyance of the Health Clinic Parcel to the Regents on or before December 31, 2011. However, City approval of the replat or other appropriate documentation shall not be final until all appeals are exhausted.

4. Condition Precedent. Approval of the Health Clinic Parcel, as a stand-alone subdivided parcel, shall be a condition precedent to the Closing of this Exchange Agreement.

J. Zoning. It will be necessary to zone the Fire Station Parcel to allow fire station use on the Fire Station Parcel.

1. Application Preparation; Process. The Regents, with the cooperation and assistance of the City, will prepare and process the zone change application for the Fire Station parcel. The Regents agree to execute all documents and consents reasonably required by the City to process the zone change application.

2. Application Conditions. The Regents shall be responsible, at its sole cost, for the satisfaction of any and all reasonable conditions to approval of the zone change application. In no event shall the City be responsible for satisfaction of conditions of zone change approval.

3. Final Approval. City approval of the zoning necessary for fire station use on the Fire Station Parcel shall not be final until all appeals and appeal periods are exhausted.

4. Condition Precedent. Approval of appropriate zoning for the Fire Station Parcel shall be a condition precedent to the Closing of this Exchange Agreement.

K. Title Insurance: Encumbrances.

1. Title Insurance Commitment. The Regents will direct Stewart Title Insurance Company (Sue Dunworth) (the "**Title Company**") to provide to the City and the Regents, within fifteen (15) days after the Effective Date, separate commitments for a standard owner's title insurance policy or policies for the Fire Station Site and the Health Clinic Site (the "**Title Insurance Commitment**") in a form acceptable to the City and the Regents naming the City and the Regents, respectively, as the insureds. The title insurance coverage provided for in the Title Insurance Commitment shall be as follows:

a. The total amount of coverage provided for the Fire Station Site shall be the Fire Station Site Appraised Value.

b. The total amount of coverage provided for the Health Clinic Site shall be the Health Clinic Site Appraised Value.

2. Additional Documents Accompanying Title Insurance Commitment. Each Title Insurance Commitment shall be accompanied by legible copies of all documents establishing title in the Fire Station Site and the Health Clinic Site the "**Vesting Documents**") and of all documents creating reservations, restrictions, servitudes or conditions upon such properties, including all documents referred to in the special exceptions to the Title Insurance Commitment (the "**Encumbrances**"). Delivery of the Title Insurance Commitment shall not be considered complete until legible copies of all Vesting Documents and Encumbrances are received. A copy of the Title Insurance Commitment delivered to each Party shall simultaneously be delivered to the other Party.

3. Additional Encumbrances and Restrictions. Within thirty (30) days after delivery of the Title Insurance Commitment to the other Party, each Party shall provide the other Party with a written description of all encumbrances and restrictions, recorded or unrecorded, known to the Party, to which the lands proposed to be exchanged by the Party are subject, in addition to those identified by the Title Insurance Commitment, if any, including, but not limited to, leases, permits, licenses, easements, reservations, restrictions and rights-of-way (the "**Additional Encumbrances**").

4. Objections to Encumbrances and Additional Encumbrances. Within sixty (60) days after delivery of the Title Insurance Commitment, the City and the Regents shall communicate to the Title Company and such representatives of the City and the Regents as the City and Regents may designate to deal with any issues with respect to the Title Insurance Commitment and related matters, which Encumbrances and/or Additional Encumbrances either Party or both Parties require to be resolved prior to Closing. The satisfaction or waiver of the Encumbrances and the Additional Encumbrances shall be a condition of Closing as to the Fire Station Site and as to the Health Clinic Site.

5. Issuance of Title Insurance Policy (Fire Station Site). At Closing, or as soon thereafter as reasonably available, the Regents shall provide the City an owner's title insurance policy for the Fire Station Site in accordance with the Title Insurance Commitment, except as modified following objection by the City. As a condition precedent to the City's obligation to accept conveyance of the Fire Station Site, the Title Insurance Commitment for the Fire Station Site shall be updated through the Closing Date and shall not show, nor shall there exist, any liens, Encumbrances, Additional Encumbrances or other defects in title for such land, except as are acceptable to the City ("**Permitted Fire Station Site Encumbrances**"). Standard exceptions 1, 2, 3, 4, 5, and 6 will be deleted in the owner's title policy.

6. Issuance of Title Insurance Policy (Health Clinic Site). At Closing, or as soon thereafter as reasonably available, the City shall provide the Regents an owner's title insurance policy for the Health Clinic Site in accordance with the Title Insurance Commitment, except as modified following objection by the Regents. As a condition precedent to the Regents' obligation to accept conveyance of the Health Clinic Site, the Title Insurance Commitment for the Health Clinic Site shall be updated through the Closing Date and shall not show, nor shall there exist, any liens, Encumbrances, Additional Encumbrances or other defects in title for such land, except as are acceptable to the Regents ("**Permitted Health Clinic Site Encumbrances**"). Standard exceptions 1, 2, 3, 4, 5, and 6 will be deleted in the owner's title policy.

L. Environmental Hazards. For the purpose of illustration, and without limiting the scope of its meaning, the term "environmental hazards" includes the presence of any hazardous materials, as defined below, on the exchange property of either or each of the Parties. Hazardous materials include without limitation any oil, petroleum products, explosives, PCBs, asbestos, formaldehyde, radioactive materials or waste, or other hazardous, toxic, or contaminated materials, substances or wastes, including any substance, waste or material which is defined or listed as a "hazardous substance," "hazardous waste," "hazardous material," "toxic substance," "medical waste," "regulated substance," or which is otherwise controlled or regulated because of its toxicity, infectiousness, radioactivity, explosiveness, ignitability, corrosiveness or reactivity, under any federal, state, or local government statute, regulations, or ordinances, including but not limited to the federal Clean Water Act, the federal Solid Waste Act, the federal Clean Air Act, the federal Comprehensive Environmental Response, Compensation and Liability Act, FIFRA, and the New Mexico Environmental Protection Act (collectively, "**Environmental Laws**"), relating to landfills, medical waste, industrial hygiene, environmental protection or the manufacture, use, generation, presence, analysis, transportation, handling, storage, treatment or disposal of any such material, substance, or waste. Each of the Parties represents that it has no knowledge of, or cause to believe there is, any pollutant or toxic or hazardous material or substance as defined in, or covered by, any Environmental Law in, on or under their respective land, nor is that Party aware any potential environmental liability concerning, or in any way related to, their respective land.

M. Environmental Inspections and Assessments (Fire Station Site). Within sixty (60) days after the Effective Date, the City may, at its expense, obtain a Phase I Environmental Site Assessment ("**Phase I**") for the Fire Station Site. In the event the Phase I for the Fire Station Site identifies one or more environmental issues, recommends further testing for a specified environmental condition, or results in the contractor recommending actions be taken to remediate any environmental condition, the City may decline to accept the Fire Station Site in the exchange unless the Regents are able and willing to address the situation and, if necessary, remediate the condition, at their expense, to a degree and in a manner acceptable to the City prior to Closing.

N. Environmental Inspections and Assessments (Health Clinic Site). Within sixty (60) days after the Effective Date, the Regents may, at their expense, obtain a Phase I for the Health Clinic Site. In the event the Phase I for the Health Clinic Site identifies one or more environmental issues, recommends further testing for a specified environmental condition, or results in the contractor recommending actions be taken to remediate any environmental condition, the Regents may decline to accept the Health Clinic Site in the exchange unless the City is able and willing to address the situation and, if necessary, remediate the condition, at its expense, to a degree and in a manner acceptable to the Regents prior to Closing.

O. Representations. The Parties make the following representations relative to this Exchange Agreement, with the understanding that each is relying on the accuracy of the representations of the other as a condition precedent to the Closing of this transaction:

1. Authority. Each Party is duly authorized under law to enter into and perform this Exchange Agreement, and to make the representations and warranties contained herein, and to perform hereunder, including the authority to convey its interest in the Fire Station Site and the Health Clinic Site.

2. Documents True and Complete. To each Party's knowledge, all of the Exchange Documents to be given or made available from one Party to the other will be true, accurate, and complete originals or copies thereof.

3. No Knowledge of Adverse Condition. Neither Party has any knowledge of (a) any existing violations of applicable law with respect to their respective land, (b) any contract, agreement, understanding, covenant, reservation or restriction, written or unwritten, recorded or unrecorded, that would preclude or hinder the use of either the Fire Station Site or the Health Clinic Site for the intended purposes, (c) any existing, pending, or threatened litigation which could effect title to, or the present or future use of, their respective land, or (d) any existing, pending, or threatened litigation that does or would challenge or effect their authority to perform under this Exchange Agreement, including their authority to execute any documents necessary to effectuate the proposed exchange, or that would effect the validity of any such documents once executed, including the quitclaim deeds.

4. Health Clinic Site Zoning. The City represents to the Regents that the Health Clinic Site is presently zoned C-3 (Heavy Commercial Zone) and that C-3 zoning permits the use of the Health Clinic Site for its intended purpose as a Health Clinic.

5. No Federal Restriction on Health Clinic Site. The City represents to the Regents that there is no federal government (U.S. Department of Housing and Urban Development or other department or agency) restriction on the Health Clinic Site, restricting or limiting the use of the Health Clinic Site, in whole or in part, to housing use or any other use which would preclude the use of the Health Clinic Site, in whole or in part, for a Health Clinic.

P. No Representation as to Condition of the Land. Except as otherwise provided herein, each Party is acquiring the land it wishes to acquire based, in part, on the information acquired during its Due Diligence Activities and otherwise. Neither Party is making any representation as to the physical condition of the land it owns. Each property is being conveyed and, upon Closing, accepted "as is" and "where is."

Q. Regents' Resolution. The Regents shall provide to the City and to the Title Company, which shall insure title to the Fire Station Site upon its conveyance to the City, a copy of a Regents resolution or other satisfactory Regent document, which may include properly adopted and certified copies of minutes of a Regents' meeting(s) held in compliance with applicable New Mexico law (1) authorizing the conveyance of the Fire Station Site to the City and completion of the proposed exchange pursuant to this Exchange Agreement, and (2) designating and authorizing named officer(s) of the Regents or the University of New Mexico to take all action on behalf of the Regents necessary to complete this transaction, including the execution of this Exchange Agreement and any other necessary documents, and authorizing any necessary payments of funds. The Regents' Resolution or equivalent documentation is a condition precedent to the Closing of this Exchange Agreement.

R. City Council Resolution. The City shall provide to the Regents and to the Title Company, which shall insure title to the Health Clinic Site upon its conveyance to the Regents, a copy of a City Council resolution or other satisfactory City Council document, which may include properly adopted and certified copies of minutes of a City Council meeting(s) held in compliance with applicable New Mexico law, (1) declaring that the Health Clinic Site is not essential for municipal purposes, (2) authorizing the conveyance of the Health Clinic Site to the Regents and completion of the proposed exchange pursuant to this Exchange Agreement. The City Council Resolution or equivalent documentation is a condition precedent to the Closing of this Exchange Agreement. The delegation of signature authority is set forth in the City Charter and Administrative Instructions.

1. Notice of Council Approval; Exchange Agreement. Within five (5) days after City Council approval of the City Council Resolution, the City will send the Regents notice of such approval and a fully-signed original copy of this Exchange

Agreement with the date of City Council approval inserted in the space provided under the signature of the Chief Administrative Officer of the City at the end of this Exchange Agreement.

S. On-Site Costs. Each Party shall be responsible for any and all on-site costs expended, incurred, or likely to be expended or incurred in the development and use of the land acquired in this exchange.

T. Closing. Subject to satisfaction of the conditions precedent for the exchange, which shall include the receipt by both Parties of all governmental and regulatory approvals necessary to construct the respective improvements (the "**Necessary Approvals**"), (collectively, the "**Exchange Closing Conditions**") set forth in this Exchange Agreement, the closing of the proposed exchange (the "**Closing**") shall take place on or before December 31, 2011 (the "**Closing Date**"), provided however, that the Parties may postpone the Closing Date by written agreement. Closing shall occur at a time and location agreed to by the City and the Regents. In the event the Exchange Closing Conditions have not been satisfied for the Fire Station Site and/or the Health Clinic Site as of the Closing Date, or such extended date as is mutually agreed upon by the Parties, unless the Party which was to accept the site for which the Exchange Closing Conditions have not been satisfied (the "**Non-Compliant Site**") affirmatively expresses, in writing, its intention to accept the Non-Compliant Site, that Party shall have no further obligation to accept the Non-Compliant Site, whether as consideration for the site to be conveyed or otherwise, pursuant to this Exchange Agreement and all rights and obligations of the Parties as to conveyance and acceptance of the Non-Compliant Site shall be terminated and of no further force or effect.

1. City Cash in Lieu of Property. Notwithstanding any other provisions in this Exchange Agreement, in the event that (1) the City is not able to satisfy all of the conditions precedent to delivery of the Health Clinic Site to the Regents on the date of Closing or (2) the Regents are unable to obtain the Necessary Approvals for the Health Clinic Site, the City may still obtain the Fire Station Site on the date of Closing by the payment of the Fire Station Site Appraised Value or other agreed value in cash or cash equivalent to the Regents on the date of Closing.

2. Regent Cash in Lieu of Property. Notwithstanding any other provisions in this Exchange Agreement, in the event that (1) the Regents are not able to satisfy all of the conditions precedent to delivery of the Fire Station Site to the City on the date of Closing or (2) the City is unable to obtain the Necessary Approvals for the Fire Station Site, the Regents may still obtain the Health Clinic Site on the date of Closing by the payment of the Health Clinic Site Appraised Value or other agreed value in cash or cash equivalent to the City on the date of Closing.

U. Closing Documents; Closing Instructions; Recording.

1. Closing Documents. The Parties shall provide the following documents to the Title Company:

a. Qutclaim Deed (Fire Station Site). A quitclaim deed substantially in the form of **Exhibit D** attached hereto conveying fee simple title to the Fire Station Site, with Permitted Fire Station Site Encumbrances acknowledged.

b. Quitclaim Deed (Health Clinic Site). A quitclaim deed substantially in the form of **Exhibit E** attached hereto conveying fee simple title to the Health Clinic Site, with Permitted Health Clinic Site Encumbrances acknowledged.

c. Closing Instructions. Instructions jointly formulated by the Parties to the Title Company (the "**Closing Instructions**") regarding the date, time and place of Closing, representation of the Parties, delivery and recording of the quitclaim deeds, and such other matters as the Parties deem necessary for inclusion in the Closing Instructions, signed by the Regents and the City, or their authorized representatives.

d. Other Documents. Such other documents as are agreed to, or required by, the Parties to complete the transaction contemplated by this Exchange Agreement.

V. Costs Associated with Exchange and Closing.

1. Regents Costs. The Regents shall pay (a) the basic premium and the cost of the deletion of the standard exemptions set forth at Paragraph II(D)(5) for the Title Policy for the Fire Station Site; (b) the fee for recording the Health Clinic Site quitclaim deed; (c) the fees of any counsel representing it in connection with this transaction; (d) any additional premium chargeable for extended coverage under the Title Policy for the Health Clinic Site, if such modification is desired by the Regents, and any other endorsements attached to the Title Policy for the Health Clinic Site, (e) one-half (1/2) of any escrow fee which may be charged by the Title Company; and (f) such other fees, in whole or in part, as are customary in an exchange transaction.

2. City Costs. The City shall pay (a) the basic premium and the cost of the deletion of the standard exemptions set forth at Paragraph II(D)(5) for the Title Policy for the Health Clinic Site; (b) the fee for recording the Fire Station Site quitclaim deed; (c) the fees of any counsel representing the City in connection with this transaction; (d) any additional premium chargeable for extended coverage under the Title Policy for the Fire Station Site, if such modification is desired by the City, and any other endorsements attached to the Title Policy for the Fire Station Site; (e) one-half (1/2) of any escrow fees charged by the Title Company; and (f) such other fees, in whole or in part, as are customary in an exchange transaction.

3. Other Costs. All other costs and expenses incident to this transaction and the Closing thereof shall be paid by the Party incurring same.

W. Possession of the Exchanged Land. The City and the Regents shall be entitled to and shall have possession of the Fire Station Site and the Health Clinic Site, respectively, upon recording of the quitclaim deeds.

X. Termination. Notwithstanding any other provision of this Exchange Agreement, if the Exchange Closing Conditions have not been satisfied by March 31, 2012, or by such other later date as the Parties may agree upon, then either Party may, at its election, upon not less than forty-five (45) days' prior written notice to the other Party, terminate this Exchange Agreement (the "**Exchange Termination Notice**"). The Exchange Termination Notice shall specify the date on which the Party giving notice desires to terminate the Exchange Agreement and shall specify the Exchange Closing Condition(s) remaining to be satisfied. The other Party shall then have thirty (30) days to satisfy the specified Exchange Closing Condition(s) and provide evidence thereof to the other Party. If specified Exchange Closing Condition(s) is not satisfied, this Exchange Agreement shall terminate upon the date specified in the Exchange Termination Notice, unless the Party giving notice extends the date of termination specified or withdraws said Notice. If either Party terminates this Exchange Agreement as provided in this paragraph, it shall have no further rights, obligations or liabilities pursuant to this Exchange Agreement, and any escrow for the exchange shall be terminated and the Exchange Closing Documents returned to the Parties, provided that if either Party has caused damage to the property of the other Party, which has not been restored and/or rectified, during the course of the Due Diligence Activities, the Party causing damage to the property of the other Party shall be liable for the amount of the damages caused to the property of the other Party and provided further that each Party shall remain responsible to the other for the accuracy of the representations made herein upon which the other Party is relying in entering into and closing this exchange.

Y. Default.

1. City Default. If City defaults in the observance or performance of the covenants and obligations hereunder, and such default continues for thirty (30) days after the date of receipt of written notice from the Regents demanding cure of such default, the Regents shall be entitled either, at the Regents' sole option, (i) to sue the City for specific performance of this Exchange Agreement, or (ii) to terminate this Exchange Agreement, provided, however, if the remedy of specific performance is not available as a result of City intentional wrongful acts or omissions, then the Regents shall have the right to terminate this Exchange Agreement and sue the City for damages which damages shall be limited to reasonable costs paid to third parties in furtherance of this Exchange Agreement including, but limited to, legal, appraisal, surveying and title fees ("**Regents Damages**"). Except with respect to any right, obligation or liability which survives Closing or termination of this Exchange Agreement, and except for liability for breach of any representations of this Exchange Agreement (as to which matters the Regents shall be entitled to exercise any and all rights and remedies at law or in equity), the Regents' rights to sue for specific performance or to terminate this Exchange Agreement as provided hereinabove, or, in the event specific performance is not available for the

reasons indicated herein, the Regents' right to receive Regents Damages, are the Regents' sole and exclusive remedies hereunder in the event of default hereunder by City.

2. Regents Default. If Regents default in the observance or performance of the covenants and obligations hereunder, and such default continues for thirty (30) days after the date of receipt of written notice from the City demanding cure of such default, the City shall be entitled either, at the City's sole option, (i) to sue the Regents for specific performance of this Exchange Agreement, or (ii) to terminate this Exchange Agreement, provided, however, if the remedy of specific performance is not available as a result of the Regents' intentional wrongful acts or omissions, then the City shall have the right to terminate this Exchange Agreement and sue the Regents for damages which damages shall be limited to reasonable costs paid to third parties in furtherance of this Exchange Agreement including, but limited to, legal, appraisal, surveying and title fees ("**City Damages**"). Except with respect to any right, obligation or liability which survives Closing or termination of this Exchange Agreement, and except for liability for breach of any representations of this Exchange Agreement (as to which matters the City shall be entitled to exercise any and all rights and remedies at law or in equity), the City's rights to sue for specific performance or to terminate this Exchange Agreement as provided hereinabove, or, in the event specific performance is not available for the reasons indicated herein, the City's right to receive City Damages, are the City's sole and exclusive remedies hereunder in the event of default hereunder by Regents.

ADDITIONAL PROVISIONS

A. Execution in Counterparts. This Exchange Agreement may be executed in one or more identical counterparts, which when assembled together, shall constitute one Agreement which shall be binding on the Parties, their successors and assigns.

B. Governing Law; Compliance with Applicable Law. This Exchange Agreement is subject to, and shall be interpreted in accordance with, the applicable laws and related regulations of the State of New Mexico and the agencies, boards, and departments through which it acts, and both Parties shall be bound thereby. Venue for any litigation that might arise in connection with this Exchange Agreement shall be in Bernalillo County in the District Court for the Second Judicial District.

C. Entire Agreement, Merger, Amendment. This Exchange Agreement incorporates all the agreements, covenants and understandings between the Parties hereto concerning the subject matter hereof, and all such covenants, agreements and understandings have been merged into this written Agreement. No prior agreement or understanding, oral or otherwise, of the Parties or their agents shall be valid or enforceable unless embodied in this Exchange Agreement. This Exchange Agreement shall not be modified, altered, changed or amended except by written instrument executed by the Parties hereto.

D. Further Assurances. Each Party agrees to execute and deliver to the other such further documents or instruments as may be reasonable and necessary in furtherance of the performance of the terms, covenants and conditions of this Exchange Agreement. This covenant shall survive the Closing.

E. Calculation of Time. Any time period herein calculated by reference to "days" means calendar days unless expressly otherwise stated; provided, however, that if the last day for a given act falls on a Saturday, Sunday, or a holiday as observed by the State of New Mexico, the day for such act shall be first day following that is not a Saturday, Sunday, or such observed holiday.

F. Notices; Contact Persons.

1. Required Notices. All notices and other communications under this Exchange Agreement 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, (iii) the day of transmission, if sent by facsimile or telecopy during regular business hours or the day after transmission, if sent after regular business hours, provided that, in either event, the completed transmission is electronically verified, or (iv) 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 addresses, telecopy numbers, or e-mail addresses (or to such other address, telecopy number, or e-mail address as a Party may hereafter specify by notice given to the other Party pursuant to this provision):

To the City:	Robert J. Perry, Esq. Chief Administrative Officer City of Albuquerque, Mayor's Office
Mailing:	P.O. Box 1293 Albuquerque, NM 87103
Delivery:	One Civic Plaza, 11th Floor Albuquerque, NM 87102
E-mail:	rjperry@cabq.gov
and to:	
	Robert D. Kidd, Jr. Interim City Attorney City of Albuquerque, Office of the Mayor
Mailing:	P.O. Box 1293 Albuquerque, NM 87103
Delivery:	One Civic Plaza, 11th Floor Albuquerque, NM 87103
E-mail:	ghennessy@cabq.gov

With additional copies separately addressed and delivered to the attention of:

	Michael J. Riordan, P.E. Director, Municipal Development City of Albuquerque
Mailing:	P.O. Box 1293 Albuquerque, NM 87103
Delivery:	One Civic Plaza, 7th Floor Albuquerque, NM 87103
E-mail:	mriordan@cabq.gov
<u>To the Regents</u>:	President, Board of Regents Regent's Office, University of New Mexico 123 Scholes Hall
Mailing:	MSC 05 3300, 1 University of New Mexico Albuquerque, NM 87131-0001
Delivery:	123 Scholes Hall Albuquerque, NM 87131
E-mail:	ewenzel@unm.edu
<u>and to:</u>	UNM Real Estate Department c/o Kim D. Murphy, Director of Real Estate University of New Mexico
Mailing:	MSC 3595, 1 University of New Mexico Albuquerque, NM 87131-0001
Delivery:	2811 Campus Boulevard NE Albuquerque, NM 87106
E-mail:	kmurphy@unm.edu

With additional copies separately addressed and delivered to the attention of:

	University Counsel University of New Mexico
Mailing:	MSC05 3310, 1 University of New Mexico Albuquerque, NM 87131-0001
Delivery:	Scholes Hall, Room 208 Albuquerque, NM 87131
E-mail:	lpeifer@salud.unm.edu
<u>and to:</u>	John P. Salazar, Esq. Rodey Law Firm
Mailing:	P.O. Box 1888 Albuquerque, NM 87103-1888
Delivery:	201 Third Street NW, Suite 2200 Albuquerque, NM 87102
E-mail:	jsalazar@rodey.com

2. Contact Persons. Each Party has designated a contact person to coordinate communication for ordinary activities carried out to complete the transaction contemplate by this Exchange Agreement. The contact persons shall be:

For the City:

Name: Michael J. Riordan, Director of Municipal Development
Phone: (505) 768-3830
Fax: (505) 768-2310
E-mail: mriordan@cabq.gov

For the Regents:

Name: Kim D. Murphy, Director of Real Estate
Phone: (505) 277-4622
Fax: (505) 277-6290
E-mail: kmurphy@unm.edu

G. Severability. The unenforceability or invalidity of any provision of this Exchange Agreement as to any person or circumstance shall not render that provision or any other provision of this Exchange Agreement unenforceable or invalid as to any other persons or circumstances, and all provisions of this Exchange Agreement, in all other respects, shall remain valid and enforceable. If any provisions of this Exchange Agreement shall be held to be unenforceable or invalid under any applicable law or rule, such provision shall be ineffective only to the extent of such unenforceability or invalidity, without invalidating the remaining provisions of this Exchange Agreement. The Parties shall endeavor in good faith to replace any unenforceable or invalid provision with a valid provision, the economic or legal effect of which comes as close as possible to that of the unenforceable or invalid provision.

H. Successors and Assigns. This Exchange Agreement is binding on the City and the Regents and their respective successors and assigns. Notwithstanding the foregoing, neither Party may assign its interests in this Exchange Agreement or delegate its duties under this Exchange Agreement to any other person or entity without the prior written consent of the other Party.

I. No Third Party Beneficiaries. This Exchange Agreement is made and entered into for the sole protection and benefit of the Parties hereto and their respective permitted successors and assigns, and no other person or entity shall be a third party beneficiary of, or have any direct or indirect cause of action or claim in connection with, this Exchange Agreement.

J. Brokers. The Regents and the City each hereby (a) represent to the other that it has not employed, retained or consulted any broker, agent, or finder in carrying on a negotiation in connection with this Exchange Agreement, and (b) agree to hold the other harmless from and against any and all loss arising by reason of breach of this representation.

K. Recitals and Exhibits Part of Agreement. The recitals and the exhibits to this Exchange Agreement are a material part of this Exchange Agreement and are incorporated into and made a part of this Exchange Agreement for all intents and purposes.

L. Descriptive Headings. The descriptive headings in this Exchange Agreement are inserted for convenience only and are not a part of this Exchange Agreement.

M. Survival. Those provisions of this Exchange Agreement necessary to effectuate its intent and purposes shall survive the Closing and exchange of land provided for in this Exchange Agreement and such provisions shall remain binding on and inure to the benefit of the Parties and their successors and assigns following the Closing.

IN WITNESS WHEREOF, the Parties have executed this Exchange Agreement as of the date indicated next to the respective signatures, with the date of the last signature affixed hereto to be the "**Effective Date**."

CITY OF ALBUQUERQUE, a New Mexico municipal corporation

______________________________________ Date: ____________________
Robert J. Perry, Chief Administrative Officer

Date of City Council Approval:

____

ACKNOWLEDGMENT OF THE CITY

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

This instrument was acknowledged before me this ______ day of ___________, 2011, by Robert J. Perry, Chief Administrative Officer of the City of Albuquerque, a New Mexico municipal corporation, on behalf of said corporation.

____
Notary Public

My commission expires:

____

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

_____________________________________ Date:_______________

David W. Harris, Executive Vice President
for Administration, COO and CFO of the
University of New Mexico

ACKNOWLEDGMENT OF THE REGENTS

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

The foregoing instrument was acknowledged before me this ___ day of _____________, 2011, by David W. Harris, Executive Vice President for Administration, COO and CFO of the University of New Mexico, on behalf of the Regents of the University of New Mexico.

____
Notary Public

My commission expires:

____

DESCRIPTION OF CITY PROPERTY
(Health Clinic Site)

DRAFT

Tract B, Northfields Addition, as the same is shown and designated on the Plat filed in the Office of the County Clerk of Bernalillo County, in Plat Book C-2, Page 100

[DESCRIPTION TO BE CONFIRMED]

EXHIBIT A

DESCRIPTION OF REGENTS PROPERTY
(Fire Station Site)

DRAFT

The subject property has not been replatted and is part of a larger ownership with the following legal description:

Tract A, a replat of Tracts A & B of 40/25 Associates Subdivision, as the same is shown and designated on the Plat filed in the Office of the County Clerk of Bernalillo County, on May 1, 1995, Volume 95C, Folio 149. The land area shown is 0.7047 acre.

Tracts 4 and 5, a replat of Corrected Tracts 1 thru 5 of Gibson Tracts, as the same is shown and designated on the Plat filed in the Office of the County Clerk of Bernalillo County, on January 23, 1996, Volume 96C, Folio 36. The land area shown is 3.0640 acres.

[PLATTED PARCEL DESCRIPTION TO BE SUBSTITUTED, ONCE SUBDIVISION PROCESS COMPLETE]

EXHIBIT B

ADJACENT PROPERTY
(Size of Parcels Subject to Adjustment)

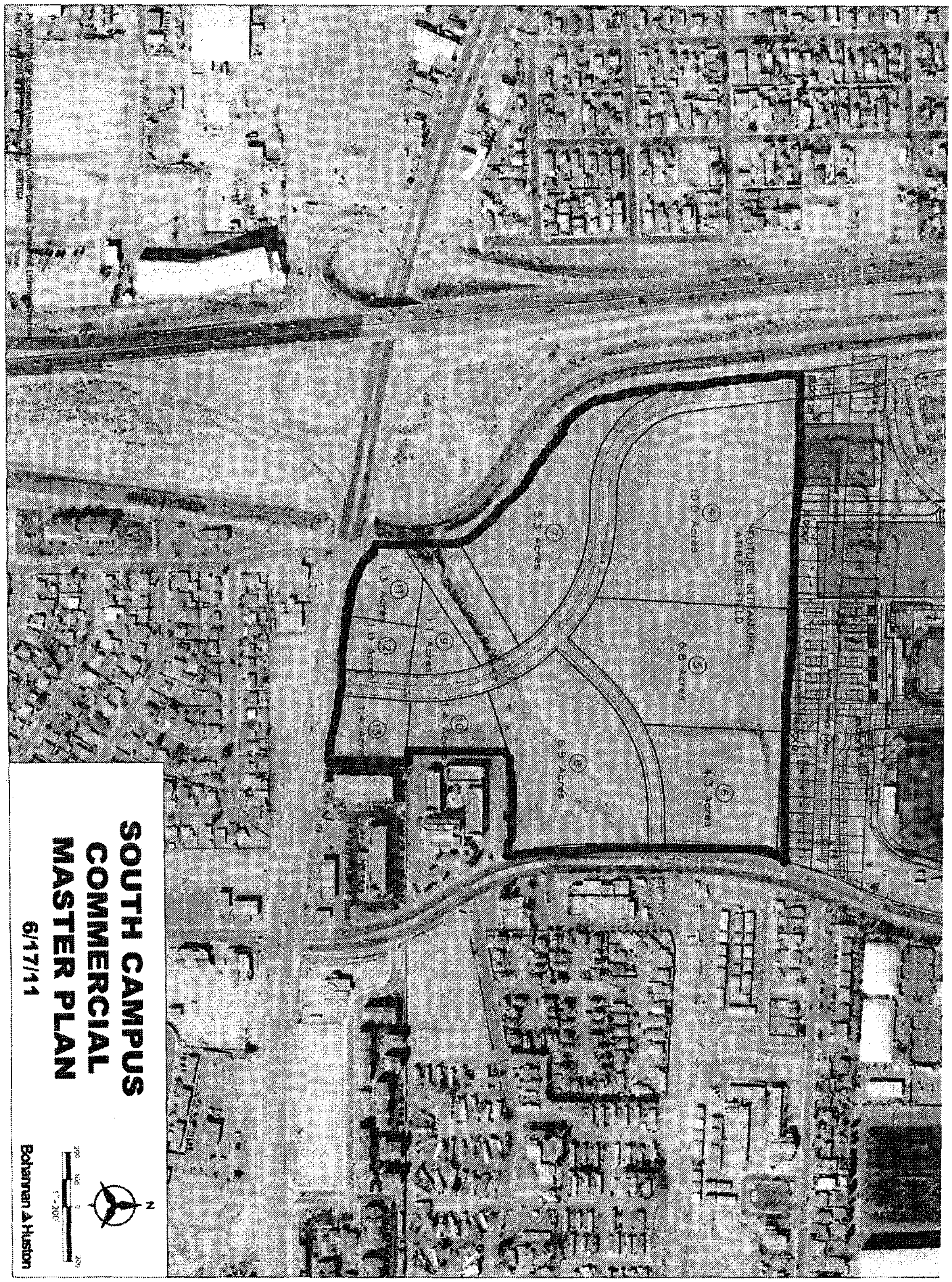


EXHIBIT C

QUITCLAIM DEED
(Fire Station Site)

DRAFT

QUITCLAIM DEED

The Regents of the University of New Mexico, a body corporate, for consideration paid, quitclaims to the City of Albuquerque, a New Mexico municipal corporation, whose address is P.O. Box 1293, Albuquerque, New Mexico 87103, the following described real estate in Bernalillo County, New Mexico:

> The subject property has not been replatted and is part of a larger ownership with the following legal description:
>
> Tract A, a replat of Tracts A & B of 40/25 Associates Subdivision, as the same is shown and designated on the Plat filed in the Office of the County Clerk of Bernalillo County, on May 1, 1995, Volume 95C, Folio 149. The land area shown is 0.7047 acre.
>
> Tracts 4 and 5, a replat of Corrected Tracts 1 thru 5 of Gibson Tracts, as the same is shown and designated on the Plat filed in the Office of the County Clerk of Bernalillo County, on January 23, 1996, Volume 96C, Folio 36. The land area shown is 3.0640 acres.

[PLATTED PARCEL DESCRIPTION TO BE SUBSTITUTED, ONCE SUBDIVISION PROCESS COMPLETE]

WITNESS ____ hand and seal this ______ day of__________, 20____.

THE REGENTS OF THE UNIVERSITY OF NEW MEXICO, a body corporate

By:_______________________________________
David W. Harris
Executive Vice President for Administration
University of New Mexico

ACKNOWLEDGEMENT

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

This instrument was acknowledged before me this ______ day of ___________, 20___, by David W. Harris, Executive Vice President of Administration, University of New Mexico, on behalf of The Regents of the University of New Mexico.

____
Notary Public

My commission expires:

____

QUITCLAIM DEED
(Health Clinic Site)

DRAFT

QUITCLAIM DEED

The City of Albuquerque, a New Mexico municipal corporation, for consideration paid, quitclaims to the Regents of the University of New Mexico, a body corporate, whose address is c/o Director of Real Estate, the University of New Mexico, MSC 3595, 1 University of New Mexico, Albuquerque, New Mexico 87131-0001, the following described real estate in Bernalillo County, New Mexico:

> Tract B, Northfields Addition, as the same is shown and designated on the Plat filed in the Office of the County Clerk of Bernalillo County, in Plat Book C-2, Page 100

[DESCRIPTION TO BE CONFIRMED]

WITNESS ____ hand and seal this ______ day of__________, 20____.

CITY OF ALBUQUERQUE, a New Mexico municipal corporation

By:_______________________________________
Robert J. Perry
Chief Administrative Officer

ACKNOWLEDGEMENT

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

This instrument was acknowledged before me this ______ day of ____________, 20___, by Robert J. Perry, Chief Administrative Officer of the City of Albuquerque, a New Mexico municipal corporation, on behalf of said municipal corporation.

____
Notary Public

My commission expires:

____

EXHIBIT E

UNM

Department of Planning, Budget & Analysis

MEMORANDUM

TO: Members of the Board of Regents' Finance & Facilities Committee

THRU: David J. Schmidly, President
David W. Harris, EVP for Administration, COO and CFO

FROM: Andrew Cullen, Associate VP Office of Planning, Budget & Analysis

DATE: August 24, 2011

SUBJECT: Refunding of Series 2002A Bonds

As part of an ongoing evaluation process, the Office of Planning, Budget & Analysis and its Financial Advisor, First Southwest Company, monitor refunding opportunities associated with various university bond issues. Even though interest rates have remained at historically low levels for several years now, refunding opportunities have not met the university's fiscal threshold of a present value savings of at least 3% due to the fact that the issues have not been callable within a reasonable time period. With a call date of 6/1/2012, this is no longer the case with the Series 2002A bonds.

As the following presentation depicts, with current tax-exempt interest hovering around 3.5%, the university can realize significant yearly savings by refunding the Series 2002A bonds. Ideally, the refunding would occur within 90 days of the 6/1/2012 call date, thus avoiding limitations associated with an advanced refunding. With a monetary policy commitment from the Federal Reserve to maintain the current zero interest rate policy (ZIRP) through 2013, the university's administration believes the current interest rate environment should likely remain relatively stable through the first quarter of 2012. This scenario will allow the university to move forward with a current refunding of the Series 2002A bonds with a minimum net present value savings of at least 4% serving as a benchmark.

With your approval, the administration will proceed with the development of a Parameters Resolution for the Series 2002A bonds for approval of the full Board of Regents during their 9/13/2011 meeting.

Thank you for your consideration.

The University of New Mexico • MSC05 3320 • 1 University of New Mexico • Albuquerque, NM 87131-0001 • Phone 505.277.2887 • Fax 505.277.7577 • www.unm.edu
Scholes Hall, Room 127

University of New Mexico

Possible Refunding of Series 2002A Bonds

Prepared by: FirstSouthwest

Summary

Refunding (refinancing) of $43.37 million callable amount of the Series 2002 A bond issue offers a potentially attractive savings opportunity.

It is recommended that refunding proceed if present value savings of approximately $1.8 million or greater (4% present value savings) can be achieved.

Summary of Refundable Bonds

Maturity Date	Interest Rate	Par Amount
Sub Lien Sys Ref & Imp Rev Bds, Series 2002A		
6/1/2013	5.250%	1,415,000.00
6/1/2014	5.250%	1,485,000.00
6/1/2015	5.250%	1,565,000.00
6/1/2016	5.250%	1,645,000.00
6/1/2017	5.250%	1,730,000.00
6/1/2018	5.250%	1,825,000.00
6/1/2019	5.250%	1,920,000.00
6/1/2020	5.250%	2,020,000.00
6/1/2021	5.250%	2,125,000.00
6/1/2022	5.000%	2,240,000.00
6/1/2023	5.000%	2,020,000.00
6/1/2024	5.000%	2,120,000.00
6/1/2025	5.000%	2,225,000.00
6/1/2026	5.000%	2,340,000.00
6/1/2027	5.000%	2,455,000.00
6/1/2028	5.000%	2,575,000.00
6/1/2029	5.000%	2,705,000.00
6/1/2030	5.000%	2,840,000.00
6/1/2031	5.000%	2,985,000.00
6/1/2032	5.000%	3,135,000.00
		43,370,000.00

All callable maturities are redeemable at par beginning June 1, 2012

Prospective Savings

Subordinate Lien System Improvement Revenue Refunding Bonds, Series 2011

				A	B	C
				Savings Comparison		
	Prior Debt	Unrefunded	Refunding Debt	**Rates**	**Rates**	
FYE	Service	Debt Service	Service	**8/4/2011**	**7/11/2011**	**@ 3% PV**
6/30/2012	$ 4,305,963	$ 2,268,138	$ 2,037,771	**$ 54**	**$ 29**	**$ 4,110**
6/30/2013	3,622,825	-	3,366,250	**256,575**	**184,425**	**102,125**
6/30/2014	3,618,538	-	3,360,650	**257,888**	**186,338**	**104,338**
6/30/2015	3,620,575	-	3,364,000	**256,575**	**185,925**	**103,525**
6/30/2016	3,618,413	-	3,359,800	**258,613**	**184,163**	**100,888**
6/30/2017	3,617,050	-	3,356,500	**260,550**	**186,800**	**104,900**
6/30/2018	3,621,225	-	3,361,750	**259,475**	**182,475**	**104,825**
6/30/2019	3,620,413	-	3,363,200	**257,213**	**186,413**	**100,088**
6/30/2020	3,619,613	-	3,358,000	**261,613**	**186,863**	**102,638**
6/30/2021	3,618,563	-	3,358,500	**260,063**	**187,313**	**104,438**
6/30/2022	3,622,000	-	3,364,250	**257,750**	**187,000**	**101,225**
6/30/2023	3,290,000	-	3,029,750	**260,250**	**186,500**	**103,900**
6/30/2024	3,289,000	-	3,031,750	**257,250**	**185,750**	**100,475**
6/30/2025	3,288,000	-	3,029,000	**259,000**	**184,750**	**102,825**
6/30/2026	3,291,750	-	3,031,500	**260,250**	**183,500**	**100,700**
6/30/2027	3,289,750	-	3,028,750	**261,000**	**187,000**	**104,425**
6/30/2028	3,287,000	-	3,025,750	**261,250**	**185,000**	**103,725**
6/30/2029	3,288,250	-	3,027,250	**261,000**	**182,750**	**103,900**
6/30/2030	3,288,000	-	3,027,750	**260,250**	**185,250**	**105,000**
6/30/2031	3,291,000	-	3,032,000	**259,000**	**187,250**	**102,050**
6/30/2032	3,291,750	-	3,034,500	**257,250**	**183,750**	**100,375**
	$ 73,399,675	$ 2,268,138	$ 65,948,671	**$ 5,182,867**	**$ 3,709,242**	**$ 2,060,473**
			Net Present Value Savings	**$ 3,510,521**	**$ 2,466,005**	**$ 1,334,574**
			Amount of Refunded Bonds	**$ 43,370,000**	**$ 43,370,000**	**$ 43,370,000**
			Present Value Savings as % of Refunded Amount	**8.0944%**	**5.6860%**	**3.0772%**

UNIVERSITY OF NEW MEXICO

Savings Sensitivity

As of 'Aa2/AA' 8.4.11

Interest Rate Change	Refunding Par	Net Present Value Savings	Refunded PV Savings %	Arbitrage Yield
0.500%	42,055,000	1,366,537	3.151%	3.833%
0.400%	42,040,000	1,784,296	4.114%	3.729%
0.300%	42,025,000	2,206,253	5.087%	3.627%
0.200%	42,010,000	2,635,702	6.077%	3.523%
0.100%	41,995,000	3,069,447	7.077%	3.420%
0.000%	41,985,000	3,510,521	8.094%	3.317%*
-0.100%	41,965,000	3,955,042	9.119%	3.214%
-0.200%	41,950,000	4,406,602	10.160%	3.111%
-0.300%	41,940,000	4,865,644	11.219%	3.007%
-0.400%	41,925,000	5,330,639	12.291%	2.904%
-0.500%	41,910,000	5,800,371	13.374%	2.801%

*** True Interest Cost (TIC) as of 8/4/2011: 3.80%**

Timetable of Events

Tuesday, September 13, 2011	Regents consider and adopt Parameters Resolution
Saturday, September 17, 2011	Publish Notice of Adoption of Parameters Resolution
Thursday, October 13, 2011	Higher Education Department Meeting – Approval of bond issue
Tuesday, October 18, 2011	State Board of Finance meeting – adoption of SBOF Parameters Resolution
Thursday, November 3, 2011	Finance and Facilities Committee review Pricing Resolution, Preliminary Official Statement and related documents
Tuesday, November 15, 2011 Tuesday, December 13, 2011 Tuesday, January 10, 2012 or Tuesday, February 14, 2012	Regents meeting (regular scheduled meeting dates) – adopt Pricing Resolution and approve sale. Marketing and pricing of refunding bond issue to occur on the preceding day. (Closing within 90 days of June 1, 2012 call date enables treatment as current refunding)

RESOLUTION

of

THE REGENTS OF THE UNIVERSITY OF NEW MEXICO

Authorizing the Issuance of its:

Not to Exceed $46,500,000
The Regents of the University of New Mexico
Subordinate Lien System Refunding Revenue Bonds
Series 2011

Dated September 13, 2011

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CERTIFICATE AS TO RESOLUTION

I, the duly qualified and acting Secretary and Treasurer of The Regents of the University of New Mexico, hereby certify that attached hereto is a true and correct copy of a resolution duly adopted by The Regents of the University of New Mexico at a regular meeting thereof held on September 13, 2011, notice of which was duly given and at which a quorum was present and acting throughout. I hereby certify that due and proper notice of the meeting has been given as required by Sections 10-15-1 through 10-15-4, NMSA 1978, as amended and as required by the regulations of the Regents.

I further certify that I caused to be published in the Albuquerque Journal the Notice of Resolution Authorizing Issuance of Public Securities as evidenced, by an affidavit of publication thereof attached hereto as Exhibit B.

WITNESS my hand and seal this _______, 2011.

[SEAL]

THE REGENTS OF THE UNIVERSITY
OF NEW MEXICO

By

____
Secretary and Treasurer

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

The Regents of the University of New Mexico convened at the regular meeting place of the Regents in the Student Union Building (Ballroom C) at the University of New Mexico in Albuquerque, New Mexico, on September 13, 2011 at 9:00 a.m.

There were present: ______________________________

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Those absent: ______________________________

The members present constituting a quorum, the Regents transacted the following business:

Regent _____ moved that the bond resolution be adopted and Regent _____ seconded the motion.

The motion to adopt the bond resolution prevailed upon the following vote:

AYES:

NAYS:

The bond resolution as adopted is as follows:

THE REGENTS OF THE UNIVERSITY OF NEW MEXICO
RESOLUTION

AUTHORIZING THE ISSUANCE AND SALE OF SUBORDINATE LIEN SYSTEM REFUNDING REVENUE BONDS, SERIES 2011 IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $46,500,000, IN ONE OR MORE SERIES, OF THE REGENTS OF THE UNIVERSITY OF NEW MEXICO FOR THE PURPOSE OF PROVIDING FUNDS FOR THE REFUNDING OF THE REGENTS OF THE UNIVERSITY OF NEW MEXICO, SUBORDINATE LIEN SYSTEM REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2002A, ACQUIRING A RESERVE FUND INSURANCE POLICY TO FUND, OR OTHERWISE FUNDING, A RESERVE FUND FOR SUCH BONDS, AND PAYING THE COSTS OF ISSUANCE ASSOCIATED THEREWITH; PROVIDING FOR THE PLEDGE OF CERTAIN REVENUES FOR THE PAYMENT OF THE BONDS; PROVIDING FOR ENTERING INTO CERTAIN CONTRACTS AND AGREEMENTS IN CONNECTION THEREWITH; PRESCRIBING OTHER DETAILS CONCERNING SUCH BONDS AND THE BOND PROCEEDS; PROVIDING FOR THE APPROVAL AND EXECUTION OF CERTAIN DOCUMENTS OTHERWISE RELATING TO THE FOREGOING; AND PROVIDING FOR THE PUBLICATION OF NOTICE OF ADOPTION OF THIS RESOLUTION.

WHEREAS, the capitalized terms used in the following preambles are defined in Section 1.01 of this Bond Resolution, unless the context requires otherwise; and

WHEREAS, the University of New Mexico, at Albuquerque, New Mexico (the "University"), is declared to be and is confirmed as a state educational institution by Section 11 of Article XII of the Constitution of the State of New Mexico (the "State"), as amended; and

WHEREAS, the Regents of the University of New Mexico (the "Regents") are a body corporate in which is vested the management and control of the University; and

WHEREAS, the Regents are authorized, pursuant to the Act, and desire to issue the Bonds for the purpose of undertaking the Project, such Bonds to be payable from the Pledged Revenues; and

WHEREAS, the Regents have sold and delivered the 1992A Bonds, being the only outstanding Superior Lien Parity Bonds; and

WHEREAS, the Regents have sold and delivered the following Subordinate Lien Parity Bonds: the 2000B Bonds, the 2001 Bonds, the 2002A Bonds, the 2002B Bonds, the 2002C Bonds, the 2003A Bonds, the 2003B Bonds, the 2003C Bonds, the 2005 Bonds, the 2007A Bonds and the 2007B Bonds; and

WHEREAS, except for the 1992A Bonds, the 2000B Bonds, the 2001 Bonds, the 2002A Bonds, the 2002B Bonds, the 2002C Bonds, the 2003A Bonds, the 2003B Bonds, the 2003C Bonds, the 2005 Bonds, the 2007A Bonds, the 2007B Bonds and other obligations relating to those bonds, the Pledged Revenues are not pledged on a senior or subordinate basis to the payment of any bonds or other obligations which are presently outstanding and unpaid except as may otherwise be permitted hereby and except for lease-purchase obligations which are subject to annual appropriation by the Regents and other lease obligations which have a subordinate claim upon the Pledged Revenues relative to the Superior Lien Parity Bonds and the Subordinate Lien Parity Bonds; and

WHEREAS, the Regents have determined to finance (a) the refunding of the 2002A Bonds; (b) the acquisition of a reserve fund insurance policy to fund or otherwise funding a debt service reserve fund for the Bonds; and (c) the funding of the costs of issuance associated therewith (collectively, the "Project") all as described on Exhibit C; and

WHEREAS, the Bonds will be issued as fixed rate bonds; and

WHEREAS, the Regents hereby determine that issuance of the Bonds for the purpose of funding the Project as part of the System is necessary and desirable and to the advantage of the University, and further that the Pledged Revenues may lawfully be pledged to secure the payment of the Bonds and that it is economically feasible to defray the cost of the Project by the issuance of the Bonds and that it is necessary that the Bonds be issued in order to finance the Project; and

WHEREAS, the Regents have determined and hereby determine that the requirements established by the prior resolutions of the Regents for the issuance of the Bonds as Subordinate Lien Parity Bonds have been or will be satisfied prior to the issuance of the Bonds and that it is in the best interest of the University that the Bonds be issued as Subordinate Lien Parity Bonds; and

WHEREAS, the Regents will consider for adoption the Pricing Resolution when forms of the Related Documents have been prepared and when the final terms of the Bonds and the final scope of the Project are determined; and

WHEREAS, the Regents expect the Purchaser to offer to purchase the Bonds pursuant to the Purchase Contract upon the terms and conditions set forth therein and herein, the final terms of which will be considered in connection with the Pricing Resolution; and

WHEREAS, all required authorizations, consents or approvals of any state or city, governmental body, agency or authority in connection with the authorization, execution and issuance of the Bonds which are required to be obtained by the date of issuance of the Bonds, will be obtained prior to the date of issuance of the Bonds;

NOW, THEREFORE, BE IT RESOLVED BY THE REGENTS OF THE UNIVERSITY OF NEW MEXICO, AS FOLLOWS:

ARTICLE I

DEFINITIONS

As used herein the following terms shall have the following meanings unless the context clearly requires otherwise (such meanings to be equally applicable to both the singular and the plural forms of the terms defined):

"*Accreted Value*" means, with respect to Capital Appreciation Bonds, if any, the amount (per $5,000 Maturity Amount) to be set forth in the Pricing Resolution as of each June 1 or December 1, which is compounded on a semiannual basis. The Accreted Value with respect to any date other than each June 1 or December 1 shall be the amount to be set forth in the Pricing Resolution with respect to the last preceding June 1 or December 1, as the case may be, plus the portion of the difference between such amount and the amount to be set forth in the Pricing

Resolution with respect to the next June 1 or December 1, as the case may be, that the number of days (based on a 360-day year of twelve 30-day months) from such last preceding June 1 or December 1, as the case may be, to the date for which such determination is being calculated bears to the total number of days (based on a 360-day year of twelve 30-day months) from such last preceding June 1 or December 1, as the case may be, to the next succeeding June 1 or December 1, as the case may be.

"*Act*" means the general laws of the State, including Sections 6-17-1 through 6-17-19 NMSA 1978, as amended, and 6-14-1 through 6-14-12 NMSA 1978, as amended, and the enactments of the Regents relating to the issuance of the Bonds, including the Bond Resolution and the Pricing Resolution.

"*Authorized Denominations*" means $5,000 principal amount ($5,000 Maturity Amount with respect to the Capital Appreciation Bonds) and any integral multiple thereof.

"*Authorized Officer*" means the President and Vice President of the Regents and the following officers of the University: President, Executive Vice President for Administration, Chief Operating Officer and Chief Financial Officer, Associate Vice-President for Institutional Planning or any other officer of the University when designated by a certificate signed by the President of the Regents from time to time, a certified copy of which shall be delivered to the Paying Agent and the Registrar.

"*Bond*" or "*Bonds*" means any Series 2011 Bond.

"*Bond Counsel*" means an attorney at law or a firm of attorneys, designated by the Regents, experienced in matters pertaining to the issuance of, and the tax-exempt nature of interest on, bonds issued by states and their political subdivisions.

"*Bond Register*" means the books maintained by the Registrar for the registration, transfer and exchange of the Bonds.

"*Bond Resolution*" means this resolution, as amended or supplemented from time to time, but only as may be permitted by this resolution.

"*Bond Value*" means, as of any date of calculation, a Bond's outstanding principal amount (or its Accreted Value, with respect to Capital Appreciation Bonds").

"*Business Day*" means any day other than (a) a Saturday or Sunday, (b) any day on which the following offices are authorized or required to remain closed: offices of the University and offices of banks located in the cities in which the principal offices of the Fiscal Agent are located or (c) a day on which the New York Stock Exchange is closed.

"*Capital Appreciation Bonds*" means any Series 2011 Bonds designated as Capital Appreciation Bonds in the Pricing Resolution and maturing on the dates to be set forth in the Pricing Resolution.

"*Closing Date*" means the date of the original issuance and delivery to the Purchaser or their designee of the Series 2011 Bonds.

"*Code*" means the Internal Revenue Code of 1986, as amended.

"*Counsel*" means an attorney or a firm of attorneys admitted to practice law in the highest court of any state in the United States of America or in the District of Columbia.

"*Debt Service*" means for any particular Fiscal Year and for all series of Subordinate Lien Parity Bonds, an amount equal to the sum of (a) all interest payable during such Fiscal Year on all Outstanding Subordinate Lien Parity Bonds, plus (b) the principal installment or installments of Outstanding Subordinate Lien Parity Bonds falling due during such Fiscal Year, calculated on the assumption that Outstanding Subordinate Lien Parity Bonds on the day of calculation cease to be outstanding by reason of payment either upon maturity or by application of any scheduled sinking fund installments as provided for in resolutions now or hereafter adopted authorizing the issuance of Subordinate Lien Parity Bonds, plus (c) any net periodic payments on a notional amount required to be made by the Regents pursuant to a Qualified Exchange Agreement minus (d) any net periodic payments on a notional amount to be received by the Regents pursuant to a Qualified Exchange Agreement.

"*Debt Service Grants*" means, collectively, the aggregate of the payments received or to be received by the Regents, whether as grants or otherwise, pursuant to presently outstanding agreements of the Regents with the United States of America, or any of its agencies, within the meaning of the provisions of Section 6-17-14 NMSA 1978, as amended, which have been specifically pledged or dedicated to specific prior Superior Lien Parity Bonds or other bonds, and only if in compliance with the covenant of Section 7.09 hereof, pursuant to such agreements hereafter entered into by the Regents.

"*Depository*" means any of the following registered securities depositories: (a) The Depository Trust Company, 55 Water Street, New York, New York 10041; and (b) Philadelphia Depository Trust Company, Inc., 1900 Market Street, Philadelphia, Pennsylvania 19103, Attn: Bond Department, Fax (215) 496-5058; or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other address and/or such other securities depositories as an Authorized Officer of the University may designate.

"*Eligible Investments*" means (a) Permitted Investments, (b) any money market fund whose investments are restricted to Permitted Investments, and (c) to the extent to which they are at the time legal investments for the University, any of the following:

(a) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including (i) Export-Import Bank, (ii) Farm Credit System Financial Assistance Corporation, (iii) Farmers Home Administration, (iv) General Services Administration, (v) United States Maritime Administration, (vi) Small Business Administration, (vii) Government National Mortgage Association (GNMA), (viii) United States Department of Housing and Urban Development (PHAs) and (ix) Federal Housing Administration;

(b) (i) Senior debt obligations rated "AAA" by S&P and "Aaa" by Moody's issued by (A) the Federal National Mortgage Association or (B) the Federal Home Loan Mortgage Corporation, or (ii) senior debt obligations of other government sponsored agencies approved by S&P and Moody's;

(c) United States dollar denominated deposit accounts, federal funds and bankers acceptances with domestic commercial banks which have a rating on their short-term certificates of deposit on the date of purchase of "A-l" or "A-1+" by S&P and "P-1" by Moody's and maturing no more than 360 days after the date of purchase (ratings on holding companies are not to be considered as the rating of the bank);

(d) Commercial paper which is rated at the time of purchase in the single highest classification, "A-1+" by S&P and "P-1" by Moody's and which matures not more than 270 days after the date of purchase;

(e) Investments in a money market fund rated "AAAm" or "AAAm-G" or better by Moody's or S&P;

(f) Pre-refunded Municipal Obligations defined as follows: Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local government unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(i) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of S&P and Moody's or any successors thereto; or

(ii) (A) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (B) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(g) Investment agreements (supported by appropriate opinions of counsel) with notice to S&P and Moody's; and

(h) Other forms of investments (including repurchase agreements) with notice to S&P and Moody's.

The value of the above investments, which shall be determined as of the end of each month, shall be calculated as follows:

(a) As to investments the bid and asked prices of which are published on a regular basis in The Wall Street Journal (or, if not there, then in The New York Times), the average of the bid and asked prices for such investments so published on or most recently prior to such time of determination;

(b) As to investments the bid and asked prices of which are not published on a regular basis in The Wall Street Journal or The New York Times, the average bid price at such time of determination for such investments by any two nationally recognized government securities dealers (selected by the Regents in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service;

(c) As to certificates of deposit and bankers acceptances, the face amount thereof, plus accrued interest; and

(d) As to any investment not specified above, the value thereof established by prior agreement among the Regents, the Paying Agent, S&P and Moody's.

"*EMMA*" means the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system located on its website at emma.msrb.org.

"*Expenses*" means the reasonable and necessary fees, costs and expenses incurred by the University or the Regents in connection with the issuance of the Bonds and the execution and delivery of the Related Documents, including, without limitation, costs of advertising and publication of the Bond Resolution, cost of printing bonds and any disclosure documents, legal fees and expenses, fees and expenses of the Fiscal Agent, the Purchaser (including underwriters discount), any premium payable to a provider of a Subordinate Lien Parity Bonds Reserve Fund Surety Bond, fees and expenses of any certified public accountant or firm of certified public accountants incurred in connection with the issuance of, and disclosure matters pertaining or allocable to, the Bonds and the Project and all reasonable fees and administrative costs of the Regents or the University relating to the foregoing.

"*Favorable Opinion of Bond Counsel*" means an opinion or opinions of Bond Counsel, addressed to the Regents and any other party required by the Bond Resolution or a Related Document to the effect that the action proposed to be taken is authorized or permitted by the laws of the State, the Bond Resolution and applicable Related Document and will not adversely affect any exclusion from gross income for federal income tax purposes of interest on the Series 2011 Bonds, any exemption for the Series 2011 Bonds from federal or state securities laws or any protection afforded to the Series 2011 Bondowners by applicable federal bankruptcy laws, as the case may be.

"*Federal Securities*" means direct obligations of, or obligations the principal and interest of which are unconditionally guaranteed by the United States of America.

"*Fiscal Agent*" means, collectively, the Paying Agent/Registrar, which shall be an Insured Bank.

"*Fiscal Year*" means the twelve-month period used by the University for its general accounting purposes as the same may be changed from time to time, presently being a period beginning on July 1 of each year and ending on June 30 of the next succeeding year.

"*Income from the Permanent Fund,*" "*Income from the Other Lands Fund*" and "*Income from the Land Fund*" shall mean, respectively, the gross income from the Permanent Fund of the University, the gross income of the University derived from the lease or rentals of its lands or its other property, and the gross income of the University derived from the lease or rental of such of the lands or other property, if any, held by the State for the benefit of the University which remain unsold, as established and provided for by Article XII of the New Mexico Constitution, which income may be pledged to the payment of the obligations of the Regents pursuant to Section 6-17-14 NMSA 1978, as amended.

"*Insured Bank*" means a bank or savings and loan association whose deposits are insured by an agency of the United States of America and having a capital and surplus of not less than $10,000,000 at the time of such appointment.

"*Interest Payment Date*" means each June 1 and December 1 or, if any June 1 or December 1 is not a Business Day, the next succeeding Business Day or such other day designated in the Pricing Resolution.

"*Issuance Expense Fund*" means the Series 2011 Issuance Expense Fund created herein.

"*Letter of Representations*" means the Blanket Issuer Letter of Representations provided to the Depository Trust Company and dated April 24, 1996.

"*Maturity Amount*" means the maximum amount payable, to a registered owner of a Capital Appreciation Bond to be set forth in the Pricing Resolution.

"*Moody's*" means Moody's Investors Service, and, if such corporation is dissolved or liquidated or no longer performs the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the University.

"*NMSA 1978*" means the compilation of the laws of the State known as New Mexico Statutes Annotated, 1978 Compilation, as amended and supplemented from time to time.

"*1992A Bonds*" means the bonds designated as "The Regents of the University of New Mexico, System Revenue Refunding Bonds, Series 1992A" issued in the original principal amount of $36,790,000.

"*2000B Bonds*" means the bonds designated as "The Regents of the University of New Mexico, Subordinate Lien System Improvement Revenue Bonds, Series 2000B," issued in the original principal amount of $6,621,671.40.

"*2001 Bonds*" means the bonds designated as "The Regents of the University of New Mexico, Subordinate Lien System Improvement Revenue Bonds, Series 2001" issued in the original principal amount of $52,625,000.

"*2002A Bonds*" means the bonds designated as "The Regents of the University of New Mexico, Subordinate Lien System Revenue Bonds, Series 2002A" issued in the original principal amount of $58,860,000.

"*2002B Bonds*" means the bonds designated as "The Regents of the University of New Mexico, Subordinate Lien System Refunding Revenue Bonds, Series 2002B" issued in the original principal amount of $25,475,000.

"*2002C Bonds*" means the bonds designated as "The Regents of the University of New Mexico, Subordinate Lien System Revenue Bonds, Series 2002C" issued in the original principal amount of $37,840,000.

"*2003A Bonds*" means the bonds designated as "The Regents of the University of New Mexico Subordinate Lien System Refunding Revenue Bonds, Series 2003A" issued in the original principal amount of $21,660,000.

"*2003B Bonds*" means the bonds designated as "The Regents of the University of New Mexico, Subordinate Lien System Refunding Revenue Bonds, Series 2003B" issued in the original principal amount of $5,585,000.

"*2003C Bonds*" means the bonds designated as "The Regents of the University of New Mexico, Subordinate Lien System Refunding Revenue Bonds, Taxable Series 2003C" issued in the original principal amount of $6,220,000.

"*2005 Bonds*" mean the bonds designated as "The Regents of the University of New Mexico, Subordinate Lien System Revenue Bonds, Series 2005" issued in the original principal amount of $125,575,000.

"*2007A Bonds*" means the bonds designated as "The Regents of the University of New Mexico, Subordinate Lien System Improvement Revenue Bonds, Series 2007A" issued in the original principal amount of $124,875,000.

"*2007B Bonds*" means the bonds designated as "The Regents of the University of New Mexico, Taxable Subordinate Lien System Improvement Revenue Bonds, Series 2007B" issued in the original principal amount of $11,835,000.

"*Officer's Certificate*" means a certificate executed by an Authorized Officer.

"*Official Statement*" means a Preliminary Official Statement and a final Official Statement relating to the sale of the Bonds (including the cover page and all summary statements, appendices and other materials included or incorporated by reference or attached thereto), as amended or supplemented, or any other preliminary or final official statement of the University or prospectus used with respect to the Bonds.

"*Operating and Maintenance Expenses*" means the reasonable operating and maintenance expenses of the System which shall be deemed to include all costs of heating and lighting the buildings, improvements and facilities comprising the System, insurance, the cost of services of employees operating and maintaining the buildings, improvements or facilities comprising the System, the cost of food, repairs, costs of reasonable replacements of equipment, and any other incidental costs not herein specifically enumerated, but which are reasonably necessary to operate and maintain the buildings, facilities, improvements and equipment comprising the System.

"*Outstanding*" or "*outstanding*" when used in reference to bonds means, on any particular date, the aggregate of all bonds delivered under the applicable resolution authorizing the issuance of such bonds including, without limiting the generality of the foregoing, the Series 2011 Bonds issued hereunder, excepting:

(a) those paid but not yet cancelled, those cancelled at or prior to such date or those delivered or acquired by the Regents at or prior to such date for cancellation;

(b) those otherwise deemed to be paid in accordance with Article IX hereof or similar section of any resolution of the Regents authorizing the issuance of the applicable bonds;

(c) those in lieu of or in exchange or substitution for which other bonds shall have been delivered, unless proof satisfactory to the Regents and the paying agent for the applicable bonds is presented that any bond for which a new bond was issued or exchanged is held by a bona fide holder or in due course; and

(d) those which have been refunded in accordance with Section 6.03 hereof or similar section of any resolution of the Regents authorizing the issuance of the applicable bonds.

"*Overdue Bond*" means a Capital Appreciation Bond on which the entire Accreted Value or Maturity Amount, as applicable, shall not have been punctually paid or duly provided for when and as due and payable.

"*Owner*" means the registered owner of any Bond as shown on the Bond Register.

"*Paying Agent/Registrar*" means the commercial bank or financial institution designated in the Pricing Resolution to serve as paying agent and registrar hereunder, or any successor thereto, as agent of the Regents, for the payment, registration, transfer and exchange of the Bonds, which shall be an Insured Bank.

"*Permitted Investments*" means direct obligations of the United States of America, or any of its agencies, or obligations fully guaranteed by the United States of America.

"*Person*" means any individual, corporation, partnership (in which case each general partner shall be deemed a Person), joint venture, association, joint-stock company, trust, unincorporated organization, government or any agency or political subdivision of a government.

"*Pledged Revenues*" means:

(a) The gross income and revenues of whatever nature derived from the operation or ownership of the System (except as otherwise excluded under the definition of System).

(b) All gross proceeds of student tuition and fees of every nature collected from students at the University, except (i) the fee now known as "Student Activity Fee" and (ii) fees expressly imposed for the use or availability of buildings, structures or facilities excluded from the System under the definition thereof.

(c) The gross amounts received by the University from the Income from the Permanent Fund, the Income from the Other Lands Fund and the Income from the Land Fund.

(d) With respect to any Superior Lien Parity Bonds to which applicable, the proceeds of Debt Service Grants and the proceeds of any interest subsidy paid for or on account of the Regents or the University by any governmental body or agency.

(e) All other income or revenues received by the University from proprietary activities carried on by the University, but excluding: (i) revenues arising from the operation, ownership or leasing of the University of New Mexico Hospital - Bernalillo County Medical Center, and Carrie Tingley Hospital, other than payments made by the University of New Mexico Hospital - Bernalillo County Medical Center, or successor thereto, to the University or the Regents for the use of the ambulatory care center previously financed with the proceeds of bonds issued by the Regents in 1989, (ii) the proceeds of ad valorem taxes, (iii) the proceeds of any University contracts and grants, whether from or with public, private or governmental sources, which are restricted as to use, and (iv) State appropriations. If the pledge of any one or more sources of other income or revenue to the payment of the Bonds shall ever be held by final decision of a court of competent jurisdiction to make the Bonds invalid because of constitutional restrictions on State indebtedness, the income or revenue derived from such other source or sources shall no longer be subject to the pledge herein contained; and provided further, that there shall not be included in the other income or revenue which is the subject of this paragraph any income or revenue excluded under the provisions of paragraphs (a) or (b) of this definition.

"*Pledged Revenues Fund*" means "The Regents of the University of New Mexico System Pledged Revenues Fund" which is contained in Section 5.01 hereof.

"*Pricing Resolution*" means the resolution to be adopted by the Regents prior to the issuance of the Bonds relating to the final terms of the Series 2011 Bonds and the final forms of the Related Documents.

"*Principal Office*" means the address for the Regents, the Fiscal Agent and any other party to a Related Document as stated in the Bond Resolution or a Related Document.

"*Project*" shall have the meaning set forth in the preambles hereof and as more specifically described in Exhibit C attached hereto or as modified in the Pricing Resolution.

"*Purchase Contract*" means the purchase contract or contracts among the Regents and the Purchaser relating to the purchase and sale of the Bonds.

"*Purchaser*" means, collectively, George K. Baum & Company and RBC Capital Markets, LLC.

"*Qualified Counterparty*" or "*Qualified Swap Provider*" means any Person entering into a Qualified Exchange Agreement with the Regents which, at the time of the execution of the Qualified Exchange Agreement, is rated in one of the two highest rating categories by S&P or Moody's and meets all the requirements of the Public Securities Short-Term Rate Act, Sections 6-18-1 through 6-18-16 NMSA 1978, as amended, its successors and assigns, or any substitute Qualified Counterparty or Qualified Swap Provider, appointed or consented to from time to time by an Authorized Officer.

"*Qualified Exchange Agreement*" means any financial arrangement between the Regents and a Qualified Counterparty which satisfies the requirements of the Public Securities Short-Term Interest Rate Act, Sections 6-18-1 through 6-18-16 NMSA 1978, as amended, at the time the agreement is entered into.

"*Rating Agency*" means (a) Moody's and (b) S&P, the successor of either of them, or if either of them no longer exists and has no successor, then any other nationally recognized rating agency requested by the University to maintain a rating on any of the Bonds.

"*Rating Category*" means a generic securities rating category, without regard, unless otherwise stated with respect to any Rating Category in the Bond Resolution, in the case of a long-term rating category, to any refinement or gradation of such long-term rating category by a numerical modifier or otherwise.

"*Rebate Fund*" means the Series 2011 Rebate Fund established pursuant to Section 5.01 hereof.

"*Record Date*" means the fifteenth day immediately preceding an Interest Payment Date.

"*Redemption Account*" means each account of the Subordinate Lien Bond Service Fund for the deposit of money as set forth in Section 5.03 hereof to pay the optional redemption price of a series of Subordinate Lien Parity Bonds.

"*Redemption Price*" means the redemption price set forth herein of the Bonds payable to a Bondholder in connection with a redemption in whole or in part of the Bonds prior to the maturity date thereof expressed as a percentage of the Bond Value of such Bonds, and accrued interest, if any, to the date of redemption.

"*Refunding*" means the University's redemption of the outstanding 2002A Bonds as of the Closing Date.

"*The Regents of the University of New Mexico,*" "*the Regents,*" "*the Board of Regents*" and "*the Board*" mean the body corporate in which is vested the management and control of the University pursuant to Section 21-7-3 NMSA 1978 as amended.

"*Related Documents*" means, collectively, the Purchase Contract, Tax Compliance Certificate and Series 2011 Paying Agent Agreement, and any and all other documents contemplated thereby.

"*Refunding Fund*" means the Series 2011 Refunding Fund created herein.

"*Renewal and Replacement Fund*" means "The Regents of the University of New Mexico System Renewal and Replacement Fund" continued by Section 5.01 hereof.

"*Reserve Requirement*" means the average annual Debt Service on all Subordinate Lien Parity Bonds as calculated from time to time or as to any particular issue of Subordinate Lien Parity Bonds, if less, the maximum amount of the proceeds of such Subordinate Lien Parity Bonds permitted to be placed in a reserve fund by the Code.

"*S&P*" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, and, if such entity no longer performs the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the University.

"*Series 2011 Bonds*" means the bonds designated as "The Regents of the University of New Mexico, Subordinate Lien System Refunding Revenue Bonds, Series 2011" authorized to be issued and sold pursuant to this Bond Resolution, issued in a principal amount not to exceed $46,500,000.

"*Series 2011 Paying Agent Agreement*" means the Paying Agent and Fiscal Agent Agreement relating to the Series 2011 Bonds, by and between the Regents and the Fiscal Agent, as amended from time to time.

"*Series 2011 Rebate Fund*" means "The Regents of the University of New Mexico, Subordinate Lien System Refunding Revenue Bonds, Series 2011 Rebate Fund" created by Section 5.01 hereof.

"*Special Record Date*" means a date established for payment of overdue interest on the Bonds by the Paying Agent pursuant to Section 3.01 hereof.

"*State*" means the State of New Mexico.

"*Subordinate Lien Parity Bond Service Fund*" means the fund created in Section 5.01(b) hereof for the payment of principal of and interest on the Bonds, as well as any accounts designated thereunder.

"*Subordinate Lien Parity Bonds*" means all bonds or other obligations, including the outstanding 2000B Bonds, the 2001 Bonds, the 2002A Bonds, the 2002B Bonds, the 2002C Bonds, the 2003A Bonds, the 2003B Bonds, the 2003C Bonds, the 2005 Bonds, the 2007A Bonds, the 2007B Bonds, the Series 2011 Bonds (when and if issued), and any payment obligation under a Qualified Exchange Agreement, now outstanding or hereafter payable from the Pledged Revenues secured by a lien on the Pledged Revenues subordinate to the lien thereon securing Superior Lien Parity Bonds.

"*Subordinate Lien Parity Bonds Reserve Fund*" means "The Regents of the University of New Mexico System Subordinate Lien Parity Bonds Reserve Fund" created in Section 5.01 hereof.

"*Subordinate Lien Parity Bonds Reserve Fund Surety Bond*" means the policy or policies of insurance or surety bond or bonds issued to the Regents in an amount which, when added to funds on deposit in the Subordinate Lien Parity Bonds Reserve Fund, is equal to the Reserve Requirement, the proceeds of which shall be used only to prevent deficiencies in the payment of the principal of or interest on Subordinate Lien Parity Bonds resulting from insufficient amounts being on deposit in the Subordinate Lien Parity Bond Service Fund to make such payments of principal and interest as the same become due. Such policy or surety bond shall be written by the provider of the Subordinate Lien Parity Bonds Reserve Fund Surety Bond or by a similar entity experienced in insuring municipal bonds whose policies of insurance would not in and of itself adversely affect either the rating on Subordinate Lien Parity Bonds by Moody's or by S&P in effect on the date of delivery of the applicable Subordinate Lien Parity Bonds and provided that at the time of the issuance of such policy or surety bond such entity or the component insurance companies thereof shall have received the highest policyholder rating accorded Subordinate Lien Parity Bonds Reserve Fund Surety Bond providers by S&P and Moody's. If there is any change in such policy or surety bond, the Regents shall notify Moody's and S&P.

"*Superior Lien Parity Bond Service Fund*" means the Superior Lien Parity Bond Service Fund continued in Section 5.01 hereof.

"*Superior Lien Parity Bonds*" means the outstanding 1992A Bonds.

"*Superior Lien Parity Bonds Reserve Fund*" means "The Regents of the University of New Mexico, System Superior Lien Parity Bonds Reserve Fund" continued by Section 5.01 hereof.

"*Superior Lien Parity Bonds Reserve Fund Surety Bond*" means the policy or policies of insurance or surety bond or bonds issued to the Regents in an amount which, when added to funds on deposit in the Superior Lien Parity Bonds Reserve Fund, is equal to the reserve requirement for Superior Lien Parity Bonds, the proceeds of which shall be used only to prevent deficiencies in the payment of the principal of or interest on Superior Lien Parity Bonds resulting from insufficient amounts being on deposit in the Superior Lien Parity Bond Service Fund to make such payments of principal and interest as the same become due. Such policy or surety bond shall be written by the provider of the Superior Lien Parity Bonds Reserve Fund Surety Bond or by a similar entity experienced in insuring municipal bonds whose policies of insurance would not in and of itself adversely affect either the rating on Superior Lien Parity Bonds by Moody's or by S&P in effect on the date of delivery of the applicable Superior Lien Parity Bonds and provided that at the time of the issuance of such policy or surety bond such entity or the component insurance companies thereof shall have received the highest policyholder rating accorded Superior Lien Parity Bonds Reserve Fund Surety Bond providers by S&P and Moody's. If there is any change in such policy or surety bond, the Regents shall notify Moody's and S&P.

"*System*" means all housing facilities (student, faculty and other) and all other buildings, structures, improvements and facilities located on any campus of the University from the use and availability of which income or revenue (including in the term "income or revenue" the proceeds of student tuition and fees) is produced, present and future, owned or operated by the Regents or the University, including, without limitation, dormitories, student unions, auditoriums, dining halls, book stores, stadiums, golf courses, swimming pools, hospitals or infirmaries, printing plants owned or operated by the University, classroom buildings, administrative buildings, research facilities and development buildings; provided, that as additional housing and other facilities are acquired by the University from time to time hereafter, and as existing facilities in the System are improved or extended, such additional, improved or extended facilities shall become part of the System; provided further, that the Regents retain the right to acquire, construct or operate any one or more such facilities hereafter and to provide by resolution that any such facility so acquired, constructed or operated shall not become a part of the System, and such facilities so excepted shall not become a part of the System and the income and revenues derived therefrom shall not be part of the Pledged Revenues; and provided further, that the University of New Mexico Hospital - Bernalillo County Medical Center and Carrie Tingley Hospital now or hereafter owned, operated or leased by the University shall not be considered a part of the System for any purposes of the Bond Resolution.

"*Tax Compliance Certificate*" means the certificate bearing such name executed by an Authorized Officer and relating to the Series 2011 Bonds.

"*The University of New Mexico*" and "*University*" mean the state educational institution designated as the University of New Mexico at Albuquerque and so confirmed by Section 11 of Article XII of the New Mexico Constitution, as amended.

ARTICLE II

AUTHORIZATION, RATIFICATION AND FINDINGS

Section 2.01 Ratification. All action heretofore taken (not inconsistent with the provisions of the Bond Resolution) by the Regents and the officers of the University, directed toward the Project, the issuance and sale of the Bonds and the Related Documents is hereby ratified, approved and confirmed.

Section 2.02 Findings. The Regents declare that they have considered all relevant information and data in making its findings and hereby find and determine that:

(a) ***Findings Regarding the Bonds and the Project.***

(i) The cost of the Project is reasonable.

(ii) The issuance of the Bonds to finance the Project is hereby approved.

(iii) The sale price of the Bonds, including the underwriters discount, to be set forth in the Purchase Contract and the Pricing Resolution, will be reasonable.

(iv) The project financed with proceeds from the 2002A Bonds comprise a part of the System.

(b) ***Authorization.*** For the purpose of providing funds with which to finance the Project, and in anticipation of the collection of the Pledged Revenues, there shall be issued negotiable, fully registered revenue bonds, in one or more series, to be designated "The Regents of the University of New Mexico, Subordinate Lien System Refunding Revenue Bonds Series 2011" in an aggregate principal amount not to exceed $46,500,000 to be payable and collectible solely from the Pledged Revenues It is hereby found and determined that the Pledged Revenues are reasonably expected to produce sufficient moneys to repay the Bonds when due. The Series 2011 Bonds will be issued with a fixed rate of interest and may be tax-exempt or taxable under the Code. The Series 2011 Bonds may be issued as current interest bonds or as Capital Appreciation Bonds as determined pursuant to the Pricing Resolution.

Section 2.03 Delegation to President. Subject to the ratification of such terms in the Pricing Resolution, the President of the University is hereby authorized and delegated the power to determine the following with respect to the Bonds:

(a) The exact principal amount of the Bonds not to exceed $46,500,000, provided that such amount shall not exceed the amount necessary to finance the Project.

(b) The principal amount maturing in each year (whether at stated maturity or mandatory redemption) provided that such principal shall end not later than June 1, 2041.

(c) Whether the Bonds are issued as current interest bonds or as Capital Appreciation Bonds.

(d) The interest rate on the Bonds provided that the net effective fixed interest rate for the Bonds may not exceed 5.0% per annum for tax-exempt bonds.

(e) Except with respect to Capital Appreciation Bonds, if any, provisions for optional or mandatory redemption of the Bonds, provided that the Bonds shall be subject to optional redemption no later than 10 years after June 1, 2011 and at a premium no greater than 2.0% of the principal so redeemed and provided further that the mandatory redemption provisions shall comply with paragraph (b) of this Section.

(f) The price at which the Bonds are sold to the Purchaser provided that the original issue discount shall not exceed 3.0% of the aggregate principal amount of the Bonds and the Purchasers discount shall not exceed 1.0% of the aggregate principal amount of the Bonds.

(g) The final forms of the Related Documents.

(h) The dated date of the Bonds.

(i) The final scope and size of the Project.

ARTICLE III

THE SERIES 2011 BONDS

Section 3.01 Bond Details. The Bonds shall be issued in fully registered form (i.e., registered as to both principal and interest). Except as provided in Section 3.06 hereof, the Bonds shall be issued in the denomination of $5,000 principal amount ($5,000 Maturity Amount with respect to the Capital Appreciation Bonds, if any) and any integral multiples thereof (provided that no Bond may be in a denomination which exceeds the principal coming due on any maturity date, and no individual Bond will be issued for more than one maturity). The Bonds shall bear interest from their date and shall mature as set forth in the Pricing Resolution. Bonds which are reissued upon transfer, exchange or other replacement shall bear interest from the most recent interest payment date for which interest has been paid or duly provided for, or if no interest has been paid, from the date of the Bonds.

Except as may be provided in the Pricing Resolution, the principal of and redemption premium, if any, on any Bond shall be payable to the registered owner thereof as shown on the registration records kept by the Registrar upon maturity or prior redemption thereof and upon presentation and surrender at the Paying Agent. If any Bond shall not be paid upon such presentation and surrender at or after maturity, it shall continue to draw interest at the interest rate borne by said Bond until the principal thereof is paid in full. Except as provided in Section 3.06 hereof, payment of interest on any Bond shall be made to the registered owner thereof by check or draft mailed by the Paying Agent, on or before each Interest Payment Date, to the registered owner thereof at the address as shown on the registration records kept by the Registrar at the close of business on the Record Date for such Interest Payment Date; but any such interest not so timely paid or duly provided for shall cease to be payable to the Person who is the registered owner thereof at the close of business on the Record Date and shall be payable to the Person who is the registered owner thereof at the close of business on a Special Record Date for the payment of any defaulted interest. The Paying Agent shall fix such Special Record Date and the date for payment of such interest whenever monies become available for payment of the defaulted interest. Notice of the Special Record Date and the date for payment of such interest shall be given to the registered owners of the Bonds not less than ten days prior thereto by first-class mail to each such registered owner as shown on the Registrars registration records on a date selected by the Registrar, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest. The Paying Agent may make payments of interest on any Bond by such alternative means as may be mutually agreed to between the owner of such Bond and the Paying Agent (provided, however, that the Regents shall not be required to make funds available to the Paying Agent prior to the date on which such funds are due for payment to the registered owners of the Bonds). All such payments shall be made in lawful money of the United States of America.

With respect to Capital Appreciation Bonds, if any:

(a) The Capital Appreciation Bonds will be issued in the Maturity Amount and the original principal amount to be set forth in the Pricing Resolution.

(b) The Maturity Amount of each Capital Appreciation Bond is payable on the maturity date to be set forth in the Pricing Resolution upon presentation and surrender at the Principal Office of the Paying Agent.

(c) The Capital Appreciation Bonds shall be issued only as fully registered bonds in initial denominations of $5,000 Maturity Amount and integral multiples thereof. The Capital Appreciation Bonds shall mature on the date, at the accretion rate and in the Maturity Amount as set forth on their face.

(d) In the event that the Capital Appreciation Bonds are retired prior to their maturity date due to prior redemption or an acceleration, the amount payable on the Capital Appreciation Bonds shall be the Accreted Value corresponding to the date fixed for payment of the Capital Appreciation Bonds to be set forth in the Pricing Resolution. The Accreted Value with respect to any date other than a June 1 or December 1 is the amount to be set forth in the Pricing Resolution with respect to the next preceding June 1 or December 1, plus the portion of the difference between such amount and the amount to be set forth in the Pricing Resolution with respect to the next succeeding June 1 or December 1 that the number of days (based on a 360-day year of twelve 30-day months) from such last preceding June 1 or December 1, to the date for which such determination is being calculated, bears to the total number of days (based on a 360-day year of twelve 30-day months) from such last preceding June 1 or December 1, to the next succeeding June 1 or December 1.

(e) Payments of the Maturity Amount of the Capital Appreciation Bonds shall be made pro rata among all outstanding Capital Appreciation Bonds, in proportion to the relative Accreted Value of each Capital Appreciation Bond, without preference or priority of any kind. If the Regents cannot make a strict pro rata payment among all Capital Appreciation Bondholders, the Regents shall pay more or less than a pro rata portion to one or more owners of the Capital Appreciation Bonds in such manner as the Regents in its sole discretion deems fair and reasonable.

(f) Notwithstanding any of the foregoing provisions with respect to payments of the Maturity Amount on the Capital Appreciation Bonds, if the Capital Appreciation Bonds have become or been declared due and payable following an event of default and such acceleration of maturity and its consequences have not been rescinded and annulled, then payments of Accreted Value on such Capital Appreciation Bonds shall be made in accordance with Article VIII hereof.

(g) Any payment of Maturity Amount or Accreted Value which is punctually paid or duly provided for by the Regents shall be paid to the person in whose name such Capital Appreciation Bond is registered at the close of business on the Record Date by check or draft (or wire transfer in immediately available funds to an account designated by such owner of Capital Appreciation Bonds with respect to holders of $1,000,000 or more in Maturity Amount of Capital Appreciation Bonds). Any installment of interest not punctually paid or duly provided for shall be payable in the manner and to the persons specified in Article VIII hereof.

(h) For Overdue Bonds, interest on the amount not punctually paid or duly provided for shall accrue, from the date such amount was due until paid, at the accrual rate for such Capital Appreciation Bonds (but only to the extent that payment of such interest shall be legally enforceable), and, to the extent funds are available therefor hereunder, shall be payable on a payment date established by the Paying Agent to the person entitled thereto on a Special Record Date, as provided in Section 3.01 of this Resolution. Together with each such payment of interest on any Overdue Bond, the Regents shall also be obligated to pay that portion of any Overdue Bond for the payment of which funds are available hereunder.

Section 3.02 Prior Redemption. The Bonds may be subject to prior optional, mandatory or sinking fund redemption as approved in the Pricing Resolution.

(a) ***Optional Redemption.*** Bonds maturing on or before the date determined by the President pursuant to Section 2.03 hereof are not subject to prior redemption. Bonds or portions thereof maturing on and after the date determined by the President pursuant to Section 2.03 hereof shall be subject to redemption prior to their respective maturities, at the option of the Regents, on and after the date determined by the President pursuant to Section 2.03 hereof, in whole or in part at any time from such maturities as are selected by the Regents, and if less than all the Bonds of a maturity are to be redeemed, the Bonds of such maturity are to be redeemed by lot, at a price equal to the principal amount of each Bond or portion thereof so redeemed, accrued interest to the redemption date, plus such premium, if any, determined by the President pursuant to Section 2.03 hereof.

(b) ***Mandatory Redemption.*** If the President determines that the Bonds shall be subject to mandatory redemption pursuant to Section 2.03 hereof, the Bonds shall be subject to mandatory redemption at a redemption price equal to the principal amount thereof plus accrued interest to the sinking fund redemption date determined by the President. As and for a sinking fund for the mandatory redemption of Bonds, the Regents shall cause to be deposited in the Series 2011 Bonds Principal Account prior to each sinking fund redemption date a sum which is sufficient to redeem (after credit as provided below) the principal amounts of the Bonds as determined by the President pursuant to Section 2.03 hereof, plus accrued interest to the sinking fund redemption date. Not more than sixty days nor less than thirty days prior to each sinking fund redemption date, the Registrar shall proceed to select for redemption (by lot in such manner as the Registrar may determine) from all Outstanding Bonds subject to mandatory redemption on such sinking fund redemption date a principal amount of Bonds equal to the aggregate principal amount of Bonds redeemable with the required sinking fund payment, shall call such Bonds or portion thereof ($5,000 principal amount, or any integral multiple thereof) for such redemption on such sinking fund redemption date, and shall give notice of such call.

(c) ***Partial Redemption.*** In the case of Bonds of a denomination larger than $5,000, a portion of such Bond ($5,000 principal amount or $5,000 Maturity Amount, with respect to the Capital Appreciation Bonds, if any, or any integral multiple thereof) may be redeemed, in which case the Registrar, except as provided in Section 3.06 hereof, shall, without charge to the owner of such Bond, authenticate and issue a replacement Bond or Bonds for the unredeemed portion thereof. In the case of a partial redemption of Bonds of a single maturity, the Registrar shall select the Bonds to be redeemed by lot at such time as directed by an Authorized Officer (but at least 30 days prior to the Redemption Date), and if such selection is more than 60 days before a Redemption Date, shall direct the Registrar to appropriately identify the Bonds so called for redemption by stamping them at the time any Bond so selected for redemption is presented to the Registrar for stamping or for transfer or exchange, or by such other method of identification as is deemed adequate by the Registrar, and any Bond or Bonds issued in exchange for, or to replace, any Bond so called for prior redemption shall likewise be stamped or otherwise identified.

At the option of the Regents to be exercised by delivery of a written certificate to the Registrar on or before the sixtieth day next preceding any sinking fund redemption date, it may (i) deliver to the Registrar for cancellation Bonds in an aggregate principal amount desired by the Regents, or (ii) specify a principal amount of Bonds subject to mandatory redemption on such sinking fund redemption date which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and cancelled by the Registrar at the request of the Regents and not theretofore applied as a credit against any sinking fund redemption obligation for any Bonds maturing on the same date. Each Bond so delivered or previously redeemed shall be credited by the Registrar at the principal amount thereof against the obligation of the Regents on such sinking fund redemption date for the Bonds and any excess over such amount shall be credited against such other sinking fund obligation, if any, for the Bonds of such maturity as designated by the Regents. In the event the Regents shall avail itself of the provisions of clause (i) of the first sentence of this paragraph, the certificate required by the first sentence of this paragraph shall be accompanied by the Bonds or portions thereof to be cancelled.

Section 3.03 Redemption Notice. The Registrar is required to give notice of mandatory redemption pursuant to Section 3.02(b) hereof without any notice from the Regents. Except for notice of mandatory redemption or unless waived by any registered owner of a Bond to be redeemed, notice of prior redemption shall be given by the Registrar, by first-class, postage prepaid mail, at least 30 days but not more than 60 days prior to the redemption date, to the registered owner of any Bond (initially Cede & Co.) all or a part of which is called for prior redemption at his address as it last appears on the registration records kept by the Registrar. The notice shall identify the Bonds and state that on such date the principal amount thereof and premium, if any, thereon will become due and payable at the Paying Agent (accrued interest to the redemption date being payable by mail or as otherwise provided in this Resolution), and that after such redemption date interest will cease to accrue. After such notice and presentation of said Bonds, the Bonds called for redemption will be paid. Actual receipt of mailed notice by the Purchaser or any registered owner of Bonds shall not be a condition precedent to redemption of such Bonds. Failure to give such notice by mailing to the registered owner of any Bond designated for redemption, or any defect therein, shall not affect the validity of the proceedings for the redemption of any other Bond. A certificate by the Registrar that notice of call and redemption has been given as provided in this section shall be conclusive as against all parties; and no holder whose Bond is called for redemption or any other holder of any Bond may object thereto or may object to the cessation of interest on the redemption date on the ground that he failed actually to receive such notice of redemption.

Unless money sufficient to pay the principal of and premium, if any, on the Bonds to be redeemed pursuant to this Section is received by the Paying Agent prior to the giving of notice of redemption in accordance hereof, that notice shall state that the redemption is conditional upon the receipt of that money by the Paying Agent by 2:00 p.m. on the redemption date. If an amount sufficient to redeem all Bonds called for redemption is not received by that time (i) the Paying Agent shall redeem only those Bonds for which the redemption price was received, (ii) the Bonds to be redeemed shall be selected in the manner set forth in Section 3.02(c) hereof and (iii) the redemption notice shall have no effect with respect to those Bonds for which the redemption price was not received and those Bonds shall not be redeemed. The Registrar shall give notice to the owners of the Bonds previously called for redemption which will not be redeemed in the manner in which the notice of redemption was given, identifying the Bonds which will not be redeemed, stating that the redemption did not take place with respect to those Bonds and shall promptly return any Bonds previously delivered by the owners of those Bonds. Moneys received by the Paying Agent pursuant to this paragraph shall be invested by the Paying Agent in Permitted Investments which mature on the earlier of (A) 30 days or (B) the date on which such moneys are needed.

The official notice of redemption to owners shall be dated and shall state:

(a) the redemption date;

(b) the redemption price;

(c) if less than all Outstanding Bonds are to be redeemed, the identification and CUSIP numbers (and, in the case or partial redemption, the principal amount or the Maturity Amount with respect to the Capital Appreciation Bonds), of the Bonds to be redeemed;

(d) that, subject to the provisions of Section 3.03 hereof, on the redemption date, the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date;

(e) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the Principal Office of the Paying Agent, the name of a contact person (if the previously described book-entry system is in effect), and the phone number at the office of the Paying Agent;

(f) if the redemption is pursuant to Section 3.03 hereof, that the redemption is conditional, if applicable, stating the conditions set forth in Section 3.03 hereof;

(g) such other information as the Paying Agent deems necessary or appropriate in order to conform to the prevailing industry standards and customs at the time such notice is to be mailed, including, but not limited to Securities and Exchange Commission Release No. 34-23856; and

(h) each additional notice of redemption shall contain the information required above for an official notice of redemption plus (i) the CUSIP numbers of the Bonds to be redeemed, (ii) the date of issuance of the Bonds being redeemed; (iii) the rate of interest borne by each Bond being redeemed; (iv) the maturity date of each Bond being redeemed; and (v) any other descriptive information needed to accurately identify the Bonds being redeemed.

No defect in the additional notices shall be the basis of any claim against the Paying Agent or the Regents for any incorrect information in that notice, nor shall any failure to give all or any part of such additional notice affect the effectiveness of a call for redemption if the official notice described above in this Section is given;

(i) The additional notice shall be delivered two Business Days before the publication date by Electronic Means or overnight delivery service to all Depositories and, on the publication date, to one or more Information Service; and

(j) At the option of the Regents, the additional notice may, be published in The Bond Buyer, New York, New York, or in another financial newspaper or journal which regularly carries notices of redemption of bonds at least 30 days prior to the date fixed for redemption. If notice is not published pursuant to this paragraph, the publication date for purposes of subparagraph (i) shall be deemed to be the date the official notice of redemption is mailed to the registered owners of the Bonds.

The Paying Agent shall comply with any other terms regarding redemption and notice of redemption, as are required by any agreement with a Depository.

The Paying Agent shall give a second notice of redemption within 60 days after the redemption date in the manner required above to the owners of the Bonds redeemed which have not been presented for payment.

Section 3.04 Negotiability. Subject to Section 3.06 hereof and to the registration and payment provisions herein provided, the Bonds shall be fully negotiable within the meaning of and for the purposes of the Uniform Commercial Code-Investment Securities, and each registered owner shall possess all rights enjoyed by a registered owner of negotiable instruments under the Uniform Commercial Code-Investment Securities.

Section 3.05 Registration, Transfer and Exchange of Bonds. Except as otherwise provided in Section 3.06 hereof, the Bonds shall be subject to registration, transfer and exchange as follows:

(a) Records for the registration and transfer of the Bonds shall be kept by the Registrar. Upon the surrender for transfer of any Bond at the Registrar, duly endorsed for transfer or accompanied by an assignment in form satisfactory to the Registrar duly executed by the registered owner or his attorney duly authorized in writing, the Registrar shall authenticate and deliver in the name of the transferee or transferees a new Bond or Bonds of a like aggregate principal amount and of the same maturity bearing a number or numbers not previously assigned. Bonds may be exchanged at the Registrar for an equal aggregate principal amount of Bonds of the same maturity of other authorized denominations, as provided in Section 3.01 hereof. The Registrar shall authenticate and deliver a Bond or Bonds, which the registered owner making the exchange is entitled to receive, bearing a number or numbers not previously assigned. For every exchange or transfer of Bonds requested by the registered owner thereof, the Regents or the Registrar may make a sufficient charge to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and may charge a sum sufficient to pay the cost of preparing and authenticating each new Bond. No such charge shall be levied in the case of an exchange resulting from an optional or mandatory redemption.

(b) The Registrar shall not be required to transfer or exchange (i) any Bond subject to redemption during a period beginning at the opening of business 15 days before the day of the mailing by the Registrar of a notice of prior redemption of Bonds and ending at the close of business on the day of such mailing, or (ii) any Bond after the mailing of notice calling such Bond or any portion thereof for redemption as herein provided.

(c) The person in whose name any Bond shall be registered on the registration records kept by the Registrar shall be deemed and regarded as the absolute owner thereof for the purpose of making payments thereof (except to the extent otherwise provided in Section 3.01 hereof with respect to overdue interest payments) and for all other purposes; and payment of or on account of either principal or interest on any Bond shall be made only to or upon the written order of the registered owner thereof or his legal representative, but such registration may be changed upon transfer of such Bond in the manner and subject to the conditions and limitations provided herein. All such payments shall be valid and effectual to discharge the liability upon such Bond to the extent of the sum or sums so paid.

(d) If any Bond shall be lost, stolen, destroyed or mutilated, the Registrar shall, upon receipt of such evidence, information or indemnity relating thereto as it or the Regents may reasonably require, and upon payment of all expenses in connection therewith, authenticate and deliver a replacement Bond or Bonds of a like aggregate principal amount and of the same maturity beating a number or numbers not previously assigned. If such lost, stolen, destroyed or mutilated Bond shall have matured or shall have been called for redemption, the Registrar may direct that such Bond, be paid by the Paying Agent in lieu of replacement.

(e) Whenever any Bond shall be surrendered to the Paying Agent upon payment thereof, or to the Registrar for transfer, exchange or replacement as provided herein, such Bond shall be promptly canceled by the Paying Agent or Registrar.

Section 3.06 Custodial Deposit.

(a) Notwithstanding the foregoing provisions of Sections 3.01 to 3.05 hereof, to the extent that all or any portion of the Bonds is eligible for book-entry only deposit with The Depository Trust Company, such Bonds which are eligible shall initially be evidenced by one Bond for each year in which the Bonds mature in denominations equal to the aggregate principal amount of the Bonds maturing in that year (or the Maturity Amount, with respect to the Capital Appreciation Bonds). Such initially delivered Bonds shall be registered in the name of "Cede & Co." as nominee for The Depository Trust Company, the securities depository for the Bonds. Such Bonds may not thereafter be transferred or exchanged except:

> (i) to any successor of The Depository Trust Company or its nominee, which successor must be both a "clearing corporation" as defined in § 55-8-102(3), NMSA 1978, as amended, and a qualified and registered "clearing agency" under Section 17A of the Securities Exchange Act of 1934, as amended; or
>
> (ii) upon the resignation of The Depository Trust Company or a successor or new depository under clause (i) or this clause (ii) of this subsection

(a), or a determination by the Regents that The Depository Trust Company or such successor or new depository is no longer able to carry out its functions, and the designation by the Regents of another depository institution acceptable to the Regents and to the depository then holding the Bonds, which new depository institution must be both a "clearing corporation" as defined in § 55-8-102(3), NMSA 1978, as amended, and a qualified and registered "clearing agency" under Section 17A of the Securities Exchange Act of 1934, as amended, to carry out the functions of The Depository Trust Company or such successor or new depository; or

(iii) upon the resignation of The Depository Trust Company or a successor or new depository under clause (i) or clause (ii) of this subsection (a), or a determination of the Regents that The Depository Trust Company or such successor or new depository is no longer able to carry out its functions, and the failure by the Regents, after reasonable investigation, to locate another qualified depository institution under clause (ii) to carry out such depository functions.

(b) In the case of a transfer to a successor of The Depository Trust Company or its nominee as referred to in clause (i) of subsection (a) hereof or designation of a new depository pursuant to clause (ii) of subsection (a) hereof, upon receipt of the Outstanding Bonds by the Registrar, together with written instructions for transfer satisfactory to the Registrar, a new Bond for each maturity of the Bonds then Outstanding shall be issued to such successor or new depository, as the case may be, or its nominee, as is specified in such written transfer instructions. In the case of a resignation or determination under clause (iii) of subsection (a) hereof and the failure after reasonable investigation to locate another qualified depository institution for the Bonds as provided in clause (iii) of subsection (a) hereof, and upon receipt of the Outstanding Bonds by the Registrar, together with written instructions for transfer satisfactory to the Registrar, new Bonds shall be issued in the denominations of $5,000 ($5,000 Maturity Amount with respect to the Capital Appreciation Bonds) or any integral multiple thereof, as provided in and subject to the limitations of Section 3.01 hereof, registered in the names of such persons, and in such denominations as are requested in such written transfer instructions; however, the Registrar shall not be required to deliver such new Bonds within a period of less than 60 days from the date of receipt of such written transfer instructions.

(c) The Regents, the Registrar and the Paying Agent shall be entitled to treat the registered owner of any Bond as the absolute owner thereof for all purposes hereof and any applicable laws, notwithstanding any notice to the contrary received by any or all of them and the Regents, the Registrar and the Paying Agent shall have no responsibility for transmitting payments to the beneficial owners of the Bonds held by The Depository Trust Company or any successor or new depository named pursuant to subsection (a) hereof.

(d) The Regents, the Registrar and the Paying Agent shall endeavor to cooperate with The Depository Trust Company or any successor or new depository named pursuant to clause (i) or (ii) of subsection (a) hereof in effectuating payment of the Bonds by arranging for payment in such a manner that funds representing such payments are available to the depository on the date they are due.

(e) Upon any partial redemption of any maturity of the Bonds, Cede & Co., (or its successor) in its discretion may request the Regents to issue and authenticate a new

Bond or shall make an appropriate notation on the Bond indicating the date and amount of prepayment, except in the case of final maturity, in which case the Bond must be presented to the Paying Agent prior to payment.

Section 3.07 Execution of Bonds. The Bonds shall be executed as follows:

(a) ***Filings with Secretary of State.*** Pursuant to Sections 6-9-1 and 6-9-6 NMSA 1978, as amended, and prior to the execution of any Bonds in which facsimile signatures are used, the President of the Regents and the Secretary and Treasurer of the Regents shall each file with the Secretary of State his or her manual signature certified by him or her under oath.

(b) ***Manner of Execution.*** Each Bond shall be signed and executed in the name of and on behalf of the Regents with the manual or facsimile of the signature of the President; and shall be signed, executed and attested with such a manual or facsimile of the signature of the Secretary and Treasurer.

(c) ***Authentication.*** No Bond shall be valid or obligatory for any purpose unless the certificate of authentication thereon, substantially in the form herein below provided, has been duly manually executed by the Registrar. The Registrar's certificate of authentication shall be deemed to have been duly executed if manually signed by an authorized officer or employee of the Registrar, but it shall not be necessary that the same officer or employee sign the certificate of authentication on all of the Bonds issued hereunder. By authenticating any of the Bonds delivered pursuant to this Resolution, the Registrar shall be deemed to have assented to all of the provisions of this Resolution.

Section 3.08 Use of Predecessors Signature. The Bonds bearing the signatures of the officers in office at the time of the signing thereof shall be the valid and binding obligations of the Regents, notwithstanding that any or all of the persons whose signatures appear thereon shall have ceased to fill their respective offices. The President and Secretary and Treasurer, at the time of the execution of the Bonds and of a signature certificate pertaining thereto, may adopt as and for his or her own facsimile signature the facsimile signature of his or her predecessor in office if such facsimile signature appears upon any of the Bonds.

Section 3.09 Bond Execution. The President and Secretary and Treasurer are hereby authorized and directed to prepare and to execute the Bonds as herein provided.

Section 3.10 Registration. The Registrar shall maintain the registration records of the Regents for the Bonds showing the name and address of the registered owner of each Bond authenticated and delivered, the date of authentication, the maturity/of the Bond and its interest rate, principal amount and Bond number.

Section 3.11 Bond Delivery. After registration of the Bonds pursuant to Section 3.10 hereof and after their execution pursuant to Section 3.07 hereof, the Regents shall cause the Bonds to be delivered to the Purchaser thereof, upon payment being made therefor.

Section 3.12 Bond Form. Subject to the provisions of this Resolution, including without limitation Section 2.03 hereof, each Bond shall be in the form attached hereto as Exhibit A, with such omissions, insertions, endorsements, legends and such other variations as may be required by the circumstances, be required or permitted by this Resolution, be set forth in the Pricing Resolution or be consistent with this Resolution and necessary or appropriate to conform to the rules and requirements of any governmental authority or any usage or requirement of law with respect thereto.

Section 3.13 Special Limited Obligations. The Bonds and all payments of principal, premium, if any, and interest thereon (whether at maturity or on a redemption date) and the obligations of the Regents for all other payments, fees, costs, interest and expenses hereunder and under the Related Documents, shall be special limited obligations of the Regents payable solely from the Pledged Revenues, which revenues are hereby pledged and are payable as set forth herein. However, the Bonds are also payable from accrued interest, if any, payable on the Bonds on the date of delivery thereof, and the Bonds are payable from amounts on deposit in the Interest Account, Principal Account and Subordinate Lien Parity Bonds Reserve Fund for the Series 2011 Bonds.

Owners and the parties under the Related Documents may not look to any general or other fund of the University for the payment of the principal of or interest on the Bonds or any obligation relating thereto, or the fees, costs and expenses relating to, such obligations, except the designated special funds pledged therefor. Neither the Bonds nor the obligations of the University under the Related Documents shall constitute an indebtedness of the State or the Regents or the University within the meaning of any constitutional or statutory prohibition or limitation, nor shall they be considered or held to be general obligations of the State or the Regents or the University, and the Bonds shall recite that they are payable and collectable solely out of the Pledged Revenues and from any other sources stated in the Bond Resolution and that the Owners may not look to any general or other fund for the payment of the principal or interest, as applicable, on the Bonds or for the payment of any amounts owed under the Related Documents. No obligation hereunder or under the Bonds or the obligations of the Regents or the University under the Related Documents shall ever be or become a charge or debt against the State or a pledge of the faith and credit of the State, or shall be payable from the proceeds of ad valorem taxes, or State appropriations. Neither the full faith and credit nor the taxing power of the State or any political subdivision thereof is pledged to the payment of the principal of or the interest on the Bonds or the obligations of the Regents or the University under the Related Documents. The Regents do not have taxing power.

ARTICLE IV

APPROVAL OF RELATED DOCUMENTS AND SALE OF BONDS

Section 4.01 Approval of Documents; Use of Disclosure Documents.

(a) ***Approval of Documents***. Final versions of the Related Documents shall be approved by the Regents in the Pricing Resolution.

(b) ***Execution of Related Documents***. The President of the Regents and Vice President of the Regents, on behalf of the Regents, are hereby authorized and directed to execute and deliver the Related Documents and any extension of or amendments to any of the Related Documents with such changes as are not inconsistent with the Bond Resolution as are approved by the President of the Regents and Vice President of the Regents, whose execution of the Related Documents, or any extensions thereof or substitutions therefor, in their final forms, or the acceptance of the delivery by an Authorized Officer of any such Related Document which is not required to be signed by the Regents, shall constitute conclusive evidence of the approval of that document and compliance with this Section. The Secretary and Treasurer of the Regents, or his or her designee, is authorized to affix the seal of the Regents to and to attest the Related Documents as necessary. From and after the execution and delivery of the Purchase Contract, the officers, agents and employees of the University are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Bond Resolution , the Pricing Resolution and the Related Documents.

(c) ***Disclosure Document.*** Prior to the issuance of the Bonds, the Official Statement with respect to the Bonds, with terms which are not inconsistent with the terms hereof and the Related Documents, shall be executed and delivered by one or more Authorized Officers, whose execution of such Official Statement in its final form shall constitute conclusive evidence of the approval of such Official Statement and compliance with this Section. The use and distribution of the Official Statement with respect to the Bonds, with terms which are not inconsistent with the terms and Related Documents by the Purchasers in connection with the sale and issuance of the Bonds are hereby approved.

Section 4.02 Authorization of Sale of Bonds. The sale of the Bonds at a negotiated sale to the Purchaser at the prices to be set forth in the Purchase Contract is approved, subject to ratification by the Regents by the Pricing Resolution. When the Bonds have been duly executed and authenticated, they shall be delivered to the Depository on behalf of the Purchaser, or at the direction of the Purchaser, on receipt of payment for the Bonds by the Regents.

ARTICLE V

ADMINISTRATION AND ACCOUNTING OF REVENUES

Section 5.01 Funds and Accounts.

(a) ***Funds Continued.*** The Regents hereby continue the following special and separate funds which were created pursuant to prior bond resolutions of the Regents:

(i) *Superior Lien Parity Bond Service Fund.* "The Regents of the University of New Mexico System Bond Service Interest and Retirement Fund" to be maintained with the Fiscal Agent. The Regents may establish any account or accounts in the Superior Lien Parity Bond Service Fund for payments of principal of and interest on the Superior Lien Parity Bonds as may be deemed necessary or desirable.

(ii) *Pledged Revenues Fund.* "The Regents of the University of New Mexico System Pledged Revenues Fund" for the deposit of Pledged Revenues in an account or accounts in one or more regular depositories of the University.

(iii) *Renewal and Replacement Fund.* "The Regents of the University of New Mexico System Renewal and Replacement Fund" to be maintained with the Fiscal Agent.

(iv) *Superior Lien Parity Bonds Reserve Fund.* "The Regents of the University of New Mexico System Superior Lien Parity Bonds Reserve Fund" to be maintained with the Fiscal Agent.

(v) *Subordinate Lien Parity Bond Service Fund.* "The Regents of the University of New Mexico, Subordinate Lien System Improvement Revenue Bonds, Series 2001 Bond Service Fund", "The Regents of the University of New Mexico, Subordinate Lien System Improvement Revenue Bonds, Series 2002 Bond Service Fund", "The Regents of the University of New Mexico, Subordinate Lien System Improvement Revenue Bonds, Series 2003 Bond Service Fund", "The Regents of the University of New Mexico, Subordinate Lien System Revenue Bonds, Series 2005 Bond Service Fund" and "The Regents of the University of New Mexico, Subordinate Lien System Revenue Bonds, Series 2007 Bond Service Fund" to be maintained with the Fiscal Agent. Within the Subordinate Lien Parity Bond Service Fund there is maintained the Series 2001 Bonds Interest Account, Principal Account, Redemption Account and Additional Payments Account, the Series 2002 Bonds Interest Account, Principal Account, Redemption Account and Additional Payments Account, the Series 2003 Bonds Interest Account, Principal Account, Redemption Account and Additional Payments Account, the Series 2005 Bonds Interest Account, Principal Account, Redemption Account and Additional Payouts Account, and the Series 2007 Bonds Interest Account, Principal Account, Redemption Account and Additional Payments Account.

(vi) *Subordinate Lien Parity Bonds Reserve Fund.* "The Regents of the University of New Mexico System Subordinate Lien Parity Bonds Reserve Fund" to be maintained with the Fiscal Agent. Within the Subordinate Lien Parity Bonds Reserve Fund there is maintained the Series 2001 Reserve Account, the Series 2002 Reserve Account, the Series 2003 Reserve Account, the Series 2005 Reserve Account and the Series 2007 Reserve Account.

(vii) *Bond Purchase Fund.* The Series 2001 Bond Purchase Fund to be maintained by the Tender Agent. Separate accounts designated as the Series 2001 Remarketing Account, Facility Provider Account and University Purchase Account (and any other necessary accounts) shall be created and maintained by the Tender Agent as part of the Series 2001 Bond Purchase Fund. The Series 2002 Bond Purchase Fund to be maintained by the Tender Agent. Separate accounts designated as the Series 2002 Remarketing Account, Facility Provider Account and University Purchase Account (and any other necessary accounts) shall be created and maintained by the Tender Agent as part of the Series 2002 Bond Purchase Fund.

(viii) *Escrow Accounts.* The the Series 2003 Escrow Account to be maintained with the Escrow Bank.

(ix) *Rebate Fund.* The Series 2001 Rebate Fund, the Series 2002 Rebate Fund, the Series 2003 Rebate Fund, the Series 2005 Rebate Fund, and the Series 2007 Rebate Fund to be maintained with the Fiscal Agent.

(b) ***New Funds.*** The Regents hereby establish the following special and separate funds with respect to the Series 2011 Bonds:

(i) *Subordinate Lien Parity Bond Service Fund.* "The Regents of the University of New Mexico, Subordinate Lien System Improvement Bonds, Series 2011 Bond Service Fund" to be maintained with the Fiscal Agent. Within such Subordinate Lien Parity Bond Service Fund there is hereby created the Series 2011 Bonds Interest Account, Principal Account, Redemption Account and Additional Payments Account.

(ii) *Subordinate Lien Parity Bonds Reserve Fund.* Within the Subordinate Lien Parity Bonds Reserve Fund there is hereby created the Series 2011 Reserve Account.

(iii) *Refunding Fund.* "The Regents of the University of New Mexico Subordinate Lien System Improvement Bonds, Series 2011 Refunding Fund" to be maintained by the University with an Insured Bank.

(iv) *Issuance Expense Fund.* "The Regents of the University of New Mexico, Subordinate Lien System Improvement Bonds, Series 2011 Issuance Expense Fund" to be maintained with the University.

(v) *Rebate Fund.* The Series 2011 Rebate Fund to be maintained with the Fiscal Agent.

In addition, the President is hereby authorized to create any additional funds in the Pricing Resolution for the Bonds and to incorporate such additional funds into the flow of Pledged Revenues described in Section 5.03 hereunder.

Section 5.02 Use of Funds and Deposits into Funds and Accounts on Delivery of Bonds. On the Closing Date with respect to the Series 2011 Bonds, the proceeds from the sale of the Series 2011 Bonds and other amounts stated in this Section, shall be deposited or used as follows:

(a) Any accrued interest or capitalized interest, if any, received from the issuance and sale of the Series 2011 Bonds shall be credited to the Series 2011 Bonds Interest Account.

(b) On the Closing Date of the Series 2011 Bonds, proceeds of the Series 2011 Bonds, in an amount specified by the Regents, shall be deposited in the Series 2011 Reserve Account to satisfy the Reserve Requirement for the Series 2011 Bonds.

(c) Proceeds of the Series 2011 Bonds in an amount to be specified by the Regents on the Closing Date shall be deposited in the Series 2011 Refunding Fund. Such moneys shall be used and paid out by the Regents to defray the costs associated with the Refunding.

(d) Proceeds of the Series 2011 Bonds in an amount to be specified by the Regents on the Closing Date shall be deposited in the Series 2011 Issuance Expense Fund. Such moneys shall be used and paid out by the Regents to defray the Expenses.

(e) The Purchaser shall not be responsible for the application or disposal by the Regents of the proceeds derived from the sale of the Series 2011 Bonds or any other funds herein designated.

Section 5.03 Flow of Pledged Revenues. So long as any of the Bonds or any Subordinate Lien Parity Bonds are outstanding, either as to principal or interest, or both, the

Regents shall cause the Pledged Revenues to be collected and deposited as received on a daily basis in the Pledged Revenues Fund and to make the payments from the Pledged Revenues Fund into the Superior Lien Parity Bond Service Fund, the Superior Lien Parity Bonds Reserve Fund, the Renewal and Replacement Fund, the Subordinate Lien Parity Bond Service Fund and the Subordinate Lien Parity Bonds Reserve Fund and as otherwise required or permitted by this Section.

As a first charge on the moneys deposited in the Pledged Revenues Fund, there shall be paid, from time to time, the Operating and Maintenance Expenses as they become due and payable. After the payment of the Operating and Maintenance Expenses of the System, which are then due, the following payments shall be made from the Pledged Revenues Fund:

(a) ***Superior Lien Parity Bond Service Fund, Superior Lien Parity Bonds Reserve Fund and Certain Payments to Superior Lien Parity Bonds Reserve Fund Surety Bond Provider***. First, while any Superior Lien Parity Bonds are outstanding, Pledged Revenues shall be deposited into the Superior Lien Parity Bond Service Fund in each Fiscal Year to pay the principal of and interest on Superior Lien Parity Bonds coming due in such Fiscal Year. Second, the Regents shall make any deposits to the Superior Lien Parity Bonds Reserve Fund required by the resolutions authorizing the issuance of outstanding Superior Lien Parity Bonds. After such payments have been made, the Regents shall cause to be paid to the provider of the Superior Lien Parity Bonds Reserve Fund Surety Bond all unpaid moneys owed by the Regents corresponding to the amount of proceeds paid under the Superior Lien Parity Bonds Reserve Fund Surety Bond to restore the Superior Lien Parity Bonds Reserve Fund to the reserve requirement applicable to Superior Lien Parity Bonds.

(b) ***Renewal and Replacement Fund***. The Regents are current in making the required semiannual deposits of $50,000 into the Renewal and Replacement Fund as required by the resolutions authorizing the Superior Lien Parity Bonds presently outstanding on the date of adoption of this Bond Resolution. Therefore no funds need be deposited therein upon issuance of the Bonds. There shall be accumulated in the Renewal and Replacement Fund the greater of (i) $10,000,000 or (ii) four percent (4%) of the original cost of the buildings, equipment, and furnishings constituting the System as determined at the end of each Fiscal Year (the "Renewal and Replacement Requirement"). On or before the end of each Fiscal Year, the Associate Vice-President for Institutional Planning of the University, or his or her successor in function, shall file with the Fiscal Agent a certificate setting forth the original cost of all buildings, equipment and furnishings added to the System in the preceding Fiscal Year, the original cost of all additions and extensions added to buildings, equipment, or furnishings which are a part of the System and the original cost of any buildings, equipment, or furnishings which were removed from the System during such preceding Fiscal Year, together with the resulting original cost of the buildings, equipment and furnishings constituting the System as of the end of such preceding Fiscal Year. If the amount on deposit in the Renewal and Replacement Fund is, at any time, less than the Renewal and Replacement Requirement, payments shall be made from Pledged Revenues, but after and subject to the payments required in provisions contained in paragraph (a) of this Section, in semiannual installments on or before each May 20 and November 20 on which there is a deficiency, in amounts not less than $50,000. Moneys on deposit in the Renewal and Replacement Fund shall be first used to pay currently maturing installments of principal of and interest on Superior Lien Parity Bonds for the payment of which there is insufficient money in the Superior Lien Parity Bond Service Fund and Superior Lien

Parity Bonds Reserve Fund (including any surety bond coverage); second, shall be used to pay currently maturing installments of principal of and interest on Subordinate Lien Parity Bonds for the payment of which there is insufficient money in the Subordinate Lien Parity Bond Service Fund and Subordinate Lien Parity Bonds Reserve Fund (including any surety bond coverage) and, finally, shall be used or reserved at the request of the Regents for the purpose of making improvements, extensions, repairs and replacements to the facilities of the University constituting the System.

(c) ***Subordinate Lien Parity Bond Payments.*** After and subject to the payments hereinabove required to be made under this section, while any Subordinate Lien Parity Bonds are Outstanding, Pledged Revenues shall be deposited into the Subordinate Lien Parity Bond Service Fund and shall be used to pay the principal of and interest on Subordinate Lien Parity Bonds coming due in each Fiscal Year pursuant to the terms hereof and of the resolutions under which such Subordinate Lien Parity Bonds were issued.

(i) *Interest Account.* Prior to each Interest Payment Date, the amount necessary to pay the next maturing installment of interest on each series of Outstanding 2000B Bonds, 2001 Bonds, 2002B Bonds, 2002C Bonds, 2003A Bonds, 2003B Bonds, 2003C Bonds, 2005 Bonds, 2007A Bonds, 2007B Bonds and the Series 2011 Bonds shall be credited to the Interest Account for that series of Bonds.

(ii) *Principal Account and Redemption Account.* Prior to each principal payment date, redemption date, or maturity date with respect to the Capital Appreciation Bonds, the amount necessary to pay the next regularly scheduled installment of principal, whether at maturity, prior redemption or on a mandatory sinking fund redemption date, on each series of Outstanding Subordinate Lien Parity Bonds shall be credited to the Principal Account or Redemption Account, as the case may be, for that series of Subordinate Lien Parity Bonds. Deposits to the Principal Accounts for the Subordinate Lien Parity Bonds of each series for the next installment of principal becoming due shall be made in substantially equal semiannual deposits commencing on May 20th or November 20th which is less than 7 months prior to the month in which the first installment of principal (or Maturity Amount with respect to the Capital Appreciation Bonds) on each series of Bonds is due. Deposits to the Redemption Accounts for the Bonds of each series shall be/made in compliance with Section 3.03 hereof.

(iii) *Payments and Reimbursements to Facility Provider and Qualified Counterparty.* The following amounts required to be paid by the Regents shall be deposited in the Principal Account and Interest Account for the 2001 Bonds, for the 2002B Bonds and for the 2002C Bonds or other sinking fund which shall be a subaccount of such respective Principal Account or Interest Account, and paid from the Pledged Revenues with the same priority as other payments of Debt Service on Subordinate Lien Parity Bonds:

(A) on or prior to the date when due, amounts to pay or reimburse a Facility Provider (as such term is defined in the resolution for the resolution for the 2001 Bonds, the resolution for the 2002B Bonds or the resolution for the 2002C Bonds) for payments of Debt Service (but not the Tender Price (as such term is defined in the resolution for the resolution for the 2001 Bonds, the resolution for the 2002B Bonds or the resolution for the 2002C Bonds) made by that Facility Provider; and

(B) no later than the Business Day prior to the date when due, amounts that are payable to a Qualified Counterparty under a Qualified Exchange Agreement if such payments are designated in the resolution of the Regents relating to that Qualified Exchange Agreement as being secured by a lien on Pledged Revenues on a parity with the lien thereon securing Subordinate Lien Parity; the lien of exchange termination payments payable pursuant to a Qualified Exchange Agreement on Pledged Revenues shall be subordinate to the lien of Subordinate Lien Parity Bonds on Pledged Revenues.

(iv) *Transfer of Money.* Each payment of principal and interest coming due on the Bonds shall be transferred from the applicable sinking fund account or subaccount by the Paying Agent and payment obligations shall be made directly to the Qualified Counterparty or Facility Provider entitled to receive payments of Subordinate Lien Parity Bonds, on or before the due date of such payment.

(v) *Subordinate Lien Parity Bonds Reserve Fund.* After and subject to the payments required by subparagraphs (i), (ii) and (iii) above, and except as provided in this subparagraph (v) and subparagraph (vi) hereof, any money required to be credited or transferred from the Pledged Revenues Fund to the Series 2000, Series 2001, Series 2002, Series 2003, Series 2005, Series 2007 or Series 2011 Reserve Account of the Subordinate Lien Parity Bonds Reserve Fund shall be so deposited or credited.

The Reserve Requirement for a series of Subordinate Lien Parity Bonds may be satisfied by a deposit of a Subordinate Lien Parity Bonds Reserve Fund Surety Bond in the Subordinate Lien Parity Bonds Reserve Fund or the deposit of bond proceeds or Pledged Revenues in the Subordinate Lien Parity Bonds Reserve Fund. Commencing upon the date of delivery of the Bonds, the Regents shall deposit or cause to be deposited Bond proceeds in the Subordinate Lien Parity Bonds Reserve Fund to satisfy the Reserve Requirement. Any form of such deposit may be exchanged for any other permitted form of deposit of an equivalent amount; provided, however, (A) that debt payable by the provider of a Subordinate Lien Parity Bonds Reserve Fund Surety Bond shall be rated at least "Aaa" by Moody's and "AAA" by S&P (if the provider is an insurance company) or "Aa" by Moody's and "AA" by S&P (if the provider is a bank or other financial institution); (B) that prior to expiration of a Subordinate Lien Parity Bonds Reserve Fund Surety Bond in any account, another Subordinate Lien Parity Bonds Reserve Fund Surety Bond of equivalent credit quality is provided, and, if such replacement Subordinate Lien Parity Bonds Reserve Fund Surety Bond is unavailable, the Reserve Requirement will be funded on a scheduled basis or at one time prior to expiration of the existing Subordinate Lien Parity Bonds Reserve Fund Surety Bond; (C) if the terms of a Subordinate Lien Parity Bonds Reserve Fund Surety Bond prohibit replenishment after draw-down, the Regents shall provide an additional Subordinate Lien Parity Bonds Reserve Fund Surety Bond or sufficient funds to ensure satisfaction of the Reserve

Requirement; and (D) if a Subordinate Lien Parity Bonds Reserve Fund Surety Bond permits premature termination without payment, the conditions for such premature termination will be limited to a default on any Subordinate Lien Parity Bonds.

If the full amount necessary to pay the Debt Service on a series of Subordinate Lien Parity Bonds is not on deposit in the related Interest Account or Principal Account, when due, the amount necessary to pay the deficiency shall be transferred from the Subordinate Lien Parity Bonds Reserve Fund to that Principal Account or Interest Account. All money on deposit in the Subordinate Lien Parity Bonds Reserve Fund shall be transferred prior to making a draw on a Subordinate Lien Parity Bonds Reserve Fund Surety Bond on deposit therein. The amount transferred from the Subordinate Lien Parity Bonds Reserve Fund shall be replaced from the first amounts available therefor in the Pledged Revenues Fund no later than the end of the next full Fiscal Year or within such other period of time as set forth in the Regents resolution authorizing the issuance of the applicable Subordinate Lien Parity Bonds.

Reimbursements of amounts transferred from the Subordinate Lien Parity Bonds Reserve Fund shall be applied first to the payment of any provider of a Subordinate Lien Parity Bonds Reserve Fund Surety Bond for amounts drawn on the Subordinate Lien Parity Bonds Reserve Fund Surety Bond to pay Debt Service on the Subordinate Lien Parity Bonds and, second, to pay into that Fund the amount transferred from that Fund to pay Debt Service.

The amount of money and, to the extent the coverage of such surety bond will permit, the proceeds of any Subordinate Lien Parity Bonds Reserve Fund Surety Bond on deposit in the Series 2000, Series 2001, Series 2002, Series 2003, Series 2005, Series 2007 or Series 2011 Reserve Account shall be used first to pay any deficiency in the amount available to pay Debt Service on the 2000B Bonds, 2001 Bonds, 2002B Bonds, 2002C Bonds, 2003A Bonds, 2003B Bonds, 2003C Bonds, 2005 Bonds, 2007A Bonds, Series 2007B Bonds or Series 2011 Bonds, as the case may be, and second, to pay any deficiency in the amount available to pay amounts owing under the applicable Qualified Exchange Agreement; provided, however, that the use of such moneys or proceeds of a Subordinate Lien Parity Bonds Reserve Fund Surety Bond to pay amounts owing under the applicable Qualified Exchange Agreement shall only be made with the Insurer's consent so long as the Insurer is rated "A" or above by S&P and Moody's.

(vi) *Termination Upon Deposits to Maturity.* No payment need be made into the Subordinate Lien Parity Bond Service Fund if all proceeds paid under a Subordinate Lien Parity Bonds Reserve Fund Surety Bond have been reimbursed and the amounts in the Subordinate Lien Parity Bond Service Fund, together with moneys on deposit in the Subordinate Lien Parity Bonds Reserve Fund, total a sum at least equal to the entire amount of principal and interest due on the Outstanding Subordinate Lien Parity Bonds to their respective maturities, both accrued and not accrued. In such case, moneys in the Subordinate Lien Parity Bond Service Fund and Subordinate Lien Parity Bonds Reserve Fund shall be used solely to pay such principal and interest as the same shall become due, and any moneys in excess thereof in such Funds and any other Pledged Revenues may be used as provided below in this Section.

(vii) *Payment of Certain Interest, Fees and Expenses; Additional Payments Account.* Any balance of Pledged Revenues after making the payments hereinabove provided shall be used by the Regents for payment to the provider of a Subordinate Lien Parity Bonds Reserve Fund Surety Bond under a Subordinate Lien Parity Bonds Reserve Fund Surety Bond of all unpaid moneys owed by the Regents to such provider of a Subordinate Lien Parity Bonds Reserve Fund Surety Bond including interest on the amount of the proceeds paid with respect to Subordinate Lien Parity Bonds pursuant to any such Subordinate Lien Parity Bonds Reserve Fund Surety Bond and expenses of such provider of a Subordinate Lien Parity Bonds Reserve Fund Surety Bond. The amount of insurance proceeds used to pay principal and interest on the Bonds pursuant to a Subordinate Lien Parity Bonds Reserve Fund Surety Bond shall be payable in the manner and with the priority set forth in paragraph 5.04(c)(v) of this Section.

After making or crediting the payments required by the foregoing subparagraphs of this paragraph (c), amounts on deposit in the Pledged Revenues Fund shall be used as necessary to pay, first, all amounts, including payments owed to any Facility Provider for a series of Subordinate Lien Parity Bonds or relating to a Qualified Exchange Agreement which are not payable pursuant to the terms of any preceding paragraph of this Section and second, expenses, fees, rebate payments and the tender price of Subordinate Lien Parity Bonds purchased by the Regents. Pledged Revenues used to pay amounts pursuant to this paragraph shall be deposited by the Regents into the Additional Payments Account on or before the due date thereof.

(d) ***Use of Surplus Pledged Revenues.*** After making the payments hereinabove required to be made under this Section, the remaining Pledged Revenues, if any, may be applied as determined by the Regents to any other lawful purpose or purposes authorized by the Constitution and laws of the State as the Regents may direct.

Section 5.04 Rebate Fund. Any provision hereof to the contrary notwithstanding, amounts required to be credited to the Rebate Fund in accordance with the provisions of Section 7.10 hereof shall be free and clear of any lien hereunder or of any other resolution authorizing the issuance of bonds of the Regents and shall not constitute Pledged Revenues. Amounts in the Rebate Fund will be used as provided in Section 7.10 hereof.

Section 5.05 General Administration of Funds. The funds and accounts designated in Sections 5.01, 5.02, 5.03, 5.04 and 5.05 hereof shall be administered as follows:

(a) ***Investment of Money.*** Money in the Pledged Revenues Fund may be invested in any manner allowed for money of the University or the Regents by the laws of the State and money in the Subordinate Lien Parity Bond Service Fund, Subordinate Lien Parity Bonds Reserve Fund, Issuance Expense Fund and Rebate Fund may be invested in Eligible Investments, maturing prior to the date on which the money so invested will be needed for the payment of principal of or interest on Subordinate Lien Parity Bonds, for the payment of Expenses or for rebate to the government of the United States of America as applicable. Money in the Renewal and Replacement Fund may be invested in such Eligible Investments as may hereafter be permitted by the laws of the State and with the advice and consent of the State Board of Finance if required by State law. The obligations so purchased as an investment of moneys in any such Fund shall be deemed at all times to be part of such Fund, and the interest accruing thereon and any profit realized therefrom shall be credited to such Fund (subject to withdrawal and use at any time as permitted by Section 5.04 hereof, as applicable), and any loss resulting from such investment shall be charged to the Fund. Any obligations so purchased as an investment of moneys in any Fund shall be presented for redemption or sale on the prevailing market whenever it shall be necessary to do so in order to provide moneys to meet any payment or transfer from such Fund.

(b) ***Deposits of Funds***. The moneys and investments comprising the funds designated in Sections 5.01, 5.02, 5.03, 5.04 and 5.05 of the Bond Resolution shall be maintained and kept in an Insured Bank or Banks. Each payment shall be made into and credited to the proper fund at the designated time, except that when the designated time shall be a Saturday, a Sunday or a legal holiday, then such payment shall be made on the next succeeding business day. Nothing herein shall prevent the establishment of one or more such accounts in Insured Banks for all of the funds and accounts in Sections 5.01, 5.02, 5.03, 5.04 and 5.05 of the Bond Resolution or shall prevent the combination of such funds with any other Insured Bank account or accounts for other funds and accounts of the Regents; provided that the Rebate Fund shall not be combined with any other fund or account. The moneys in funds which are not invested shall be secured at all times in a manner required by the laws of the State for the securing of public moneys. The Fiscal Agent shall make such credit arrangements with any other bank or banks at which the Bonds are payable as will assure prompt payment of the principal of, premium, if any, and interest on the Bonds as set forth herein.

ARTICLE VI

LIENS ON PLEDGED REVENUES AND ADDITIONAL OBLIGATIONS

Section 6.01 Lien on Pledged Revenues; Equality of Bonds.

(a) The Bonds, together with all other Outstanding Subordinate Lien Parity Bonds are secured by an irrevocable subordinate and junior lien (but not necessarily an exclusively subordinate and junior lien) on the Pledged Revenues after payment of Operating and Maintenance Expenses and payments with respect to outstanding Superior Lien Parity Bonds. The Regents hereby pledge and grant to the owners of the Bonds a security interest in the Pledged Revenues and in the moneys and securities on deposit in the Subordinate Lien Parity Bond Service Fund, the Subordinate Lien Parity Bonds Reserve Fund and the Renewal and Replacement Fund for the payment of the principal of, premium, if any, and interest on the Bonds. The Regents hereby pledge and grant to any provider of a Subordinate Lien Parity Bonds Reserve Fund Surety Bond a security interest, subordinate to the security interest to the owners of Bonds stated above, in the Pledged Revenues and in the money and securities on deposit in the Subordinate Lien Parity Bonds Reserve Fund for the repayments of amounts owed to any provider of a Subordinate Lien Parity Bonds Reserve Fund Surety Bond. The pledges made pursuant to this Section are subject to the uses of the moneys in such Funds permitted by Section 5.04 hereof and shall have the priority set forth in Section 5.04 hereof. The Bonds from time to time Outstanding shall not be entitled to any priority one over the other in the application of the Pledged Revenues, regardless of the time or times of their issuance.

(b) ***Other Related Documents***. Payments under any other Related Documents are secured by an irrevocable, subordinate lien on, and the Regents hereby grants to the parties entitled to payments thereunder a security interest in, the Pledged Revenues for those payments. The priority of the payments on Pledged Revenues referred to in this paragraph (c) shall be as set forth in Section 5.03.

Section 6.02 Parity Bonds.

(a) ***Limitations Upon Issuance of Subordinate Lien Parity Bonds***. Nothing in the Bond Resolution shall be construed in such a manner as to prevent the issuance by the Regents of Subordinate Lien Parity Bonds payable from the Pledged Revenues and constituting a lien upon the Pledged Revenues on a parity with the lien of the Bonds, nor to prevent the issuance of bonds or other obligations refunding all or a part of the Bonds. Before any such additional Subordinate Lien Parity Bonds are issued (excluding refunding bonds or refunding obligations which refund Subordinate Lien Parity Bonds) all of the following conditions shall be met:

(i) the Pledged Revenues received by the University in each of the two completed Fiscal Years immediately preceding the issuance of the additional bonds must be at least 200% of the highest Debt Service requirement for any succeeding Fiscal Year measured from the date of computation on all Outstanding Subordinate Lien Parity Bonds and Superior Lien Parity Bonds, but excluding the bonds proposed to be issued. A written certification, opinion, verification or other determination by the Associate Vice-President for Institutional Planning of the University that the annual Pledged Revenues for such preceding Fiscal Years are at least equal to such amounts and the determinations of such amounts shall be conclusively presumed to be accurate in determining the right of the University to authorize, issue, sell and deliver the additional Subordinate Lien Parity Bonds; and

(ii) the Pledged Revenues received by the University in each of the two completed Fiscal Years immediately preceding the issuance of the additional bonds must be at least 175% of the highest Debt Service requirement for any succeeding Fiscal Year measured from the date of computation on all Outstanding Subordinate Lien Parity Bonds and Superior Lien Parity Bonds and on the issue of bonds then proposed to be issued. A written certification, opinion, verification or other determination by the Associate Vice-President for Institutional Planning of the University, or his or her successor in function, that the annual Pledged Revenues for such preceding Fiscal Years are at least equal to such amounts and the determinations of such amounts shall be conclusively presumed to be accurate in determining the right of the University to authorize, issue, sell and deliver the additional Subordinate Lien Parity Bonds. The Associate Vice-President for Institutional Planning of the University, or his or her successor in funcation, may take into account the adjustments hereafter provided in this subparagraph (ii). If the proceedings authorizing the additional bonds pledge and provide for payment into the applicable Bond Service Fund of income or revenues in addition to the Pledged Revenues, the amount received from such additional pledged source of income or revenue by the University for payment into the applicable Bond Service Fund in each of the two completed Fiscal Years immediately preceding the issuance of the additional bonds may be taken into consideration and added to the Pledged Revenues received in each such Fiscal Year for purposes of the computation required to be made under the provisions of this subparagraph (ii). There shall also be taken into consideration and added to the Pledged Revenues received in each such completed Fiscal Year for the purposes of such computation the smallest amount of gross income or revenues estimated by the Associate Vice-President for Institutional Planning of the University, or his or her successor in function, to be produced in any future Fiscal Year from the operation of the additional facilities to be acquired with the proceeds of the additional bonds, which estimate in the case of housing facilities shall be based on a presumed eighty percent (80%) occupancy of such facilities at rentals equivalent to those charged by the University for similar facilities during the Fiscal Year immediately preceding the issuance of the additional bonds. If in the proceedings authorizing the additional bonds there is an agreement or covenant to increase student fees included as part of the Pledged Revenues beyond the amount imposed during each of the two preceding Fiscal Years, the additional income or revenues which would have been received in such preceding Fiscal Years if the increased fees had been in effect may also be taken into consideration and added to the Pledged Revenues received in each such Fiscal Year for the purposes of such computation. Such estimate shall be made by the Associate Vice-President for Institutional Planning of the University, or his or her successor, in function, and shall be predicated on the number of students actually paying the increased fees in such Fiscal Year; and

(iii) payments into the respective bond service funds, the Superior Lien Parity Bonds Reserve Fund and the Subordinate Lien Parity Bonds Reserve Fund required by Section 5.03 shall be current; and

(iv) if, after delivery of the Subordinate Lien Parity Bonds, the Reserve Requirement for any succeeding Fiscal Year on all Subordinate Lien Parity Bonds then Outstanding and the Subordinate Lien Parity Bonds proposed to be issued will be in excess of the amount on deposit in the Subordinate Lien Parity Bonds Reserve Fund and the maximum surety bond coverage available prior to the issuance of such Subordinate Lien Parity Bonds, the proceedings authorizing the issuance of the Subordinate Lien Parity Bonds must provide for additional insurance under a Subordinate Lien Parity Bonds Reserve Fund Surety Bond and/or the deposit in the Subordinate Lien Parity Bonds Reserve Fund, of 75% of the additional Reserve Requirement at or prior to issuance of the Subordinate Lien Parity Bonds and within two years after the delivery of the Subordinate Lien Parity Bonds, through approximately equal semiannual payments into the Subordinate Lien Parity Bonds Reserve Fund, of that amount which, together with the moneys and investments then on deposit in the Subordinate Lien Parity Bonds Reserve Fund and the insurance available under the Subordinate Lien Parity Bonds Reserve Fund Surety Bond, will equal the Reserve Requirement; and

(v) if there is a Superior Lien Parity Bonds Reserve Fund Surety Bond or a Subordinate Lien Parity Bonds Reserve Fund Surety Bond still in effect, the Associate Vice-President for Institutional Planning of the University, or his or her successor in function, on behalf of the Regents shall certify to the provider of the Superior Lien Parity Bonds Reserve Fund Surety Bond or Subordinate Lien Parity Bonds Reserve Fund Surety Bond that the conditions in subparagraphs (i) through (iv) of this Section have been satisfied; and

(vi) in making the computations required by subparagraphs (i) and (ii) of this Section to determine if Subordinate Lien Parity Bonds may be issued (A) Subordinate Lien Parity Bonds which bear a variable or fluctuating interest rate (including any Subordinate Lien Parity Bonds proposed to be issued) shall be deemed to bear the average interest rate borne by outstanding Subordinate Lien Parity Bonds which bear a variable or fluctuating interest rate during the immediately preceding Fiscal Year, and (B) the variable interest rate used to determine the net payments under any Qualified Exchange Agreement shall be deemed to be the rate referred to in clause (A) above. For purposes of this subparagraph (vi), in the event that there are no outstanding Subordinate Lien Parity Bonds which bear a variable rate, the rate in clauses (A) and (B) above shall be the average interest rate that Subordinate Lien Parity Bonds would have borne during the immediately preceding Fiscal Year in the opinion of the Associate Vice-President for Institutional Planning of the University, or his or her successor in function.

(b) ***Junior Lien Obligations Permitted; Certain Obligations Prohibited.*** Nothing herein contained shall be construed to prevent the Regents from issuing obligations with a lien junior and subordinate to the lien on Pledged Revenues of Subordinate Lien Parity Bonds. The Regents shall not be permitted to issue obligations with a lien prior and superior to the lien on Pledged Revenues of Subordinate Lien Parity Bonds.

(c) The Associate Vice-President for Institutional Planning of the University, or his or her successor in function, on behalf of the Regents shall provide notice to AIG Financial Products Corp. and AMBAC Indemnity Corporation of the proposed issuance of Subordinate Lien Parity Bonds as soon as possible after the authorization hereof.

Section 6.03 Refunding Bonds. The provisions of Section 6.02 hereof are subject to these exceptions:

(a) ***Issuance of Refunding Obligations.*** If at any time the Regents shall find it desirable to refund Subordinate Lien Parity Bonds or other obligations payable from and constituting a subordinate and junior lien upon Pledged Revenues, the Subordinate Lien Parity Bonds or other obligations, or any part thereof, may be refunded (but only with the consent of the owner or owners thereof, unless the Subordinate Lien Parity Bonds or other obligations, at the time or times of their required surrender for payment shall then mature, or shall then be callable for prior redemption at the Regents option upon proper call), regardless of whether the priority of the lien for the payment of the refunding obligations on the Pledged Revenues is changed, except as provided in paragraphs (b) and (c) of this Section.

(b) ***Limitations Upon Issuance of Subordinate Lien Parity Refunding Obligations.*** No refunding bonds or other refunding obligations payable from Pledged Revenues shall be issued on a parity with the Bonds unless:

(i) the outstanding obligations so refunded are Subordinate Lien Parity Bonds and the refunding bonds or other refunding obligations do not increase annual principal and interest obligations evidenced by such refunded obligations, or

(ii) the refunding bonds or other refunding obligations are issued in compliance with Section 6.02 hereof.

(c) ***Refunding Part of an Issue***. The refunding bonds or other refunding obligations issued shall enjoy complete equality of lien on the Pledged Revenues with the portion of any bonds or other obligations of the same issue which are not refunded, if any; and the owner or owners of such refunding bonds or other refunding obligations shall be subrogated to all of the rights and privileges enjoyed by the owner or owners of the same issue refunded thereby.

(d) ***Limitations Upon Issuance of Any Refunding Obligations***. Any refunding bonds or other refunding obligations payable from Pledged Revenues shall be issued with such terms, conditions, and details as the Regents may by resolution provide, subject to the inclusion of any such rights and privileges designated in paragraph (c) of this Section but without impairment of any contractual obligation imposed upon the Regents by any proceedings authorizing the issuance of any unrefunded portion of such outstanding obligations of any one or more issues (including but not necessarily limited to the Bonds). If only a part of the outstanding bonds and any other outstanding obligations of any issue or issues payable from the Pledged Revenues is refunded, then such obligations may not be refunded without the consent of the owner or owners of the unrefunded portion of such obligations, unless:

(i) the refunding bonds or other refunding obligations do not increase any aggregate annual principal and interest requirements for any Fiscal Year evidenced by such refunded obligations and by the then outstanding obligations not refunded; or

(ii) the refunding bonds or other refunding obligations are issued in compliance with Section 6.02(a) hereof.

(e) ***Treatment of Variable Rate Subordinate Lien Parity Bonds***. In determining the annual interest obligation under paragraph (b)(i) or (d)(i) of this Section, Subordinate Lien Parity Bonds which bear a variable or fluctuating interest rate (including any bonds proposed to be issued to refund such bonds) shall be treated as provided in Section 6.02(a)(vi) hereof.

ARTICLE VII

PROTECTIVE COVENANTS

Section 7.01 Resolution to Constitute Contract. In consideration of the purchase and acceptance of any or all of the Bonds by those who will own the same from time to time, the provisions of this Bond Resolution shall be part of the contract between the Regents and the owners from time to time of the Bonds, to the effect and with the purpose set forth in the following Sections (subject in all cases to the limitations, if any, imposed by the constitution and laws of the State).

Section 7.02 Use of Series 2011 Bond Proceeds. The Regents will proceed without delay to apply the proceeds of the Series 2011 Bonds as set forth in Section 5.02 hereof.

Section 7.03 Operation and Repair of System; Disposition of Facilities. The Regents will at all times keep the System in operation while the University is in session, and will at all times keep the System in reasonable repair and efficient operating condition. This covenant shall not be construed to prevent the Regents from permanently abandoning the use of or selling at fair market value any of the facilities comprising the System, provided that:

(a) the Regents are in substantial compliance with all covenants and undertakings contained in the resolutions of the Regents with respect to all the Superior Lien Parity Bonds and Subordinate Lien Parity Bonds then Outstanding;

(b) the Regents will apply all proceeds from such sale to either (i) redemption of Outstanding Superior Lien Parity Bonds and Subordinate Lien Parity Bonds in accordance with the provisions governing repayment or redemption of Superior Lien Parity Bonds and Subordinate Lien Parity Bonds in advance of maturity, (ii) replacement of the facility disposed of by another facility which shall be incorporated as part of the System, or (iii) depositing such proceeds in the Superior Lien Bond Service Fund or the Subordinate Lien Parity Bond Service Fund for payment of the next ensuing payments of principal of, premium, if any, and interest on Superior Lien Parity Bonds and Subordinate Lien Parity Bonds; and

(c) the Associate Vice-President for Institutional Planning of the University, or his or her successor in function, certifies prior to disposition, either (i) that the facility to be abandoned or sold is no longer economically capable of producing Pledged Revenues sufficient to make retention of the facility economically feasible, or (ii) that (A) the estimated Pledged Revenues of the System to be received in the next succeeding Fiscal Year after taking into account such abandonment or sale, together with any other funds herein pledged as security for the Superior Lien Parity Bonds and Subordinate Lien Parity Bonds, plus any additional gross Pledged Revenues, if any, will be sufficient to meet all principal, interest and Superior Lien Parity Bonds Reserve Fund and Subordinate Lien Parity Bonds Reserve Fund payments required to be made under the provisions of the resolutions authorizing the issuance of Outstanding Superior Lien Parity Bonds and Subordinate Lien Parity Bonds and (B) the Pledged Revenues as received by the University in each of the two completed Fiscal Years immediately preceding the abandonment or sale of such facilities from sources other than appropriations, if any, from the State Legislature were equal to one hundred seventy-five percent (175%) of the highest Debt Service requirement for any succeeding Fiscal Year on all Outstanding Superior Lien Parity Bonds and Subordinate Lien Parity Bonds.

Section 7.04 Rates and Charges. The Regents will at all times impose and collect rates and charges for the use of all buildings and facilities comprising the System and for all commodities and services sold or supplied therein or furnished thereby, and will impose and collect such student tuition and fees for the use and availability of the System, as will be fully sufficient, together with the other income and revenues of the University received from sources other than (a) sources excluded from the System, (b) the proceeds of ad valorem taxation, (c) appropriations from the State, or (d) the proceeds of any University contracts and grants, whether from or with public, private or governmental sources, which are restricted as to use, to permit the performance of all the covenants in and requirements of the Bond Resolution, including the prompt payments required by Section 5.03 to be made into the respective bond service funds, the Superior Lien Parity Bonds Reserve Fund, the Subordinate Lien Parity Bonds Reserve Fund, the Renewal and Replacement Fund, the required reimbursements of proceeds of any Superior Lien Parity Bonds Reserve Fund Surety Bond, Subordinate Lien Parity Bonds Reserve Fund Surety

Bond, payment of amounts owed to any provider of a Superior Lien Parity Bonds Reserve Fund Surety Bond or provider of a Subordinate Lien Parity Bonds Reserve Fund Surety Bond, payments of amounts owed to a Qualified Swap Provider, other payments required under the Related Documents and the payment of the reasonable and necessary cost of efficiently maintaining and operating the buildings, structures, improvements and facilities comprising the System.

Section 7.05 Insurance. The Regents will keep the System, including its furniture and equipment, insured against fire and other hazards in amounts at least sufficient to provide for not less than full recovery whenever the loss from perils insured against, does not exceed ninety percent (90%) of the full insurable value of the System, including its furniture and equipment. In case of loss, the proceeds of such insurance may in the discretion of the Regents be (a) applied to the repair or restoration of the damaged building or facility and the contents thereof to their former condition, or in such other manner as will make said building or facility tenantable or usable, provided, however, that if funds received from insurance policies shall be insufficient to make any building or facility suffering such loss tenantable or usable, then the Regents may supplement the insurance proceeds from revenues not required to be paid into the bond service funds so as to make the insurance proceeds sufficient for their required use; (b) applied to the replacement of the damaged building or facility by another facility which shall be included as part of the System; or (c) deposited into the respective bond service funds for the redemption or other payment of Superior Lien Parity Bonds and Subordinate Lien Parity Bonds if the Regents determine to abandon the damaged building or facility.

Section 7.06 Books and Records. The University will maintain and keep proper books of record and account in which shall be made full and correct entries of the receipt of all Pledged Revenues, of all payments made into the respective bond service funds, the Superior Lien Parity Bonds Reserve Fund, the Subordinate Lien Parity Bonds Reserve Fund, and the Renewal and Replacement Fund and of all payments disbursed therefrom. Such books of record and account shall be audited annually by a state auditing official or by a certified public accountant or firm of such accountants in the same manner as are the other records of the University, and as promptly as possible after the making of each such annual audit, the Regents will cause copies of the portion of its general audit which covers the above matters to be delivered to the Fiscal Agent and to the owners of any of the Bonds who may have so requested in writing. The books of record and account and the general audit of the University shall be open to examination at all reasonable times by the Fiscal Agent and by the owners of any of the Bonds to the extent permitted by law.

Section 7.07 Additional Liens. The Regents will issue no other bonds or obligations of any kind or nature in the future other than the Bonds payable from or enjoying a lien on the Pledged Revenues or having a lien on the Pledged Revenues except as provided in Sections 6.02 and 6.03 hereof.

Section 7.08 Fiduciary Charges. All charges made by the Paying Agent/Registrar or Fiscal Agent will be paid by the University and shall not be payable by the owner of any Bond. The previous sentence shall not apply to transfer fees which may be imposed by the Paying Agent/Registrar.

Section 7.09 Debt Service Grants. Pursuant to the provisions of Section 6-17-14 NMSA 1978 and in order to reduce the debt service on bonds to which Debt Service Grants are applicable and thereby relieve students and other users of the System from the obligation of paying rates, fees and charges represented by the amount of the debt service on bonds attributable to Debt Service Grants, the Regents may enter into grants or other agreements with the United States of America or any of its agencies or any other governmental entity for the payment of Debt Service Grants or interest subsidies and such Grants and interest subsidies will, as received, be deposited into the Superior Lien Parity Bond Service Fund; provided, however, the Regents will not violate the provisions of Section 7.10 hereof or any Debt Service Grant agreement, including the terms and conditions and special conditions, if any, attached thereto. Annually or semiannually, as applicable, following the date of the initial occupancy of a project acquired with the proceeds of bonds as to which there is such a Debt Service Grant, the Associate Vice-President for Institutional Planning of the University, or his or her successor in function, will file with the designated authority of the United States of America a requisition, in form satisfactory to the government, for the next annual or semiannual payment of such Debt Service Grant, together with all necessary recitals.

Section 7.10 Tax Covenant. The Regents and the University covenant for the benefit of the owners of the Bonds that they will not take any action or omit to take any action with respect to the Bonds intended to be tax-exempt under the Code, the proceeds thereof, any other funds of the Regents and the University or any facilities financed or refinanced with the proceeds of such Bonds if such action or omission (a) would cause the interest on such Bonds or any other tax-exempt obligations of the Regents to lose their exclusion from gross income for federal income tax purposes under Section 103 of the Code; (b) would cause interest on such Bonds or any other tax-exempt obligations of the Regents to lose their exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Code except to the extent such interest is required to be included in the adjusted current earnings adjustment applicable to corporations under Section 56 of the Code in calculating corporate alternative minimum taxable income; (c) would cause such Bonds or any other tax-exempt obligations of the Regents to become "arbitrage bonds" within the meaning of Section 148 of the Code or would otherwise subject the Regents or the University to any penalties under Section 148 of the Code; or (d) would cause interest on such Bonds or any other tax-exempt obligations of the Regents to lose their exclusion from state taxes under present State law. In addition, the Regents covenant to comply with all information-reporting requirements applicable to such Bonds pursuant to Section 149(e) of the Code and the regulations promulgated thereunder. The Regents agree to establish and maintain the Rebate Fund pursuant to the provisions of the Tax Compliance Certificate. The foregoing covenants shall remain in full force and effect notwithstanding the payment in full or defeasance of such Bonds until the date on which all obligations of the Regents and the University in fulfilling the above covenant under the Code have been met.

Section 7.11 Undertaking to Provide Ongoing Disclosure. The Regents shall enter into a written undertaking for the benefit of the registered owners of the Bonds required by Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (17 CFR Part 240, § 240. 15c2-12) (the "Rule") to provide continuing disclosure.

ARTICLE VIII

DEFAULTS, RIGHTS AND REMEDIES

Section 8.01 Events of Default. Each of the following events is hereby declared to be an "event of default":

(a) ***Nonpayment***. The failure to make any payment of principal of, premium, if any, or interest on any Subordinate Lien Parity Bond on the date the same becomes due and payable.

(b) ***Default of Any Provision***. Default in the due and punctual observance or performance of any of the covenants, conditions and agreements on the part of the Regents in the Subordinate Lien Parity Bonds or in the Bond Resolution, other than as specified in paragraph (a) of this Section, and failure to remedy such default for a period of sixty (60) days after written notice thereof specifying such failure and requiring the same to be remedied shall have been given to the Regents by the owners of not less than twenty-five percent (25%) in aggregate principal amount of the Subordinate Lien Parity Bonds at the time Outstanding.

(c) ***Bankruptcy***. The Regents shall file a petition seeking relief or a petition shall be filed against the Regents seeking relief, which shall not be stayed or dismissed within sixty (60) days, under any bankruptcy law or similar law for relief of debtors.

(d) ***Failure to Maintain Reserve Requirement***. The Regents shall fail to maintain the Reserve Requirement after written notice thereof, specifying such failure and requiring the same to be remedied, shall have been given to the Regents by a Subordinate Lien Parity Bonds Reserve Fund Surety Bond Provider and the Regents shall not have taken action to correct such failure within sixty (60) days from the receipt of such notice.

Section 8.02 Rights and Remedies of Bondowners. Upon the occurrence of any event of default, the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Subordinate Lien Parity Bonds then Outstanding, including a trustee or trustees for the owners of Subordinate Lien Parity Bonds, shall, in addition to all other remedies and rights of Owners of any of the Subordinate Lien Parity Bonds, have the right and power for the equal benefit and protection of all Owners of the Subordinate Lien Parity Bonds similarly situated, by suit, action, mandamus or proceeding, at law or in equity, to protect, enforce and compel performance by the Regents and any of the officers, agents and employees of the Regents, to perform and carry out its and their duties and obligations under the Bond Resolution or the law pursuant to which the Subordinate Lien Parity Bonds have been issued, including, but not limited to the appointment of a receiver for the collection and disbursement of the Pledged Revenues as described in Section 5.03 hereof, or to enforce the covenants and agreements of the Regents with the Owners of the Subordinate Lien Parity Bonds. Nothing in this Section shall be construed to authorize any action by or on behalf of such owners which is contrary to any presently existing law, nor to require the Regents to perform any act or to do anything which shall require the expenditure in any manner or for any purpose of any funds by the Regents other than the Pledged Revenues.

ARTICLE IX

DEFEASANCE

When all principal, interest, and prior redemption premiums, if any, in connection with the Bonds have been duly paid, the pledge and lien and all obligations hereunder shall thereby be discharged and the Bonds shall no longer be deemed to be Outstanding within the meaning of the Bond Resolution. There shall be deemed to be such payment as to the Bonds when the Regents have caused to be placed in escrow and in trust with a bank doing business in the State which is a member of the Federal Deposit Insurance Corporation (or any successor federal agency) and exercising trust powers, an amount sufficient (including the known minimum yield from Federal Securities in which such amount may be initially invested) to meet all requirements of principal, interest and prior redemption premium, if any, on such Bonds as the same become due to maturity or upon any designated prior redemption date or dates. The Federal Securities shall become due at or prior to the respective times on which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the Regents and such bank at the time of the creation of the escrow, or the Federal Securities shall be subject to the redemption at the option of the owners thereof to assure such availability as needed to meet such schedule. If any such Bond is to be redeemed prior to maturity, notice of redemption shall have been given or arrangements satisfactory to the Paying Agent/Registrar shall have been made for the giving of such notice. No Bonds may be refunded unless they mature or are callable for prior redemption under their terms within 15 years, or such longer period as may then be allowed by the laws of the State, from the date of issuance of the refunding bonds or unless the owners thereof voluntarily surrender them for exchange or payment.

ARTICLE X

AMENDMENT OF RESOLUTION

Section 10.01 Limitations upon Amendments. This Bond Resolution may be amended without the consent of the owners of Subordinate Lien Parity Bonds or the provider of a Subordinate Lien Parity Bonds Reserve Fund Surety Bond to cure any ambiguity, or to cure, correct, or supplement any defect or inconsistent provision contained herein or, if applicable, to preserve the exclusion of interest on any Subordinate Lien Parity Bonds from gross income for federal income tax purposes, or to comply with securities laws, or to make any changes that, in the judgment of the Regents, in reliance upon an opinion of nationally recognized bond counsel, does not have a material adverse affect on the rights of the owners of Subordinate Lien Parity Bonds. Except as provided above, the Bond Resolution may only be amended or supplemented by resolutions adopted by the Regents in accordance with the laws of the State, with the written consent of the provider of a Subordinate Lien Parity Bonds Reserve Fund Surety Bond while such Subordinate Lien Parity Bonds Reserve Fund Surety Bond is in effect and the provider of a Subordinate Lien Parity Bonds Reserve Fund Surety Bond is not in default thereunder and with the consent of the owners of sixty percent (60%) of all Subordinate Lien Parity Bonds then outstanding or in the event that any such amendment affects less than all of the Subordinate Lien Parity Bonds outstanding, of the owners of sixty percent (60%) of just the affected Subordinate Lien Parity Bonds then outstanding, not including in any case any Subordinate Lien Parity Bonds which may then be held or owned for the account of the Regents, but including such refunding bonds as may be issued for the purpose of refunding any of the Subordinate Lien Parity Bonds if such refunding bonds are not owned by the Regents; provided, however, that, unless the requirements listed above are met and the consent of the owners of one hundred percent (100%) of all Subordinate Lien Parity Bonds then outstanding is obtained, no such resolutions shall have the effect of permitting:

(a) an extension of the maturity of any Subordinate Lien Parity Bond; or

(b) a reduction in the principal amount of any Subordinate Lien Parity Bond, the rate of interest thereon, or the redemption premium payable thereon; or

(c) a reduction of the principal amount of Subordinate Lien Parity Bonds required for consent to such amendatory or supplemental resolution; or

(d) the establishment of priorities as between all Outstanding Subordinate Lien Parity Bonds issued and outstanding under the provisions of the Bond Resolution; or

(e) the modification of, or otherwise affecting, the rights of the owners of less than all of the Subordinate Lien Parity Bonds then outstanding (other than as originally permitted hereby); or

(f) the modification of the terms of payment of principal of or interest on the Subordinate Lien Parity Bonds or the imposition of any conditions with respect to such payment.

Section 10.02 Notice of Amendment. Notice of a proposed amendment requiring the consent of the owners of Subordinate Lien Parity Bonds shall be mailed to the owners of the Subordinate Lien Parity Bonds then Outstanding affected by the amendment at their addresses as the same last appear in the registration books kept by the Paying Agent/Registrar and to the provider of a Subordinate Lien Parity Bonds Reserve Fund Surety Bond. Such notice shall briefly set forth the nature of the proposed amendment and shall state that copies of the resolution pertaining to such amendment are on file at the principal corporate office of the Paying Agent/Registrar for inspection by all owners of Subordinate Lien Parity Bonds. If, within sixty (60) days or such longer period as shall be prescribed by the Regents following the giving of such notice, the requisite owners of the Subordinate Lien Parity Bonds Outstanding affected by the amendment shall have consented to and approved the amendment as herein provided, the amendment shall become effective and no owner of any Subordinate Lien Parity Bond shall have any right to object to such amendment, or the operation thereof.

Section 10.03 Proof of Instruments. The fact and date of the execution of any instrument under the provisions of this Section may be proved by the certificate of any officer in any jurisdiction who by the laws thereof is authorized to take acknowledgments of deeds within such jurisdiction, that the person signing such instrument acknowledged before him or her the execution thereof, or may be proved by an affidavit of a witness to such execution sworn to before such officer. The amount and numbers of the Subordinate Lien Parity Bonds owned by any person executing such instrument and the date of his or her holding the same shall be proved by the registration books maintained by the Paying Agent/Registrar.

ARTICLE XI

MISCELLANEOUS

Section 11.01 Delegated Powers. The Authorized Officers of the Regents and the University be, and they hereby are authorized and directed to take all action necessary or appropriate to effectuate the provisions of the Bond Resolution, including, without limiting the generality of the foregoing, the publication of the Notice of Resolution Authorizing the Issuance of Public Securities set out in Section 11.09 hereof (with or without such changes, additions and deletions not inconsistent herewith as they may determine), the distribution of material relating to the Bonds, the execution of the Purchase Contract and the Related Documents, the acquisition of Eligible Investments for the Construction Fund, the printing of the Bonds, the printing and distribution of the Preliminary Official Statement and the Official Statement and the execution of such certificates and agreements as may be required by the Purchaser, including, but not necessarily limited to the absence and existence of factors affecting the exclusion of interest on the tax-exempt Bonds from gross income for federal income tax purposes.

Section 11.02 Bond Resolution Irrepealable. Except with respect to amendments as provided in Section 10.01 hereof, after any of the Bonds are issued the Bond Resolution shall be and remain irrepealable until the Bonds, the interest thereon and amounts due to the provider of a Subordinate Lien Parity Bonds Reserve Fund Surety Bond shall be fully paid, canceled and discharged, as herein provided, or there has been defeasance as herein provided.

Section 11.03 Approval of State Board of Finance. Prior to the delivery of the Bonds, an Authorized Officer shall give written notice of the intention of the Regents to issue the Bonds to the State Board of Finance, together with a copy of this resolution and any supplemental showings or materials which may be required by the State Board of Finance, and none of the Bonds shall be delivered until the State Board of Finance shall have issued such approvals as are required by law.

Section 11.04 Finding of Regularity. The Regents hereby expressly find and determine that all conditions of Chapter 6, Article 17, NMSA 1978, as amended, for the issuance of the Bonds have been met and fulfilled or will have been met and fulfilled prior to the issuance thereof.

Section 11.05 Severability. If any one or more provisions of the Bond Resolution or the application thereof to any set of circumstances or the pledge of any one or more sources of revenue hereunder shall ever be held by final decision of a court of competent jurisdiction to be invalid or ineffective for any reason, such holding shall not affect the validity and enforceability of the remaining provisions and pledges of the Bond Resolution or the application of such remaining provisions to other circumstances.

Section 11.06 Repealer Clause. All bylaws, orders and resolutions of the Regents or the University, or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed to revive any bylaw, order or resolution, or part thereof, heretofore repealed.

Section 11.07 Ratification. All action heretofore taken (not inconsistent with the express provisions of this Bond Resolution) by the Regents or the University directed toward the Project, and toward the authorization, sale and issuance of the Bonds to the Purchaser herein authorized be, and the same hereby is ratified, approved and confirmed.

Section 11.08 Governing Law. This Bond Resolution shall be governed by the laws of the State without reference to choice of law principles thereof.

Section 11.09 Notice of Resolution Authorizing the Issuance of Public Securities for Publication and Limitation of Actions. In accordance with the provisions of Section 6-14-6 NMSA 1978, as amended, the Regents shall cause the following "Notice of Resolution Authorizing the Issuance of Public Securities" to be published once in the Albuquerque Journal or other newspaper of general statewide circulation, and cause a copy of this resolution to be kept on file in the office of the Associate Vice-President for Institute Planning of the University of New Mexico for public examination during regular business hours until at least thirty (30) days from and after the date of publication thereof. The "Notice of Resolution Authorizing the Issuance of Public Securities" shall be in substantially the following form:

[FORM OF NOTICE]

NOTICE OF RESOLUTION AUTHORIZING THE ISSUANCE OF PUBLIC SECURITIES

NOTICE IS HEREBY GIVEN pursuant to the provisions of Section 6-14-6 NMSA 1978, as amended, that on September 13, 2011, The Regents of the University of New Mexico (the "Regents") adopted a resolution (the "Resolution") authorizing the issuance of The Regents of the University of New Mexico Subordinate Lien System Refunding Revenue Bonds, Series 2011 in an amount not to exceed $46,500,000.

The title of the Resolution is as follows:

AUTHORIZING THE ISSUANCE AND SALE OF SUBORDINATE LIEN SYSTEM REFUNDING REVENUE BONDS, SERIES 2011 IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $46,500,000, IN ONE OR MORE SERIES, OF THE REGENTS OF THE UNIVERSITY OF NEW MEXICO FOR THE PURPOSE OF PROVIDING FUNDS FOR THE REFUNDING OF THE REGENTS OF THE UNIVERSITY OF NEW MEXICO, SUBORDINATE LIEN SYSTEM REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2002A, ACQUIRING A RESERVE FUND INSURANCE POLICY TO FUND, OR OTHERWISE FUNDING, A RESERVE FUND FOR SUCH BONDS, AND PAYING THE COSTS OF ISSUANCE ASSOCIATED THEREWITH; PROVIDING FOR THE PLEDGE OF CERTAIN REVENUES FOR THE PAYMENT OF THE BONDS; PROVIDING FOR ENTERING INTO CERTAIN CONTRACTS AND AGREEMENTS IN CONNECTION THEREWITH; PRESCRIBING OTHER DETAILS CONCERNING SUCH BONDS AND THE BOND PROCEEDS; PROVIDING FOR THE APPROVAL AND EXECUTION OF CERTAIN DOCUMENTS OTHERWISE RELATING TO THE FOREGOING; AND PROVIDING FOR THE PUBLICATION OF NOTICE OF ADOPTION OF THIS RESOLUTION.

A copy of the Resolution is on file in the office of the Associate Vice-President for Institutional Planning of the University of New Mexico, Scholes Hall at the University of New Mexico, in Albuquerque, New Mexico, where it may be examined during regular business hours of the Associate Vice-President for Institutional Planning from 8:00 a.m. to 12:00 p.m. and 1:00 p.m. to 5:00 p.m. The Resolution shall be available for inspection for a period of at least thirty (30) days from and after the date of the publication of this notice.

This notice is given pursuant to the Public Securities Limitation of Action Act, Sections 6-14-4 to 6-14-7 NMSA 1978, as amended.

DATED this 13th day of September, 2011.

THE REGENTS OF THE UNIVERSITY OF NEW MEXICO

[END OF FORM OF NOTICE]

Section 11.10 Third Party Beneficiary; Notices. Nothing in this Resolution expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the University, the Regents, the Paying Agent, the provider of a

Subordinate Lien Parity Bonds Reserve Fund Surety Bond, and the Owners of the Bonds, any right, remedy or claim under or by reason of this Resolution or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Resolution contained by and on behalf of the University shall be for the sole and exclusive benefit of the University, the Regents, the provider of a Subordinate Lien Parity Bonds Reserve Fund Surety Bond, the Paying Agent and the Owners of the Bonds.

All notices to the Regents or the University, the Paying Agent, the provider of a Subordinate Lien Parity Bonds Reserve Fund Surety Bond, Moody's and S&P shall be sufficiently given and shall be deemed given when delivered or mailed by registered or certified mail, postage prepaid, or sent by telegram, telecopy or telex or other similar communication, or when given by telephone, confirmed in writing, sent by any of the above methods on the same day addressed as follows:

If to the Fiscal Agent:	to be set forth in the Pricing Resolution
If to the Regents or the University:	University of New Mexico Scholes Hall Albuquerque, New Mexico 87131 Attention: Associate Vice-President for Institutional Planning, or his or her successor in function Telephone: (505) 277-6465 Fax: (505) 277-3377
If to Moody's:	Moody's Investor Services 99 Church Street New York, New York 10007 Attention: Municipal Department Telephone: (212) 553-0300 Fax: (212)553-7450
If to S&P:	Standard & Poor's Ratings Services 55 Water Street New York, New York 10041 Attention: Municipal Structured Surveillance Telephone: (212) 208-1723 Fax: (212) 412-0462

The above parties may, by notice given hereunder, designate any further or different addresses to which subsequent notices shall be sent.

Section 11.11 Effective Date. This resolution shall take immediate effect.

ADOPTED AND APPROVED this 13th day of September, 2011.

THE REGENTS OF THE UNIVERSITY OF NEW MEXICO

[SEAL]

By ______________________________
President

Attest:

By

____
Secretary

[Signature Page to Bond Resolution]

EXHIBIT A

(FORM OF BOND)

EXCEPT AS OTHERWISE PROVIDED IN THE HEREINAFTER DEFINED BOND RESOLUTION, THIS GLOBAL BOOK-ENTRY BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF DTC (AS DEFINED HEREIN) OR TO A SUCCESSOR SECURITIES DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR SECURITIES DEPOSITORY.

[INTEREST ON THIS BOND IS INCLUDIBLE IN GROSS INCOME FOR FEDERAL INCOME TAXATION PURPOSES]

UNITED STATES OF AMERICA
STATE OF NEW MEXICO **COUNTY OF BERNALILLO**

THE REGENTS OF THE UNIVERSITY OF NEW MEXICO
SUBORDINATE LIEN SYSTEM REFUNDING REVENUE BOND
SERIES 2011

NO. R-1	$_____	CUSIP 914692_____
Maturity Date	**Interest Rate**	**Dated as of**
June 1, ______	_____%	

REGISTERED OWNER: Cede & Co.
Tax Identification Number: 13-2555119

PRINCIPAL AMOUNT: DOLLARS

KNOW ALL PERSONS BY THESE PRESENTS, that The Regents of the University of New Mexico (the "Regents"), being a body corporate under the constitution and laws of the State of New Mexico (the "State"), for value received, hereby promises to pay to the Registered Owner specified above (the "Owner" or "Registered Owner") or registered assigns solely from the special funds provided therefor, the Principal Amount specified above, on the Maturity Date specified above (unless called for earlier redemption), and to pay from such special funds interest thereon on June 1 and December 1 of each year commencing June 1, 2012, at the Interest Rate per annum specified above, until the Principal Amount specified above is paid or duly provided for. This bond will bear interest from the most recent interest payment date to which interest has been paid, or, if no interest has been paid, from the date of this bond. The principal of and premium, if any, on this bond is payable upon presentation and surrender hereof at the principal office of ________________________________, Albuquerque, New Mexico, as paying agent (the "Paying Agent" or "Fiscal Agent"). Interest on this bond will be paid on each interest payment date (or, if such interest payment date is not a business day, on the next succeeding business day), by check or draft mailed to the person in whose name this bond is registered (the "Owner") in the registration records of the Regents maintained by the Paying Agent and at the address appearing thereon at the close of business on the fifteenth (15th) day of the calendar month next preceding such interest payment date (the "Record Date"). Any such interest not so timely paid shall cease to be payable to the person who is the Owner hereof at the close of business on the Record Date and shall be payable to the person who is the Owner hereof at the close of business on a Special Record Date, as described in the resolutions of the Regents adopted on September 13, 2011 and on __________, 2011 authorizing the issuance of and relating to this bond, respectively (collectively, the "Bond Resolution"), for the payment of any defaulted interest. Such Special Record Date shall be fixed by the Paying Agent whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the Owners of the bonds of the series of which this is one (the "Series 2011 Bonds") not less than ten (10) days prior thereto. Alternative means of payment of interest may be used if mutually agreed to in writing between the Owner of any Series 2011 Bond and the Paying Agent, as provided in the Bond Resolution. All such payments shall be made in lawful money of the United States of America.

Capitalized terms used in this bond and not specifically defined herein shall have the same meanings ascribed thereto in the Bond Resolution unless the context shall otherwise clearly require.

The Series 2011 Bonds are issuable as fully registered bonds in denominations of $5,000 and any integral multiple thereof or $5,000 Maturity Amount with respect to the Capital Appreciation Bonds (provided that no Series 2011 Bond may be in a denomination which exceeds the principal coming due on any Maturity Date, and no individual Series 2011 Bond may be issued for more than one maturity) and are exchangeable for fully registered Series 2011 Bonds of the same maturity in equal aggregate principal amounts and in authorized denominations at the aforesaid office of the Paying Agent, but only in the manner, subject to the limitations, and on payment of the charges provided in the Bond Resolution.

The Series 2011 Bonds are initially to be registered in the name of "Cede & Co.," as nominee for The Depository Trust Company ("DTC"), as securities depository for the Series 2011 Bonds. Purchases by beneficial owners are to be made in book-entry form. Beneficial owners are not to receive certificates evidencing their interest in the Series 2011 Bonds.

Series 2011 Bonds (with the exception of the Capital Appreciation Bonds) maturing on and after June 1, __, are subject to prior redemption, at the option of the Regents, in whole at any time or in part on any interest payment date on or after June 1, ____, in integral multiples of $5,000, from any maturities or any portions of maturities selected by the Regents and by lot within a maturity (giving proportionate weight to Series 2011 Bonds in denominations larger than $5,000), in such manner as the Paying Agent may determine, at the respective redemption prices (expressed as percentages of the principal amount of each Series 2011 Bond or portion thereof so redeemed) set forth below, plus accrued interest to the redemption date.

Redemption Dates	**Redemption Price**
June 1, _____ through May 31, _____	%
June 1, _____ and thereafter	

The Series 2011 Bonds maturing on June 1, _____ , are subject to mandatory sinking fund redemption by lot in such manner as the Paying Agent may determine (giving proportionate weight to Series 2011 Bonds in denominations larger than $5,000 principal amount), on June 1 in each of the following years and in each of the designated amounts of principal, at a price equal to the principal amount of each Series 2011 Bond or portion thereof so redeemed plus accrued interest to the redemption date.

Redemption Dates (June 1)	**Principal to be Redeemed**
	$
	*

*Final Maturity

The Series 2011 Bonds maturing on June 1, ____, are subject to mandatory sinking fund redemption by lot in such manner as the Paying Agent may determine (giving proportionate weight to Series 2011 Bonds in denominations larger than $5,000), on June 1 in each of the following years and in each of the designated amounts of principal, at a price equal to the principal amount of each Series 2011 Bond or portion thereof so redeemed plus accrued interest to the redemption date.

Redemption Dates (June 1)	**Principal to be Redeemed**
	$
	*

*Final Maturity

The principal amount of Series 2011 Bonds maturing on June 1, _____and on June 1, ______ required to be redeemed on any particular date will be reduced in such order as the Regents determines by an amount equal to the par value of any such Series 2011 Bonds previously paid or redeemed at the Regents option not less than 60 days prior to the redemption date fixed for the mandatory sinking fund redemption.

In the case of a Series 2011 Bond of a denomination larger than $5,000, a portion of such Series 2011 Bond ($5,000 principal amount or $5,000 Maturity Amount with respect to the Capital Appreciation Bonds or any integral multiple thereof) may be redeemed, in which case the Paying Agent shall, without charge to the Owner of such Series 2011 Bond, authenticate and issue a replacement Series 2011 Bond or Bonds for the unredeemed portion thereof. Money sufficient to provide for the redemption price due in connection with any redemption of Series 2011 Bonds as provided herein shall be credited to the Series 2011 Bonds Principal Account for such purpose prior to the redemption date set for such Series 2011 Bonds. Redemption shall be made upon not less than thirty (30) days prior mailed notice to the Owner of any Series 2011 Bond all or a part of which is called for prior redemption, at such Owners address as it last appears on the registration records kept by the Paying Agent, subject to the terms and otherwise as provided in the Bond Resolution.

The Paying Agent will not be required to transfer or exchange: (i) any Series 2011 Bond or portion thereof subject to redemption during a period beginning at the opening of business fifteen (15) days before the day of the mailing by the Paying Agent of a notice of redemption and ending at the close of business on the day of such mailing; or (ii) any Series 2011 Bond or any portion thereof after the mailing of notice calling such Series 2011 Bond or any portion thereof for redemption.

This bond is fully transferable by the Owner hereof, in person or by his duly authorized attorney, upon surrender of this bond together with a duly executed written instrument of transfer satisfactory to the Paying Agent. Upon such transfer, a new fully registered Series 2011 Bond or Bonds of authorized denomination or denominations of the same aggregate principal amount and maturity will be issued to the transferee in exchange for this bond, subject to such terms and conditions as set forth in the Bond Resolution. The Regents and Paying Agent may deem and treat the person in whose name this bond is registered as the absolute Owner hereof for the purpose of making payments (except to the extent otherwise provided hereinabove and in the Bond Resolution with respect to Record Dates and Special Record Dates for the payment of interest) and for all other purposes, and the Regents and Paying Agent shall be not be affected by notice to the contrary.

THE SERIES 2011 BONDS AND THE INTEREST THEREON ARE SPECIAL LIMITED OBLIGATIONS OF THE REGENTS, ARE PAYABLE SOLELY FROM THE PLEDGED REVENUES DESCRIBED BELOW AND AMOUNTS ON DEPOSIT IN THE SUBORDINATE LIEN PARITY BONDS RESERVE FUND, AND SHALL NOT BE DEEMED TO CONSTITUTE AN INDEBTEDNESS OR GENERAL OBLIGATION OR A PLEDGE OF THE FAITH AND CREDIT OF THE REGENTS OF THE UNIVERSITY OF NEW MEXICO, THE UNIVERSITY OF NEW MEXICO OR THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. THE OWNERS OF BONDS MAY NOT LOOK TO ANY GENERAL OR OTHER FUND OTHER THAN THE PLEDGED REVENUES FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE SERIES 2011 BONDS OR OTHER COSTS INCIDENT THERETO. THE REGENTS HAVE NO TAXING POWER.

The Series 2011 Bonds are issued in full compliance with the laws of the State, including Sections 6-17-1 to 6-17-19 NMSA 1978, as amended, and Sections 6-14-1 to 6-14-12 NMSA 1978, as amended, and all enactments of the Regents relating to the Series 2011 Bonds, all as amended.

The Regents are issuing the Series 2011 Bonds in order to provide funds for the refunding of certain indebtedness previously incurred by the Regents, acquiring a reserve fund insurance policy to fund, or otherwise fund, a reserve fund for the Series 2011 Bonds, and paying the costs of issuance associated therewith (collectively, the "Project").

The Series 2011 Bonds are equally and ratably secured by a pledge under the Bond Resolution of the Pledged Revenues. Pledged Revenues are defined in this bond to mean the net revenues derived directly or indirectly by the Regents from the operation or ownership of the System, all as more fully defined in the Bond Resolution. Pledged Revenues do not include any money received from ad valorem taxes, State appropriations or restricted contracts and gifts.

Reference is made to the Bond Resolution on file with the Associate Vice-President for Institutional Planning of the University for a description of the Pledged Revenues, the rights, duties and obligations of the Owners, the Fiscal Agent and the Regents, and the conditions under which the Series 2011 Bonds are issued and secured. The acceptance of the terms and conditions of the Bond Resolution is an explicit and material part of the consideration of the Regents issuance of this bond, and each owner, by acceptance of this bond, agrees and assents to all such terms and conditions as if fully set forth herein.

The Regents and the Fiscal Agent may deem and treat the person in whose name this bond is registered on the registration books of the Regents maintained by the Fiscal Agent as the absolute owner of this bond for all purposes, whether or not this Bond is overdue, and neither the Regents nor the Fiscal Agent shall be affected by any notice to the contrary.

The transfer and exchange of this bond will be registered upon the registration books kept at the principal corporate trust office of the Fiscal Agent, upon surrender of this bond at that office, together with the attached instrument of transfer duly executed by the Registered Owner or his duly authorized attorney.

The Registered Owner of this bond has no right to enforce the provisions of the Bond Resolution or to institute action to enforce the covenants therein or to take any action with respect to any default under the Bond Resolution or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Bond Resolution.

The Bond Resolution may be modified or amended as set forth in the Bond Resolution.

No covenant or agreement contained in this bond or the Bond Resolution will be deemed to be the covenant or agreement of any elected or appointed Regent, officer, agent, servant or employee of the University in his individual capacity, and no member of the Regents or any official executing this bond will be liable personally on this bond or be subject to any personal liability or accountability by reason of the issuance of this bond.

If sufficient funds are deposited with the Fiscal Agent to pay the principal or redemption price of any Series 2011 Bonds becoming due at maturity, by call for redemption or otherwise, together with interest accrued to the due date, interest on such Series 2011 Bonds will cease to accrue on the due date, and thereafter the owners will be restricted to the funds deposited as provided in the Bond Resolution.

It is certified that all acts and conditions necessary to be done or performed by the Regents and the University to have happened precedent to the issuance of the Series 2011 Bonds to make them legal, valid and binding limited and special obligations of the Regents and the University have been performed and have happened, as required by law, and that the Series 2011 Bonds do not exceed or violate any constitutional or statutory limitation. This Series 2011 Bond will not be entitled to any benefit under the Bond Resolution or become valid or obligatory for any purpose until the Fiscal Agent, as authenticating agent, has signed the Certificate of Authentication.

IN WITNESS WHEREOF, the Regents have caused this bond to be signed by the manual or facsimile signature of the President of the Regents and attested by the manual or facsimile signature of the Secretary and Treasurer of the Regents and a manual impression or the facsimile of the corporate seal of the Regents to be printed thereon, all as of _____, 2011.

THE REGENTS OF THE UNIVERSITY OF NEW MEXICO

[SEAL]

By ______________________________
President

Attest:

By__________________________________
Secretary and Treasurer

CERTIFICATE OF AUTHENTICATION

This is one of the Series 2011 Bonds described in the within-mentioned Bond Resolution of The Regents of the University of New Mexico, and this bond has been registered on the registration books kept by the undersigned as Fiscal Agent for such Series 2011 Bonds.

____
as Paying Agent/Registrar

By ________________________________
Authorized Officer

Date of Authentication:

____________________, 2011

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns, and transfers unto

____

SOCIAL SECURITY OR FEDERAL EMPLOYER
IDENTIFICATION NUMBER OF ASSIGNEE

____

____

____
(Name and Address of Assignee)

____

the within bond and does hereby irrevocably constitute and appoint ____________________ ____attorney, to transfer said bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: ______________________________

Signature of Registered Owner:

____

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

Signature guaranteed:

____

(Bank, Trust Company, or Firm)

TRANSFER FEE MAY BE REQUIRED

PREPAYMENT PANEL

The following installments of principal (or portion thereof) of this Bond have been prepaid in accordance with the terms of the Bond Resolution

Date of Prepayment	Principal Prepaid	Signature of Authorized Representative of the Depository

DTC FAST RIDER

This bond shall remain in the Custodian's custody subject to the provisions of the FAST Balance Certificate Agreement currently in effect between the Custodian and DTC.

EXHIBIT B

(AFFIDAVIT OF PUBLICATION OF NOTICE OF ADOPTION OF THE RESOLUTION)

EXHIBIT C

THE PROJECT

Project Description	Proposed Project Amount
Refunding of The Regents of the University of New Mexico, Subordinate Lien System Improvement Revenue Bonds, Series 2002A	
Series 2011 Reserve Fund	
Costs of Issuance	
Total	

UNM

Department of Planning, Budget & Analysis

MEMORANDUM

TO: Members of the Board of Regents' Finance & Facilities Committee

THRU: David J. Schmidly, President
David W. Harris, EVP for Administration, COO and CFO

FROM: Andrew Cullen, Associate VP Office of Planning, Budget & Analysis

DATE: August 24, 2011

SUBJECT: UNM Rating Agency Update

In conjunction with the partnership/agreement between UNM and ACC to plan, design and construct Component II, Phase I (student housing) on main campus, the Administration is pleased to announce that its credit ratings with Moody's and Standard & Poor's have been fully affirmed. Specifically:

- Moody's
    - Affirmed Aa2 long-term University rating – stable outlook.
    - Affirmed Aa2/VMIG1 short-term rating – stable outlook.
- Standard & Poor's
    - Affirmed AA long-term University rating – stable outlook
    - Affirmed A-1+ short-term rating on the series 2001, 2002B, and 2002C variable-rate demand bonds – stable outlook.

The short-term ratings are based on bank liquidity support from J.P. Morgan Chase in the event of an un-remarketed tender. J.P. Morgan Chase, which has weathered the financial/banking crisis better than the vast majority of its competitors, is currently under contract with the University to provide liquidity support through the close of business, July 16, 2012.

The affirmations of the long-term ratings are more complex in that they consider all relevant factors for the University's long-term viability. In affirming their respective ratings, the agencies noted the following strengths:

- History of consistent financial support from the State of New Mexico;
- Broad undergraduate, graduate, and professional program offerings, including New Mexico's only schools of law, architecture and planning, and pharmacy;
- Consistently balanced operating performance and good cash flow with a hospital that is a major healthcare service provider that has modest surpluses;

- Adequate financial resource ratios, including monthly liquidity relative to operations of approximately 82 days;
- Stable enrollment at both the main and branch campuses;
- Competitive in-state tuition that benefits from a state scholarship program; and
- A manageable consolidated debt burden.

Offsetting credit factors include:

- UNM's comparatively small endowment relative to other U.S. public flagship universities (although success to date is acknowledged for its "Changing Worlds" campaign);
- Relatively weak demographic projections for the number of New Mexico high school graduates, which accounted for 88% of first-time freshmen students in fall 2010; and
- A growing but relatively modest research base compared to peer flagship institutions.

A related offsetting credit factor is the recent United States downgrade by Standard & Poor's. As a result of this downgrade, the State of New Mexico's general obligation rating is Aaa with a negative outlook due to its above-average exposure to sovereign risk factors that leads to greater vulnerability to changes in the U.S. government rating. More specifically, because of its high reliance on federal funding for Medicaid, Medicare, Pell Grants and Research dollars, further strains on the U.S. economy could further negatively affect the U.S. rating and have a ripple effect on the State of New Mexico and, consequently, the University of New Mexico's operational and capital funding from the state.

The affirmation of the ratings comes after three successive state budget recessions/reductions that have placed academic and administrative departments under considerable financial pressure. The ratings should not diminish the severity of these budget reductions, but rather lend support to the premise that the University of New Mexico's financial status is strong and will provide the foundation to continue to improve its teaching, research, patient care and community service missions.

Thank you for your consideration.

MOODY'S
INVESTORS SERVICE

Rating Update: MOODY'S AFFIRMS UNIVERSITY OF NEW MEXICO'S Aa2 AND Aa2/VMIG 1 RATINGS; OUTLOOK IS STABLE

Global Credit Research - 25 Aug 2011

UNIVERSITY HAS $652 MILLION OF RATED DEBT OUTSTANDING

Board of Regents of the Univ. of New Mexico
Higher Education
NM

Opinion

NEW YORK, Aug 25, 2011 -- Moody's Investors Service has affirmed the University of New Mexico's (UNM) Aa2 and Aa2/VMIG 1 ratings on its outstanding rated debt (see RATED DEBT for specific debt issues). The rating outlook is stable.

SUMMARY RATING RATIONALE: The Aa2 rating for University of New Mexico reflects its position as the State's flagship public university and major healthcare service provider, history of good state support for operations and capital, as well as good operating cash flow and debt service coverage. The rating also incorporates UNM's significant exposure to the volatile healthcare industry through the ownership of two hospitals and a faculty practice plan and its high reliance on in-state enrollment, with the number of New Mexico high school graduates showing generally no growth through 2022. The stable outlook reflects maintenance of the University's strong student and healthcare market positions, stable to rising enrollment, continued good debt service coverage, and no near-term borrowing plans.

STRENGTHS

*Solid market position as the State's flagship public university serving a growing enrollment of 23,115 full-time equivalent (FTE) students across six campuses. UNM provides a broad array of undergraduate, graduate and profession programs, including New Mexico's only public schools of law, architecture and planning, and pharmacy.

*History of consistent operating and capital support from the State of New Mexico (General Obligation rating of Aaa with a negative outlook) and state lottery revenues dedicated for scholarships, with operating appropriations representing 19% of Moody's adjusted operating revenue. The University currently does not expect reductions in state funding for FY 2012 following a total of $43.6 million in cuts for fiscal years 2009 through 2011.

*Balanced operating margins and good cash flow, with an annual operating margin of 0.8% for both fiscal year (FY) 2009 and 2010 and a three year average operating margin of 2.3%; the operating cash flow margin of 8.1% for FY 2010 is higher due to adjustments for the non-cash depreciation and OPEB expenses of $89.3 million and $7.0 million, respectively. The University projects generally comparable performance for FY 2011.

*Good liquidity supporting the University's variable rate debt, with monthly liquidity to demand debt of 338%. Monthly liquidity relative to operations is moderate but still adequate at 82 days.

*Success to date in fundraising, with over $391 million raised to date in the "Changing Worlds" campaign with a goal of $675 million.

CHALLENGES

*High reliance on healthcare operations, with patient care representing 46% of the University's FY 2010 operating revenues. This revenue source is reliant on federal and state funding with 55% of gross revenue derived from Medicare and Medicaid. Healthcare exposure is expected to continue to increase with the addition of the 68-bed Sandoval Regional Medical Center.

*Reliance on state funding for capital and operations, with operating appropriations representing 19% of FY 2010 operating revenues and leaving UNM vulnerable to state budget challenges and reductions in operating and capital support.

*Relatively weak demographic projections for the number of New Mexico high school graduates, which accounted for 88% of first-time freshmen students in Fall 2010, although improved retention and recruiting strategies should mitigate pressures from the declining pool of potential applicants from the state. High school graduates are projected to decline 6% from 2010 to 2014 but then rise 9% through 2022 back to that in 2010.

DETAILED CREDIT DISCUSSION

LEGAL SECURITY: University of New Mexico's rated bonds are payable from a subordinate lien on Pledged Revenues which include tuition and fees; auxiliary revenues derived from the bookstore, parking, housing; indirect cost recovery; and income from the permanent and land funds. Pledged Revenues exclude state appropriations, restricted funds, and hospital revenue. The senior lien is associated with $23.8 million of outstanding Series 1992A bonds and is closed. The subordinate bonds are further secured by a debt service reserve fund, sum sufficient rate covenant, and additional bonds test of at least 1.75 times coverage of pro-forma peak debt service coverage. Total pledged revenues of $337.7 million for FY 2010 provided 9.5 times coverage of maximum annual debt service (MADS). Net revenues provided 2.6 times MADS coverage. UNM's hospital revenues bonds are secured solely by hospital revenue and the mortgage insurance from the Federal Housing Administration's Section 242 mortgage insurance program, with no recourse to the revenue streams supporting debt service on the System Revenue Bonds. The Hospital provides good debt service coverage of its outstanding $183.4 million of debt by 5.4 times in FY 2010.

DEBT STRUCTURE: UNM's debt structure is comprised 87% fixed rate bonds, including debt of the hospital and a component unit of UNM. The University has hedged the interest rates on 81% of the variable rate debt outstanding. The demand features of the variable rate debt - specifically the Series 2001, 2002A and 2002B - are backed by standby bond purchase agreements (SBPAs) provided by JPMorgan Chase Bank, N.A. (rated Aa1/P-1). All SBPAs expire on July 16, 2012. We believe this debt structure carries additional risks as under certain circumstances, the bank could require an acceleration of the bonds and terminate the agreement. With Moody's calculation of unrestricted monthly liquidity for FY 2010 providing 338% of demand debt, we are comfortable with the risks associated with the variable rate debt structure at the current rating level.

INTEREST RATE DERIVATIVES: The University has floating to fixed rate swap agreements related to its Series 2002B, 2002C, and a portion of its 2001 variable rate bonds. There are two synthetic fixed rate swaps hedging the 2001 bonds with RBC Capital Markets and JPMorgan. The University has entirely synthetically fixed the Series 2002B and 2002C bonds through swaps with JP Morgan. The swaps are conterminous with the maturity of the debt, with the University's swap payments on parity with debt service payments. In 2006, the University entered into two swap overlays with JP Morgan on the Series 2001 and 2002C bonds under which it pays SIFMA and receives a percentage of five-year LIBOR plus a fixed basis point spread. At the current rating level, the University must post collateral at a $20 million threshold. As of June 30, 2011, the swap portfolio's market valuation, including the swap overlays, is $5.9 million against the University.

RECENT DEVELOPMENTS/RESULTS

GROWING HEALTHCARE OPERATIONS EXPOSES UNIVERSITY TO RISKS OF SECTOR

UNM's has a large and growing exposure to the volatile healthcare industry through the ownership of a hospital and a faculty practice plan, with the construction of an additional small hospital underway. Representing 46% of FY 2010 operating revenues, as calculated by Moody's, patient care represented the single largest contributor to revenues The University's Health Sciences Center (HSC) payor mix has a high Medicaid load and operates in a highly competitive healthcare market. However, we believe this sector risk is mitigated by the Hospital's market position, good volume trends, and positive operating performance. Continuation of healthy operating margins at the University Hospital will be a key factor in maintaining the credit rating of the University.

The HSC clinical facilities include the 518 licensed bed UNM Hospital, the State's only Level-1 trauma center for children and adults and as Bernalillo County's (rated Aaa with a negative outlook) public hospital, a key provider of indigent care. The Hospital benefits from tax support through a mill levy from the County that represented $90.6 million in FY 2010 or nearly 12% of Moody's adjusted hospital revenue, although we note the tax support must be renewed by voters every eight years. As the safety net hospital for the region, the Hospital has a challenging payor mix. In FY 2010, Medicaid represented 24% of gross patient revenues, Medicare 16%, Managed Care and Insurance represented 13%, while self pay and other accounted for 33%. Due to the high level of indigent care provided, the Hospital has recognized substantial bad debt expense of $98.0 million and $69.5 million in FY 2009 and FY 2010, respectively. As a provider of a high number of Medicaid patients, HSC received Upper Payment Limit (UPL) payments of $21.3 million and $39.0 million for FY 2009 and FY 2010, respectively, to supplement the Medicaid reimbursement. Additionally, it received disproportionate share (DSH) payments of $21.4 million and $22.5 million for FY 2009 and FY 2010, respectively. This includes UNM Hospital, UNM Psychiatric Center, and UNM Children's Psychiatric Center.

Despite the payor mix, operating performance at the Hospital has been positive, although down in FY 2010 from the past two years. The operating margin was 4.4% for FY 2010 compared to 8.8% in FY 2009, while the operating cash flow margin of 10.6% is less than the 14.8% in FY 2009. The decrease in the operating margin reflects in part compensation and benefit expenses related to compensation increases and new staff for recently opened areas and for supplies expenses for the higher utilizations. The Hospital continues to experience good volume growth with admissions of 27,452, down only 1.4% from the prior year. Fiscal year-to-date the Hospital is reporting utilization and operating performance higher than for the same period the preceding year. The Hospital's primary service area includes Bernalillo and Valencia counties, as well as portions of Sandoval, Torrance, and Santa Fe counties. Continued growth is expected in the Hospital's primary service area and should contribute to ongoing volume increases.

Albuquerque is a highly competitive healthcare market with the for-profit Lovelace Health System (owned by Nashville-based Ardent Health Services, with 26% market share), Presbyterian Healthcare Services (rated Aa3 with 44% market share), the University of New Mexico's University Hospital (with 27% market share), and the Heart Hospital of New Mexico (a specialty hospital with a stable 2% of the market). Albuquerque is in large part the destination for healthcare services for much of the State with the flagship facilities for three systems in downtown Albuquerque within two miles of each other. However, there is clear market segmentation, with UNM Hospital being the primary provider for Medicaid recipients and indigent residents, so actual competition in the commercial market is moderate. In FY 2010, Medicaid patients represented more than 28% of the UNM's gross payor mix.

The University is currently constructing a new 68-bed teaching hospital and medical office building at its Rio Rancho campus, located in the west side of the Albuquerque metropolitan area and the fastest growing town in New Mexico. The Sandoval Regional Medical Center, Inc. (SRMC) is a wholly owned subsidiary of the University with a majority of board membership from the University. The Sandoval Regional Medical Center has an estimated project cost of $159.9 million with an expected completion date of spring 2012, with $143.4 million financed through the Series 2010 FHA mortgage bonds. The UNM Medical Group, a blended component unit of the University, expects to make a $23 million contribution (including $3.5 million from unrestricted funds), to fund start-up costs in the first few years until the project is self-sufficient.

For future operating support, SRMC will receive 60% of a property tax established by Sandoval County once the hospital is opened and licensed, with current estimates that the tax receipts will cover approximately 75% of the debt service on the bonds issued to finance the hospital. The other 40% of the tax collections will be paid to Presbyterian Health Services, which is planning to construct a 66 bed facility in another location in Rio Rancho. With two new facilities opening in Sandoval County within the same general time period, we expect pressure on UNMH's and UNM's reported operating results until the new facility becomes profitable. Moody's will monitor the impact of the new facility on UNM to determine the extent and length of time of any reduction in operating performance and cash flow.

SIGNIFICANT RELIANCE ON STATE OF NEW MEXICO RATED Aaa WITH NEGATIVE OUTLOOK

The University is reliant on the State of New Mexico for both direct state operating support (19% of FY 2010 operating revenues) as well as Medicaid funding for UNMH's patient care revenues (24% of gross patient revenues or 40% of net patient revenues of $593 million for FY 2010). The State of New Mexico's general obligation rating is Aaa with a negative outlook due to its above-average exposure to sovereign risk factors that leads to greater vulnerability to changes in the U.S. government rating. For more information, please see Moody's reports regarding the rating actions related to the State of New Mexico dated July 19, 2011 and August 4, 2011.

PRIVATIZED STUDENT HOUSING REPRESENTING GROWING SHARE OF UNIVERSITY'S AVAILABLE STUDENT HOUSING

UNM is continuing to expand its housing capacity through the use of public private partnerships. Given the material share of student housing represented by the public private partnerships, we believe that the University has a strong incentive to see these projects succeed. Based on the specific structure of the transactions, which includes no obligation of the University to support the project, we have not included the development costs in direct debt calculations for the University. The credit impact of these projects could change if the projects encountered operating difficulties in the future and UNM provided financial or other significant support.

UNM entered into an agreement with American Campus Communities, Inc. (ACC) to construct student housing and is now moving to construct the Phase Two of its overall plans. Phase One (Lobo Village), on schedule to open for this fall semester, is located on UNM's south campus adjacent to the main campus and provides 864 beds for upperclassmen. With its location, University services provided are minimal, including a shuttle to the main campus. Phase Two, however, will be located on UNM's main campus with the university-owned student housing facilities and will provide 1,027 beds for UNM's freshmen, and will replace 257 beds from the University's halls. Due to its location on the main campus, UNM will provide for the Phase Two residents parking, as well as dining services and access to campus facilities including the library and recreation center. There is currently no freshman housing requirement. We believe with the location on the main campus and the importance of providing critical housing to freshmen students, Moody's believes UNM would have a strong incentive for Phase Two to succeed.

The site on the main campus will be ground leased to ACC for 40 years with three 10-year extension options. The project cost for Phase Two is projected to be $35 million and is expected to be completed by August 2012. ACC will issue no project-specific debt at this time, instead investing its own equity; however, the lease agreement allows ACC to enter into a mortgage for up to 65% of the fair market value of the project and up to 75% of the combined fair market value of the first two phases and the future phase three.

For the third phase, UNM is currently planning the construction of an additional 1,000 beds with ACC on its main campus, but would result in a net increase of 400 beds after taking 600 of its own beds offline. After the opening of phase two in August 2012, the ACC beds will represent 43% of the University's beds available for students. Following phase three, the ACC beds will represent 60% of proforma available student housing assuming the University constructs no housing, although it would represent only 17% of current headcount enrollment at the main campus. Moody's continues to monitor the University's involvement in all of the projects and levels of ongoing support, financial and other. We view these projects as part of the University's broader credit profile, especially as management explores the possibility of additional privatized student housing and these facilities become an increasingly large proportion of the University's overall housing stock.

Outlook

The stable outlook reflects maintenance of the University's strong student and healthcare market positions, stable enrollment levels, continued good debt service coverage, and no near-term borrowing plans.

WHAT COULD MAKE THE RATING GO UP

Substantial financial resource growth through successful fundraising combined with enhanced market position reflected in enrollment growth and tuition flexibility; consistently favorable operating performance and stronger cash flow generation

WHAT COULD MAKE THE RATING GO DOWN

Sustained deterioration of Hospital or University operations resulting in lower operating cash flow and flat or declining financial reserves; significant reductions in state operating and capital support not offset by other revenue growth; significant additional borrowing without commensurate growth in financial resources and revenues

KEY INDICATORS (FY 2010 financial results; Fall 2010 enrollment)

Total Enrollment: 23,115 full-time equivalent students

Total Debt: $863.0 million

Total Comprehensive Debt: $956.0 million

Expendable Financial Resources: $575.3 million

Expendable Financial Resources to Debt: 0.7 times

Expendable Financial Resources to Operations: 0.4 times

Monthly Liquidity: $348.1 million

Monthly Days Cash on Hand (unrestricted funds available within 1 month divided by operating expenses excluding depreciation, multiplied by 365 days): 84 days

Monthly Liquidity to Demand Debt: 338%

Reliance on State Funding (% of Operating Revenue): 19%

Reliance on Patient Care Revenue (% of Operating Revenue): 44%

State of New Mexico G.O. Rating: Aaa, negative outlook

RATED DEBT

Superior Lien System Revenue Bonds

Series 1992A: Aa2

Subordinate Lien System Revenue Bonds

Series 2001, 2002B, 2002C: Aa2/VMIG1 (VMIG1 rating based on SBPA with JPMorgan Chase Bank, N.A. that expires on stated expiration date of July 16, 2012)

Series 2002A, 2003A, and 2007B (Taxable): Aa2

Series 2000A, 2000B: Aa2, insured by National Public Finance Guarantee Corp.

Series 2003B, 2003C, 2005: Aa2, insured by Ambac

Series 2007A: Aa2, insured by Assured Guaranty Municipal Corp. (formerly FSA)

Hospital Revenue Bonds

Series 2004: insured by Assured Guaranty Municipal Corp. (formerly FSA)

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PRINCIPAL RATING METHODOLOGY

The principal methodology used in this rating was Public Colleges and Universities published in September 2002. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

REGULATORY DISCLOSURES

For ratings issued on a program, series or category/class of debt, this announcement provides relevant regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series or category/class of debt or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides relevant regulatory disclosures in relation to the rating action on the support provider and in relation to each particular rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides relevant regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moodys.com.

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Please see www.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

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MOODY'S
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STANDARD & POOR'S

Global Credit Portal®
RatingsDirect®

August 15, 2011

University of New Mexico Board of Regents
University of New Mexico; Public Coll/Univ - Unlimited Student Fees

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University of New Mexico Board of Regents University of New Mexico; Public Coll/Univ - Unlimited Student Fees

Credit Profile		
University of New Mexico Brd of Regents, New Mexico		
University of New Mexico, New Mexico		
New Mexico Brd of Regents (Univ of New Mexico) gross rev bnds ser 1992A-C		
Long Term Rating	AA/Stable	Affirmed

Rationale

Standard & Poor's Ratings Services affirmed its 'AA' long-term rating and underlying rating (SPUR) on the University of New Mexico Board of Regents' various senior- (closed) and subordinate-lien system revenue bonds, issued for University of New Mexico (UNM). The 'A-1+' short-term rating on the series 2001, 2002B, and 2002C variable-rate demand bonds is based on bank liquidity support from J.P. Morgan Chase in the event of an unremarketed tender. The long-term rating affirmation reflects our view of:

- Continued financial support from New Mexico (AA+/Stable general obligation rating), with operating appropriations comprising about 18% of fiscal 2010 operating revenues;
- UNM's broad undergraduate, graduate, and professional program offerings and its co-flagship status in the state's higher-education system;
- Consistently balanced operating performance on a full-accrual basis and a hospital that has modest surpluses and is not a drain on the university;
- Adequate financial resource ratios for the rating category, with adjusted 2010 unrestricted net assets (UNA) equal to 81% of outstanding debt (about $637 million, including hospital debt that we do not rate) and 28% of operations;
- Stable enrollment at the both the main and branch campuses, and, in our view, competitive in-state tuition that benefits from a state scholarship program; and
- A manageable consolidated debt burden of under 3% of fiscal 2010 operating expenses.

Partially offsetting the preceding credit strengths is our view of UNM's comparatively small endowment relative to other U.S. public flagship universities of about $338 million at June 30, 2010 and a growing but relatively modest research base ($161 million of research expenses in fiscal 2010) compared to peer flagship institutions.

We view the university's financial resource ratio relative to debt as somewhat overstated, as it does not include two large privatized housing projects that are, or will be, funded by a third party from equity. Consistent with our published criteria, we consider both housing projects, both of which are integral to the university's academic strategies, are located directly on campus, and will be owned by the university upon the completion of lease terms, to have high connectivity to the university.

The university's subordinate- and senior-lien system improvement bonds totaled $458 million at June 30, 2010, and are secured by a broad mix of pledged revenues of the university, including housing facilities, revenues from all other buildings owned or operated by the university, and student fees. Specifically excluded from the system bond pledge are hospital revenues and state operating appropriations. The university has no taxing authority. We view the security as an unlimited student fee obligation of the university due to the broad pledge. The subordinate-lien bonds are rated on par with the senior-lien bonds (only $26 million outstanding) because the senior-lien indenture is closed, the revenue pledge is broad, and the senior-lien portion is proportionately small.

UNM is the largest of New Mexico's seven four-year universities in terms of enrollment, which was 36,510 headcount in fall 2010, of which 28,757 were at the main Albuquerque campus or associated with the Health Sciences Center (HSC). UNM offers bachelor's, master's, and doctorate degrees, as well as various professional degrees (medicine, law, pharmacy, and architecture). We understand that the university is known for the school of medicine's rural medicine program, as well as the law school's clinical law training program. There are four branch campuses in Gallup, Los Lunas, Taos, and Los Alamos, and two graduate studies centers in Santa Fe and Los Alamos. A new academic center in Rio Rancho that opened in January 2010 is considered a satellite branch of the main Albuquerque campus. The HSC is the state's largest integrated health care treatment, research, and education organization. Management reports that UNM is one of only six institutions in the U.S. classified as both a minority and a Carnegie Doctoral/Research University Extensive institution. The university is in a $675 million comprehensive campaign, announced in 2006, which we understand has raised more than $390 million in gifts and pledges to date.

The university has had leadership challenges in recent years. The current president, David Schmidly, started a five-year contract in June 2007, and has announced his retirement at the end of that contract in 2012. A search process has begun for a new president. We understand that other senior staff positions have experienced unusually high turnover -- there have been five provosts in the last eight years, and an interim is currently in place. Turnover has also occurred in admissions and fundraising. The university is managed by a seven-member board appointed by the governor for six-year staggered terms.

Outlook

The stable outlook anticipates our expectation during the two-year outlook period of continued balanced or positive operating performance on a full-accrual basis as the university manages through a constrained state funding environment, positive operations in the extensive HSC operations, maintenance of financial resources ratios consistent with the rating category, and relatively stable enrollment. The outlook also reflects our expectation that the hospital debt will continue to be supported by net hospital operations. We expect that additional debt issuance will parallel growth in financial resources or revenues.

We do not view consideration of a positive rating action in the outlook period as likely. However, factors that could lead to such action outside the outlook period could include consistently stronger university and HSC operating margins, as well as growth in financial resource ratios relative to the rating category.

Consideration of a negative rating action in the outlook period could be triggered by significant enrollment declines, operating deficits, slim or negative operating margins in the extensive HSC operations, or the issuance of a significant amount of additional debt.

Stable Enrollment

Headcount has historically been stable, averaging about 25,000 on the main campus over the last eight years, but with stronger growth in the last two years. Main campus enrollment was 28,757 (about 23,100 full-time equivalent, or FTE) for fall 2010. Graduate student enrollment has also grown in the last several years, reversing flat or modest declines. Graduate FTE was 4,683 in fall 2010, up from 4,343 in fall 2004. Professional enrollment (law, medicine, etc.) remains fairly stable at 1,043 headcount. Management attributes fluctuations in both undergraduate and graduate enrollment to economic cycles. Overall headcount for fall 2010, including regional and branch campuses, was 36,510 students (27,762 FTE).

University officials expect continued enrollment growth, and expect undergraduate enrollment for fall 2011 will increase modestly. Tuition and fee increases for in-state undergraduate students have averaged about 1% to 3% in the last years, but that followed on a large 29% increase in fall 2007. The tuition increase for the 2011/2012 academic year was approved at 5.5%. In-state, undergraduate tuition and fees remain quite competitive, in our view, totaling about $5,500 for the 2010/2011 academic year at the main campus. The state-sponsored scholarship program, funded by lottery revenues, also helps to make student charges competitive. The lottery fund was established in 1996 for scholarships and is funded by 40% of net proceeds of lottery sales in New Mexico. The fund supports tuition, but not mandatory fees or room and board charges.

Freshman applications doubled between fall 2005 and fall 2010 to 11,066. About two-thirds of the applicants are typically admitted and between 50% and 59% of freshmen matriculate, indicating, in our view, a solid academic niche. Transfer students remain a smaller but still important component of each entering class, and in fall 2010 comprised 1,340 of the total 4,840 new undergraduate students. Student quality is slightly above the national average, with entering freshman average ACT scores typically around 22.

Finances

The university's revenue mix is a credit strength, in our opinion. For the fiscal year ended June 30, 2010, consolidated operating revenues included patient services and clinical income (40%), state operating appropriations (18%), grants and contracts (18%), net tuition and fees (6.4%), and state lottery scholarships (1%). State operating appropriations to the university have historically been fairly consistent, but in recent years have been cut. Operating appropriation levels dipped slightly to $323 million in 2009 due to a midyear reversion, declined another 6.5% in fiscal 2010 (excluding a modest amount of stimulus funds) to $301 million, and dropped a further 8.6% in fiscal 2011 to $287 million. At this time, university officials are budgeting for a fiscal 2012 appropriation of $275 million. We understand that New Mexico will be changing the funding formula for its universities effective in fiscal 2013 (fiscal 2012 is a transition year). The prior formula was driven by enrollment and physical space while the new formula is expected to be more performance based. Management expects that, as the state's flagship institution, it will operate successfully under the new funding system. In addition, in recent years the university reports that in response to state cuts, it has reduced operating expenses in general, budgeted no raises for four years (including fiscal 2012), raised miscellaneous fees (such as parking), strategically reduced service levels, and evaluated when and whether to refill vacant positions. We understand there have been no layoffs or furloughs, although some small capital projects have been deferred.

Consolidated financial operations for the university (including substantial HSC clinical revenues) are consistently positive on a full-accrual basis, although margins were slimmer in fiscals 2009 and 2010. In fiscal 2010, the audited net change in operations before capital was $45.7 million. We adjusted that for realized/unrealized gains/losses of $42.4 million on university-held cash and investments (about $891 million, a mix of endowment, long-term investments, and working capital), and estimated operating results of positive $4.4 million on a full-accrual basis. Fiscal 2010 operations on a cash basis before depreciation expense of $55 million are even stronger. Using similar adjustments, fiscal 2010 operating results compared to positive $5.6 million in fiscal 2009 and $67 million in fiscal 2008. Management expects that results for the fiscal year just ended June 30, 2011 will be similar to fiscal 2010.

Total university net assets at June 30, 2010, were $1.45 billion, of which $480 million was UNA, $681 million was invested in capital assets, and the balance was restricted. We calculate financial ratios using UNA, as adjusted by UNA held by the foundation and debt service reserves, which totaled $518 million. This was equal to 28% of operating expenses and 81% of outstanding debt (including the hospital bonds). We view these financial resource ratios as consistent with the rating category. However, we consider the financial resource ratio relative to debt to be overstated as it does not include two large privatized housing projects.

At July 31, 2011, UNM's university-held endowment, not including the university's share of the State Permanent Fund, was about $342 million. Most university and foundation endowments are consolidated for investment purposes in a consolidated investment fund. Not included in this total was about $214 million of operating funds invested in shorter-term investments. The foundation's spending draw for quasi and permanent endowment is a fairly standard formula varying between 4% and 6% of a trailing 20-quarter market value. As is typical of many public universities, endowment draw does not represent a significant source of general operating income.

Current market value in the consolidated investment fund was estimated at $342 million at May 31, 2011. Invested funds were, in our opinion, diverse, and included a mix of equities (41%), fixed income and cash (22%), and alternative investments (36%, including hedge funds, private equity, and commodities).

University Hospital Operations

We view hospital operations as slim but balanced, and net income sufficient to support hospital-secured debt service on about $179 million of bonds. While the majority of revenues come from patient service income, the positive operating margin remains dependent on proceeds of a voted mill levy from Bernalillo County (AAA/Stable). Hospital operations include revenues from a 384-bed tertiary hospital and related hospitals, including a children's hospital, adult psychiatric center, child psychiatric center, orthopedic hospital, cancer research and treatment center, adult substance abuse program, and center for developmental disabilities. The hospital produced a modest operating surplus of $21 million in fiscal 2010, after adjustment for interest expense, state appropriations, and including the county mill levy, but excluding capital initiatives. This compares with $42.7 million in fiscal 2009. University management projects that fiscal 2011 operations will again be positive, but slimmer than fiscal 2010 results. The hospital is supported in part by revenue from a property tax levy in Bernalillo County. Management reports that the levy for fiscal 2011 was down very slightly from that in fiscal 2010, when the HSC audit recorded about $79.7 million in levy revenues. The mill levy was renewed in a referendum in 2008, and is subject to voter extension every eight years (the next is scheduled for November 2016). Management reports that after several years of growth, the underlying county tax base has flattened out due to the economic downturn, and as a result the HSC is conservatively assuming a slight decline or no growth in levy proceeds for fiscal 2012. For more information on the county, see the article published June 2, 2010 on RatingsDirect on the Global Credit Portal.

Debt

Outstanding system improvement bonds of the university total $458 million, of which only $26 million is senior lien. When the separately secured hospital revenue bonds are included, total university debt increases to about $637 million. We view UNM's debt burden, including the hospital debt, as manageable at less than 3.0% of fiscal 2010 operating expenses. The university's debt profile (including the fixed-rate hospital bonds) is about 84% fixed rate and 16% variable rate. Approximately 80% of the variable-rate debt has been synthetically swapped to fixed (see "Debt Derivative Profile," below).

The $179 million outstanding of series 2004 hospital mortgage revenue bonds were issued to fund a 395,425-square-foot Children's Hospital and Critical Care Pavilion. It was the hospital's first debt issuance and is not rated by Standard & Poor's. Hospital revenue bonds are secured by net income from the hospital and a Federal Housing Administration mortgage. Internally, hospital operations are distinct from general academic operations, and net hospital revenues have not been used to secure university debt. While other revenues of the university are not pledged to the hospital debt, we view the hospital as an integral part of the university, and in fiscal 2010, patient care and clinical revenues were 40% of combined operating revenues, which we consider substantial.

The university initiated a large privatized housing project at its South Campus, located on land with a long-term ground lease to a third party, American Campus Communities (ACC). The approximate 864-bed housing will open for the fall 2011 semester, and ACC will manage the housing. UNM management estimates the project cost at around $42 million; construction of the project was financed by ACC using internal equity. The university has also contracted with ACC for new housing on the main campus, about 1,027 beds, which will also be funded and managed by ACC. Construction for the Phase II housing is expected to be completed for fall 2012 occupancy. We view the projects as having strong connectivity to UNM, as the university initiated them, they are located directly on parts of the UNM campus through ground leases, and upon repayment of the applicable lease agreements, full ownership of the projects reverts to UNM. Because of the ACC financing structure, we have not included related debt estimates in our projections of debt burden or financial resource ratios for UNM. However, we note that the effect is to overstate fiscal 2010 financial resource ratios relative to debt.

Debt Derivative Profile (DDP)

Standard & Poor's assigned the university a Debt Derivative Profile (DDP) overall score of a '2.0' on a scale of '1' to '4', with '1' representing the lowest risk. The university has entered into six swap agreements: five with JP Morgan Chase Bank N.A. (AA-) and one with Royal Bank of Canada (AA-). The score of '2.0' represents a minimal degree of issuer termination risk due to the wide spread between the college's rating and the termination trigger, limited counterparty risk due to a highly rated counterparty, and moderate economic viability of the swap portfolio over stressful economic cycles.

Government-Related Entities (GREs)

In accordance with our criteria for GREs, our view of a "moderate" likelihood of extraordinary government support is based on our assessment of UNM's "limited" link with New Mexico. The state has a history of regular, ongoing operating support, as well as periodic capital support for academic facilities. However, the state does not have the administrative capacity to respond to a potential financial distress by UNM in a timely manner as any extraordinary support would be subject to legislative approval. In addition, our assessment is based on UNM's "important" role in the state's economy compared with that of other state GREs, given its position as a co-flagship institution of higher education, its provision of health care-related education and clinical services, and its role as a general contributor to economic development in the state. The university is a state educational institution created pursuant to the state constitution and statutes.

Related Criteria And Research

- General Criteria: Rating Government-Related Entities: Methodology And Assumptions, Dec. 9, 2010
- USPF Criteria: Higher Education, June 19, 2007
- USPF Criteria: Debt Derivative Profile Scores, March 27, 2006

Ratings Detail (As Of August 15, 2011)		
University of New Mexico Brd of Regents, New Mexico		
University of New Mexico, New Mexico		
New Mexico Brd of Regents (Sub Lien Bonds) ser 2002A, 2003A		
Long Term Rating	AA/Stable	Affirmed
University of New Mexico Brd of Regents (Univ of New Mexico) (Sub Lien Sys Rev Bnds) (Ser 2003B, taxable 2003C, 2005) AMBAC		
Unenhanced Rating	AA(SPUR)/Stable	Affirmed
Univ of New Mexico Brd of Regents subord lien sys Improv ser 2007A, 2007B		
Unenhanced Rating	AA(SPUR)/Stable	Affirmed
Univ of New Mexico Brd of Regents (Univ of New Mexico) sub lien sys rev bnds ser 2000B		
Unenhanced Rating	AA(SPUR)/Stable	Affirmed
Univ of New Mexico Brd of Regents (Univ of New Mexico) var rate sub lien sys imp rev bnds ser 2001		
Long Term Rating	AA/A-1+/Stable	Affirmed
Univ of New Mexico Brd of Regents (Univ of New Mexico) (Variable) (Liquidity) (Ser 2002B)		
Long Term Rating	AA/A-1+/Stable	Affirmed
Univ of New Mexico Brd of Regents (Univ of New Mexico) (Variable) (Liquidity) (Ser 2002C)		
Long Term Rating	AA/A-1+/Stable	Affirmed

Many issues are enhanced by bond insurance.

UNM

Department of Planning, Budget & Analysis

MEMORANDUM

TO: Members of the Board of Regents' Finance & Facilities Committee

THRU: David J. Schmidly, President
David W. Harris, EVP for Administration, COO and CFO

FROM: Andrew Cullen, Associate VP Office of Planning, Budget & Analysis

DATE: August 24, 2011

SUBJECT: Facility Scan and Related Credit Impact

The Administration wishes to inform the Regents of its intent to begin an evaluation process of current facility needs for both the Main Campus and Health Sciences Center (HSC). The facility scan will include a report on current facility conditions, prioritized building renewal projects, and new facility construction opportunities that will directly benefit the University's teaching, research, patient care and community service missions.

The published credit ratings analyses by Moody's and Standard & Poor's include statements that the affirmation of the ratings was based on the understanding that there were no immediate plans for the "issuance of a significant amount of additional debt." The administration's perspective regarding this statement is twofold: 1) the rating agencies are anxious to see the performance results of the UNM/ACC Main Campus housing project and reluctant to consider additional debt until positive results are demonstrated; and 2) the rating agencies desire to review the university's capital improvement program in detail, understanding how it ties to our strategic academic mission and facility master plan.

The facility scan will be led by the senior executive team and will be directed through the Finance and Facilities Committee. It will place a high degree of importance on the renewal of facilities and the leveraging of external funding opportunities – state (legislative capital appropriations and GOB funds), federal grants and privately raised funds.

A final, critical component of the plan will include an analysis of the credit impact, if any, of various bond issues (size of issue) on the university, which will include an analysis of:

- The success/failure of our housing initiative – Component II, Phase I
- Financial resource growth, including
    - Gross and net operating revenues ratio analysis
    - Fundraising update of Changing Worlds Campaign

    - Sandoval Regional Medical Center (SRMC) update
- Enrollment statistics and projections (in-state and out-of-state)
- Analysis of cash flow generated
- Review of State Consensus Revenue estimate

In order to dovetail with the opening of the main campus student housing and SRMC projects, and fully consider other capital funds that might be leveraged (state appropriations, GOB funds, and private donations), the final facility scan document will be completed late in the summer of 2012. We look forward to discussing the plan and receiving your feedback regarding our continued efforts to move forward with the university's capital renewal program. Thank you for your consideration.

UNM

HEALTH SCIENCES CENTER BOARD OF DIRECTORS

DATE: August 24, 2011

TO: Jack Fortner, Esq., President, UNM Board of Regents
Ellen Wenzel, Special Assistant to the UNM Board of Regents

FROM: Carolyn Abeita, Esq., Regent, Chair, HSC Board of Directors
Paul B. Roth, MD, MS, FACEP, Chancellor for Health Sciences /pm

RE: Request for Items to be placed on Regents' Consent Agenda

At their August 23, 2011 meeting, the HSC Board of Directors approved the two following Action Items. We request that these items be included on the Board of Regents' Consent Agenda for approval at their September meeting:

1. Approval of HSC Master Facility Plan (Steve McKernan and Pug Burge)
2. Approval of UNMH Contract with the New Mexico Department of Public Health (Steve McKernan)

Thank you.

cc: S. McKernan
P. Burge
S. Sauder
E. Watt
P. Martin

2011-102-HSCBoD

UNMH / HSC
MASTER FACILITY PLAN

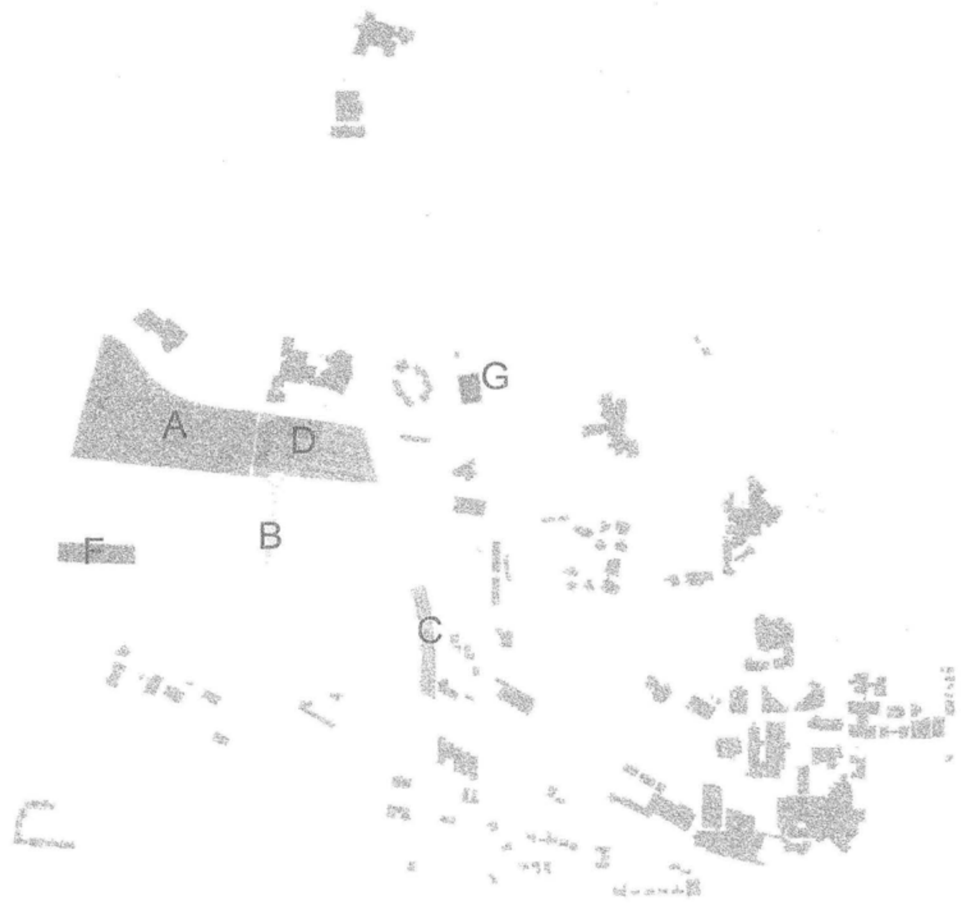
Master Facility Plan Developed

- Four Phases over 15 years
- Twenty year build out
- Focus on HSC Campus

UNMH / HSC
MASTER FACILITY PLAN

Facility Plan is a guide and subject to change

in the environment



Phase I
2012 to 2015

A. Phase 1A Clinical Facilities
B. Access from Lomas to Parking
C. Transit link – University Blvd. underpass
D. Clinic Development Zone
E. .
F. Lands West Garage Phase 1
G. Dental Clinic

UNM | UNMH / HSC

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Phase II
2016 to 2017

H. New Adult Psychiatric Hospital
I. New Children Psychiatric Hospital
J. CACC Building
K. Green belt connector – "linear park"
L. Lands West Garage Phase 2
M. Phase III Domenici Center
N. CRTC additions

UNM | UNMH / HSC

Dekker/Perich/Sabatini
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Phase III
2018 to 2021

O. Remediate / Demo old child psych facility
P. University East Clinical zone
Q. University west Clinical Zone
R. Remediate / Demo CTH
S. Phase 1B Clinical Facilities
T. Lands West MOB
U. HSC Research expansion

UNM | UNMH / HSC

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Phase IV
2022 to 2027

V. Parking Structure

W. OSIS Expansion

X. Complete transit link

Y. Intermodal station

UNM | UNMH / HSC

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UNM | UNMH / HSC

20 year Development

1. Total build out for hospital expansion
2. Public/Private development
3. Public/Private development
4. Clinic expansion
5. Clinic expansion
6. Academic / research expansion
7. Academic / research expansion
8. Academic / research expansion
9. Clinic Expansion
10. Clinic Expansion
11. Intermodal connection to Central
12. Intermodal connection to Yale

Dekker/Perich/Sabatini
architecture interiors landscape planning engineering

The University of New Mexico • Health Sciences Center
UNM HOSPITALS

UNM Hospital Board of Trustees
RECOMMENDATION TO REGENTS
September 2011

Approval

(1) New Mexico Department of Public Health

Source of Funds: UNM Hospitals Operating Budget

Description
Request for three year arrangement with Department of Health (DOH) to provide insurance assistance subsidies and medication co-payment reimbursement to clients infected with HIV/AIDS and enrolled in the DOH Insurance Assistance Program, pursuant to available funding and Program eligibility guidelines. DOH enrolls clients in the DOH Insurance Assistance Program and bills UNMH on a quarterly basis for premiums and co-payments made on behalf of UNMH clients who have been deemed eligible for financial assistance through the UNM Care Program in the New Mexico Medical Insurance Pool (NMMI), as specified in UNM Hospital's agreement with (DOH).

Process
Sole source: Only agency to provide service per DOH contract.

Total Cost: Ranges from $500,000.00 - $575,000, dependent on number of available clients.

Report on Regents' Audit Committee Meeting
Regular meeting August 18, 2011

The **Regents' Audit Committee (Committee)** regular meeting was held on **August 18, 2011**, and took the following action:

- The Audit Committee approved minutes from the June 16, 2011 regular Audit Committee meeting.

- The Committee discussed follow-up items from previous meetings:
  - David Harris, Executive Vice President for Administration, indicated that the signature policy is implemented and a software program is in the installation phase.
  - David Harris informed the Committee that Payroll is currently down to running two supplemental payrolls per month. It has generated a lot of savings and they are not hearing of people missing their payroll or other significant problems.
  - Helen Gonzales, Vice President of Human Resources, stated she made a presentation regarding FTEs above a certain grade level to the full Board of Regents and the Finance and Facilities meeting.
  - Dr. Tim Ross, Faculty Senate President, updated the status of the faculty disciplinary policy. The process passed Faculty Senate last spring but was tabled at Academic Affairs as some deans/chairs did not see it. He hopes to bring it back to the Committee this fall.

- David Harris introduced Carla Prando-Dominici to the Committee. She is the new Interim Director for Safety and Risk Services (SRS). Ms. Prando comes from University Counsel, has been with the University for about six years, and has been on board at SRS for two weeks. The Committee discussed Risk Management and insurance premiums. Ms. Prando reported that the University received the premiums for workers' compensation and all lines of coverage from the State about a month late. There is a total increase of about four million dollars in some areas including unemployment insurance, fine arts, blanket property, etc., and a decrease in workers' compensation. Chairman Gallegos asked if Risk Management employees are housed at SRS. Ms. Prando stated that they are (5 people) – at the Tucker location. The bulk of SRS employees are at the Tucker location, and a few are at the Onate location. Ms. Prando wants to run a cost/benefit analysis to see if it makes sense to keep the Risk Management people in house. Davis Harris noted the SRS finances will stay at the Controller's office. It is a strong internal control.

- **The Audit Committee addressed the UNM Regents' Travel Policy 7.7.** According to the State of New Mexico Mileage and Per Diem Act, there are two methods of reimbursement for State funds. The first method is a flat rate per diem with $215 maximum for out-of-state travel; $135 for in-state. The second is actual cost of lodging plus receipts for meals up to $45 per day for out-of-state; $30 per day in-state. Section 10-8-5 of the statute allows exceptions for extraordinary circumstances. Chairman Gallegos informed the audience he was at a loss as to how UNM can approach it any other way than to follow State law. A 2009 amendment allows for mileage reimbursement at the Federal rate. Any changes to the per diem should be made at the Legislature. The Chairman invited comment from the audience. He stated they need a decision and will send the matter on to Finance and Facilities and then to the full Board. Faculty Senate President Ross addressed the Committee. He collected input from the 73 faculty senators; faculty does not want a change as they feel the current system is working. The Faculty Senate listened to comments from faculty members, and two main ideas distilled out (came from Economy and Biology). Faculty members would have a choice – travel on a per diem basis with the State rate or actual expense with receipts and daily cap at Federal rate. They want to continue with exceptional circumstances. There are sometimes issues with credit cards and/or receipts outside of the country. In some areas there are no restaurants or stores and food must be bought and packed in; and sometimes faculty and students eat with locals and provide cash to help with food. There are sometimes issues with accounting when they return. The Faculty would like to see if there is actually any money saved if the policy is changed or if there will actually be more administrative costs associated with receipts. Could it be done on a one year trial basis? Chairman Gallegos stated whether or not we follow the law is not discretionary. The current Policy 7.7 is not in compliance with the State statute and must be changed. This relates to I&G funds, not Federally-funded travel. Any finding of extraordinary circumstance requires a public meeting. Anne Murray from University Counsel stated the New Mexico Administrative Code (NMAC) 2.4.2 does state that public higher education institutes are excepted from administrative regulations. Chairman Gallegos noted that according to OMB Circular A-21, reimbursing at State rates might result in the Federal government deciding not to reimburse at a rate higher than the State rate. Exceptions for extraordinary circumstances could come before the full Board.

Regent Hosmer stated the makings of a solution are on the table. The Regents could list cities and countries in a table that it is necessary to have a higher rate. Rural travel could have a timely record kept by the traveler in lieu of receipts; we could make a blanket finding for exceptions to be reviewed annually. Chairman Gallegos stated sometimes even the Federal rates might not be sufficient and noted it is necessary to amend the Regents' Policy to track the statute. Regent Hosmer agreed on a one year review of the Policy to see the result; including, if there is a Federal reaction that might make it necessary to adjust the State Statute. Regent Koch stated there is something on the table but there is a long way to go. Regent President Fortner wanted this to go through both Audit and Finance and Facilities' Committees. Regent Koch moved to accept the recommendation and move forward. Regent Hosmer seconded the motion. (Draft UNM Regents' Travel Policy 7.7 is attached to this report).

- Mr. Patel presented the Director's report. The Department ending balance from FY11 is a reserve of $82,000. This is due to vacancy savings. The department would like to purchase electronic work paper software. Mr. Patel will gather additional cost of the electronic work papers for presentation to the Committee at next meeting.

  Mr. Patel stated the Department has two vacancies and he hopes to have an Audit Manager hired and working in the department by mid-September. Then the Department will start the process of hiring another auditor for the vacant Auditor 3 position.

- Mr. Patel reviewed the status of audit recommendations. For past due items, five of the seven relate to the Gallup audit. They have a vacancy in the Director of Business Operations and this position is the responsible party for implementation in many cases. The Chairman noted he would like Gallup management present at the October meeting. Ms. Gonzales confirmed she is working with Gallup management on the hiring processes. Chris Vallejos, Associate Vice President of Institutional Support Services, stated there is a real challenge there for recruiting staff. Chairman Gallegos was hoping the Gallup Bookstore would become an affiliate of the Main Campus Bookstore. Mr. Vallejos stated because of the distance issue and differing systems in place, they are allowed autonomy. Main Campus can give oversight but cannot lend Bookstore staff. President Schmidly informed the Committee that the Executive Director of the Gallup Branch reports to him and he will work with the Gallup management to get answers for the next meeting. The President stated he is accountable and his office has recently devoted additional staff time. High level staff persons have been out there many times; we cannot get critical personnel permanently in place. The key middle management levels are having recruitment issues.

- Mr. Patel reviewed the schedule of audits in process and budget to actual audit hours.