Minutes of the Special Meeting of the Board of Regents of the University of New Mexico
March 2, 2017
Roberts Room, Scholes Hall
Main Campus

Members present
Robert M. Doughty, President; Marron Lee, Vice President; Jack Fortner, Secretary Treasurer; Tom Clifford; Bradley C. Hosmer; Suzanne Quillen

Administration present
Chaouki Abdallah, Acting President; David Harris, EVP for Administration, COO, CFO; Elsa Cole, University Counsel; Liz Metzger, University Controller

Presenters in Attendance
Vahid Staples, Budget Officer; George Williford, Financial Advisor, First Southwest; Katherine Creagan, Modrall Sperling Bond Counsel; Chris Muirhead, Modrall Sperling Bond Counsel; Rod Harder, CFO, UNM Foundation; Henry Nemcik, Pres. & CEO, UNM Foundation

Others in Attendance
Members of administration, faculty, staff, students and others

CALL TO ORDER, CONFIRMATION OF A QUORUM, ADOPTION OF THE AGENDA
Regent President Rob Doughty called the meeting to order at 1:10 PM, confirmed a quorum and asked for a motion to adopt the agenda. Regent Marron Lee motioned to adopt the agenda; Regent Brad Hosmer seconded the motion; all were in favor; the motion passed.

APPROVAL OF BOND PRICING RESOLUTION FOR THE IMPROVEMENT REVENUE BONDS UNM SERIES 2017
Vahid Staples of the budget office introduced the other attendees present to answer questions: George Williford of First Southwest and UNM's Financial Advisor; Katherine Creagan and Chris Muirhead, Bond Counsel with the Modrall Sperling Law Firm; and underwriters Paul Cassidy and Erik Harrigan with RBC Capital Markets, and underwriter John Archuleta from George K. Baum. The request is for approval of the bond pricing resolution for the 2017 improvement revenue bonds. At its November meeting, the Board of Regents approved the authorizing resolution to issue the 2017 bonds. In January, administration went to the rating agencies; the rating of Aa2 has been affirmed by Moody's and AA by Standard & Poor's. These are strong ratings. The State Board of Finance at the prior week's meeting gave unanimous approval, and the bonds were priced the day before meeting, March 1. The true interest cost of this 2017 Series is 3.94% which is very good pricing; the market is still at historic low interest rates. These are a typical issue for UNM bonds: fixed rate, 30-year bonds with final maturity in 2047, also with a 10-year call provision. The bond issue will produce project proceeds of $45.65 million: $37.3 million for the Physics & Astronomy, Interdisciplinary Science (PAIS) Facility; $3.8 million to the Art Annex Renewal; $2.3 million for the Biology Annex Renewal; $1.250 million for Student Health and Counseling (SHAC) Renewal; and $1 million for additional funds for Smith Plaza Renewal. Regarding source of payment on the bonds, the SHAC has a revenue stream and will pay its portion of the debt service, and the remainder of payments will come from a $142 tuition and fee increase which equates to 1.93% of tuition and fees. There was clarification the fees were increased, but the 1.93% is a percentage of both tuition and fee revenue. Mr. Staples referred to a chart outlining overall UNM debt service per year out to 2047 and also charts showing historical and current market data. Another positive for the 2017 bonds is the pool of buyers expanded, out of the 10 major participants, 5 were new investors.

David Harris commented this concludes a process that was started a year ago. The Physics and Astronomy building received around a 73% approval from voters in the November election. This is an important project for the University. The University achieved a good interest rate on the bonds.

Regent Doughty clarified the pricing resolution as the document the regents were being requested to approve and that Regent President Doughty and Regent Fortner as Secretary Treasurer of the Regents would both be signing the document. Regent Doughty asked bond counsel from Modrall Law, present at the meeting, if the resolution was a document they had reviewed and asked if they recommended Regent Fortner and he sign the document. Katherine Creagan responded they at Modrall prepared the sale resolution and it is in accordance with the sale resolutions that have been adopted previously. The resolution reflects the pricing that occurred the previous day, March 1, and also the purchase of the reserve surety through Build America Mutual. Instead of having to deposit and issue additional bonds to satisfy the $2.6 million reserve requirement, the University purchased a reserve surety policy to fulfill the reserve requirement, the premium of which was around $53K. The provisions required by Build America Mutual are also in the pricing resolution. Ms. Creagan recommended the regents approve the resolution.

Regent Doughty acknowledged George Williford as the University's financial advisor and asked if he recommended the regents adopt the resolution. Mr. Williford responded the pricing and terms were good given the still favorable market conditions and confirmed Ms. Creagan's comments that the resolution incorporates all the final numbers as well as the availability and pricing of the surety.

Regent Clifford commented with regard to the net revenue over and above operating and maintenance expenses, if there was an allowance for capital replacement in that operating and maintenance. Mr. Staples responded that he didn't believe so. Mr. Williford said it is a direct annual expense reflection and there is no reserve component. There was discussion about depreciation allowance. Regent Clifford asked if somebody could explain why some or all of it is issued on a subordinate basis. Mr. Williford responded, back in 1992 there was a series issued that was non-callable with no call provision and they kept the senior lean, and until those bonds essentially fully pay out, every subsequent debt issue had to be subordinate to that.

Regent Clifford commented both rating agencies comment on private housing facilities the University has long-term legal obligations for and that management has chosen not to disclose those as part of the financial. He asked if someone could address that. Mr. Williford responded, if the developer of those projects did project financing then they bring that in as a contingent liability of the University. In this case the private housing was done as balance sheet financing by the developer, there was not project financing. There was discussion about the housing projects. Regent Clifford inquired the University's legal obligation for those projects. EVP Harris responded the two projects the American Campus Communities (ACC) developed for the University were both 40-year projects, at the end of the 40 years, those dormitories would be seated back to the ownership of the University. The University's only obligation in this is as the supplier of land and that is why it has never been reflected on the balance sheet, and ACC incurred no debt to build the dormitories; the University has no liability. Mr. Harris added that privatized housing across the country has been fairly prevalent in the higher education sector, and the ratings agencies treat each one individually. In UNM case, the agencies are well aware of the situation, but they are obliged to make notation of these transactions and will continue make those in the University's ratings.

Regent Clifford asked for clarification where Moody's mentions the bonds are secured by 'some sufficient rate covenant', and inquired, what rate is that? Ms. Creagan responded that in the authorizing resolution, there is a covenant the regents make to provide sufficient coverage to bond holders. Regent Clifford clarified it is referred to as an 'unlimited student fee pledge', and a risk to that may be if enrollment were to fall significantly, that the fees for the remaining student body would have to increase to compensate for that. Ms. Creagan agreed and said it is in section 7.04 of the authorizing resolution that was adopted in November. There were no further questions.

The motion to approve the Bond Pricing Resolution for the improvement revenue bonds UNM Series 2017 passed by a unanimous vote (1st Fortner; 2nd Lee).

[Exhibit A. - Executed Resolution]

<u>REQUEST FOR APPROVAL OF THE INCREASE IN THE UNM FOUNDATION DEVELOPMENT FUNDING ALLOCATION FROM 160 BASIS POINTS TO 185 BASIS POINTS, EFFECTIVE APRIL 1, 2017, RETROACTIVE TO JULY 1, 2016</u>

David Harris gave a brief history. About four years ago, the Sandia Foundation board which is a major benefactor of the UNM Foundation, indicated to the regents it did not like the idea of UNM applying the DFA (Development Funding Allocation) to their endowment payments to the University. There was a lot of discussion and mediation, and it was determined at that point that the Foundation would no longer apply basis point allocation to the Sandia portion of the endowment. Because of that, the basis point allocation was reduced to 140. As a result of this the Foundation was going to have to reduce staff and curtail fundraising, so President Frank at the time made a decision that the lost funding would be made up through Main Campus revenues. A tax was applied to all operating entities within the University, whether or not they were involved in fundraising, to make up the difference. Now, with the University confronted with the serious funding shortfall, and particularly on the academic side, the Provost will simply not be able to absorb the cuts they are facing if they have to continue to pay this, so administration asked the Foundation if it would consider re-imposing the DFA rate to the level it was previously.

Henry Nemcik commented there are three different types of foundations: dependent, inter-dependent, and, once there is a $1 billion plus in the endowment, foundations can become independent of all financial resources. That's why some of the large endowments in the country don't require any university support. In 2012, the Foundation established a philanthropy study committee. Regents Jack Fortner and Brad Hosmer were on that committee, and out of that there was the recommendation to increase the number of development officers over a number of years. Six development officers were added and they are the reason why the Foundation is raising around $80-85 million per year over the last six years. Trying to help with these circumstances, the Foundation sees it as very feasible to raise the DFA basis points based on the Foundation's earnings and based on the outlook. One has to look at inter-generational equity when one looks at how long to keep it at a higher basis points allocation. The Foundation feels comfortable doing it for up to three years and then reviewing where things are at that three-year period. It is not included in the motion, but either the Foundation or UNM Administration will make recommendations as both work together to achieve those goals. The Foundation's recommendation is that the DFA basis points be raised, and that relieves approximately $800K of costs from the University's academic side and places that cost, it's approximately the same amount of funds that will be raised from the basis point increase.

Regent Hosmer commented when this was last reviewed, there were concerns among the regents that holding to a 185 basis point fee would impact on the willingness of donors to participate. Regent Hosmer said he raised this question and received a response from the Foundation saying as near as they can tell, it is not a factor, and a bigger factor is the size of the development staff. Regent Hosmer added it is appropriate to visit this in two to three years' time.

Mr. Nemcik commented the Foundation's board approved this at its last meeting. The Foundation's MOA states that both the Foundation Board of Trustees and the Board of Regents must approve the increase.

Regent Clifford inquired about an analysis that would compare the costs of the Foundation operations to our assets and compare that with other similar institutions costs, to see something more systematic that evaluates the cost structure. Mr. Nemcik clarified with Regent Clifford that he was requesting two analyses, the cost of the investment and the cost of raising funds.

Regent Doughty asked if there were any other questions. There being no other questions, Regent Lee motioned approval of the item.

The motion to approve the increase in the UNM Foundation Development Funding Allocation from 160 basis points to 185 basis point, effective April 1, 2017 and retroactive to July 1, 2016, passed by a unanimous vote (1st Fortner; 2nd Lee).

ADJOURN
Regent Doughty asked for a motion to adjourn the meeting. Regent Lee motioned to adjourn the meeting; Regent Fortner seconded the motion; all were in favor; the meeting adjourned at 1:39 PM.

Approved: **Attest:**

Jack L Fortner

Robert M. Doughty III, President **Jack L. Fortner, Secretary/Treasurer**

Minutes originated and finalized by Mallory Reviere

Exhibit A **[to the minutes of the March 2, 2017 BOR special meeting]**

RESOLUTION

of

THE REGENTS
OF THE
UNIVERSITY OF NEW MEXICO

Setting Forth the Terms of its:

$40,900,000
The Regents of The University of New Mexico
Subordinate Lien System Improvement Revenue Bonds,
Series 2017

Dated March 2, 2017

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 meeting thereof held on March 2, 2017, notice of which was duly given and at which a quorum was present and acting throughout.

WITNESS my hand and seal this 2nd day of March, 2017.

[SEAL]

THE REGENTS OF THE UNIVERSITY OF NEW MEXICO

By Jack L. Fortner

Jack L. Fortner, 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 special meeting place of the Regents in Scholes Hall at the University of New Mexico in Albuquerque, New Mexico, at 1:00 p.m. on March 2, 2017.

There were present:

Robert M. Doughty III, President

Jack L. Fortner, Secretary-Treasurer

Thomas Clifford

Lieutenant General Bradley C. Hosmer, USAF (Ret.)

Marron Lee

Suzanne Quillen

Those absent:

None

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

Regent Fortner moved that the pricing resolution be adopted and Regent Lee seconded the motion.

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

AYES: 6

NAYS: 0

The pricing resolution as adopted is as follows:

THE REGENTS OF THE UNIVERSITY OF NEW MEXICO
RESOLUTION

SETTING FORTH THE TERMS OF THE PREVIOUSLY AUTHORIZED REGENTS OF THE UNIVERSITY OF NEW MEXICO SUBORDINATE LIEN SYSTEM IMPROVEMENT REVENUE BONDS, SERIES 2017 IN AN AGGREGATE PRINCIPAL AMOUNT OF $40,900,000; RATIFYING AND APPROVING THE EXECUTION AND DELIVERY OF THE PURCHASE CONTRACT RELATING TO SUCH BONDS; PRESCRIBING OTHER DETAILS CONCERNING SUCH BONDS; APPROVING THE DISTRIBUTION OF THE OFFICIAL STATEMENT; AND AUTHORIZING ANY OTHER NECESSARY ACTION TO EFFECT THE DELIVERY OF THE BONDS.

WHEREAS, The Regents of the University of New Mexico (the "Regents") have previously adopted on November 15, 2016 a parameters bond resolution (the "Bond Authorizing Resolution") authorizing the issuance of the Bonds; and

WHEREAS, the Regents wish to adopt this resolution (the "Pricing Resolution", and together with the Bond Authorizing Resolution, the "Resolution") to supplement and amend the provisions of the Bond Authorizing Resolution by setting forth herein the final terms of the 2017 Bonds (defined herein and referred to as the "Bonds"); and

WHEREAS, the Regents hereby determine that it is in the best interest of the University that a debt service reserve fund insurance policy be acquired from Build America Mutual Assurance Company to satisfy the 2017 Reserve Requirement; and

WHEREAS, the capitalized terms used herein are defined in Section 1.01 of the Bond Authorizing Resolution, and shall have such meanings herein as set forth therein, unless the context clearly requires otherwise; and

WHEREAS, the Purchaser has offered to purchase the Bonds pursuant to the Purchase Contract upon the terms and conditions set forth therein and herein and the Regents have determined and hereby determine to accept the offer of the Purchaser; and

WHEREAS, there has been on deposit with the University and presented to the Regents:

(A) the proposed form of Purchase Contract;

(B) the proposed form of Continuing Disclosure Undertaking;

(C) the form of the Preliminary Official Statement;

(D) the Reserve Insurance Commitment; and

(E) the proposed form of the Debt Service Reserve Agreement.

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

ARTICLE I

PURCHASE CONTRACT, OFFICIAL STATEMENT AND RELATED MATTERS

Section 1.01. Purchase Contract. The Regents hereby approve the terms of the Purchase Contract relating to the Bonds and authorize and approve the execution and delivery of the Purchase Contract by an Authorized Officer to RBC Capital Markets LLC, George K. Baum & Company, and U.S. Bank Municipal Securities Group (collectively, the "Purchasers").

Section 1.02. Official Statement. The Regents hereby authorize and approve the distribution of the Official Statement relating to the Bonds.

Section 1.03. Paying Agent, Registrar and Escrow Agent. The Regents hereby appoint BOKF, NA, as Paying Agent and Registrar for the Bonds.

Section 1.04. Other Necessary Actions. The Regents hereby authorize and approve any other necessary action to be performed by an Authorized Officer to effectuate the delivery of the Bonds to the Purchasers.

ARTICLE II

THE 2017 BONDS

Section 2.01. Details. The Bonds shall be designated "The Regents of the University of New Mexico Subordinate Lien System Improvement Revenue Bonds, Series 2017" (the "2017 Bonds" or the "Bonds"). The 2017 Bonds shall be issued in the aggregate principal amount of $40,900,000 and only as fully registered bonds in denominations of $5,000 or any integral multiple thereof and numbered consecutively with such prefixes or other distinguishing designations as the Registrar may determine necessary or appropriate to distinguish one 2017 Bond from another.

Section 2.02. Dated Date, Interest Rates and Maturity Dates. The 2017 Bonds shall be dated as of date of delivery, and shall mature at such times and in such amounts and shall bear interest at the rates as indicated below:

2017 Bonds

Maturity Date (June 1)	**Principal Amount**	**Interest Rate**
2018	$ 315,000	4.000%
2019	675,000	4.000%
2020	705,000	4.000%
2021	730,000	5.000%
2022	770,000	5.000%
2023	805,000	5.000%
2024	845,000	5.000%
2025	890,000	5.000%
2026	935,000	5.000%
2027	980,000	5.000%
2028	1,030,000	5.000%
2029	1,080,000	5.000%
2030	1,135,000	3.250%
2031	1,170,000	5.000%
2032	1,230,000	4.000%
2033	1,280,000	5.000%
2034	1,345,000	5.000%
2035	1,410,000	5.000%
2036	1,480,000	5.000%
2037	1,555,000	5.000%
2038	1,630,000	5.000%
2039	1,715,000	5.000%
2040	1,800,000	5.000%
2041	1,890,000	5.000%
2042	1,985,000	5.000%
2047*	11,515,000	5.000%

*Term Bond, subject to mandatory sinking fund redemption

Section 2.03. Payment of the Bonds; Transfers to Paying Agent. Payments on the 2017 Bonds shall be made in such coin or currency of the United States of America as, at the respective time of payment, is legal tender for the payment of public and private debts. The Regents shall transfer funds to the Paying Agent on a timely basis so that the Paying Agent may make payments of the principal of, premium, if any, and interest on the 2017 Bonds, when due, to the Owners. The Regents shall notify the Paying Agent if there is or will be an insufficient amount of money legally available to pay principal and interest on the 2017 Bonds when due.

The principal of and premium, if any, on the 2017 Bonds shall be payable to the Owners upon presentation and surrender of their bonds at the Principal Office of the Paying Agent.

Interest on the 2017 Bonds shall be payable on December 1, 2017 and on each December 1 and June 1 thereafter by the Paying Agent by check mailed on the date on which due to the Owners at the close of business on the Record Date to the registered addresses of the Owners appearing on the Bond Register.

Section 2.04. Optional Redemption. The 2017 Bonds maturing on and after June 1, 2028 shall be subject to redemption provided that, on the date of redemption, there is no Continuing Event of Default under the Bond Resolution while any of the 2000B Bonds and 2001 Bonds remain outstanding, at the option of the Regents, at any time on or after June 1, 2027, in whole or in part, and if in part, the 2017 Bonds to be prepaid or redeemed shall be selected in such order of maturities as the Regents shall determine and if less than all of the 2017 Bonds of a particular maturity are to be redeemed, then by lot in such manner as the Paying Agent shall determine, at the redemption price equal to 100% of the principal amount of the 2017 Bonds to be redeemed plus accrued interest, if any to the redemption date.

Section 2.05. Mandatory Sinking Fund Redemption. The 2017 Bonds maturing on June 1, 2047 shall be subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date on June 1 in the years and in the principal amounts stated below:

Year (June 1)	Amount
2043	$2,085,000
2044	2,190,000
2045	2,295,000
2046	2,410,000
2047*	2,535,000

* Maturity Date

Section 2.06. Reserve Requirement. The Reserve Requirement for the 2017 Bonds is hereby established at $2,661,750.00 (the "2017 Reserve Requirement"). The 2017 Reserve Requirement shall be satisfied with the deposit of the municipal bond debt service reserve insurance policy issued by Build America Mutual Assurance Company relating to the 2017 Bonds (the "2017 Reserve Fund Surety Policy" or the "2017 Reserve Insurance Policy") in the Series 2017 Reserve Account. The 2017 Reserve Fund Surety Policy is a Subordinate Lien Parity Bonds Reserve Fund Surety Bond for purposes of the Bond Authorizing Resolution and this Pricing Resolution.

Section 2.07. Bond Form. The 2017 Bonds and certificate of authentication shall be in substantially the form set forth in Exhibit A to the Bond Authorizing Resolution with such changes as are necessary to conform to this Pricing Resolution and the requirements of the Reserve Insurer.

ARTICLE III

RESERVE INSURER PROVISIONS

With respect to the 2017 Reserve Fund Surety Policy (the "2017 Reserve Insurance

Policy"), notwithstanding anything to the contrary set forth in the Bond Authorizing Resolution or this Pricing Resolution, the Regents and the Paying Agent agree to comply with the following provisions contained in this Article III. Any and all financial obligations of the Regents and the University described in this Article III are payable solely from and secured by the Pledged Revenues (subject to the priority of payment provisions set forth in Section 5.03 of the Bond Authorizing Resolution).

Section 3.1. Payment Under Policy. The University shall repay any draws under the 2017 Reserve Insurance Policy and pay all related reasonable expenses incurred by Build America Mutual Assurance Company (the "Reserve Insurer"). Interest shall accrue and be payable on such draws and expenses from the date of payment by the Reserve Insurer at the Late Payment Rate. "Late Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the 2017 Bonds, as applicable, and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate, the Prime Rate shall be the prime or base-lending rate of such national bank as the Reserve Insurer, in its sole and absolute discretion, shall designate.

Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, the "Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw.

Amounts in respect of Policy Costs paid to the Reserve Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the Reserve Insurer on account of principal due, the coverage under the 2017 Reserve Insurance Policy will be increased by a like amount, subject to the terms of the 2017 Reserve Insurance Policy.

All cash and investments in the Series 2017 Reserve Account established for the 2017 Bonds shall be transferred to the Series 2017 Bond Service Fund for payment of the debt service on the 2017 Bonds before any drawing may be made on the 2017 Reserve Insurance Policy or any other Subordinate Lien Parity Bonds Reserve Fund Surety Bond in lieu of cash.

Payment of any Policy Cost shall be made prior to replenishment of any cash amounts. Draws on all Subordinate Lien Parity Bonds Reserve Fund Surety Bonds (including the 2017 Reserve Insurance Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Series 2017 Reserve Account. Payment of Policy Costs and reimbursement of amounts with respect to other Subordinate Lien Parity Bonds Reserve Fund Surety Bonds shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Subordinate Lien Parity Bonds Reserve Fund. For the avoidance of doubt, "available coverage" means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

Section 3.2. Reserve Requirement. The 2017 Reserve Requirement may be reduced during the life of the Bonds in accordance with the Code and the definition of Reserve Requirement. The Policy Limits on the 2017 Reserve Insurance Policy shall automatically and irrevocably be reduced from time to time by the amount of each reduction in the 2017 Reserve Requirement.

Section 3.3. Draws Limited to Insured Obligations. Draws under the 2017 Reserve Insurance Policy may only be used to make payments on the 2017 Bonds.

Section 3.4. Payment of Policy Costs. If the Regents shall fail to pay any Policy Costs in accordance with the requirements of Section 3.1 above, the Reserve Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Bond Authorizing Resolution and the Pricing Resolution other than acceleration of the maturity of the 2017 Bonds.

Section 3.5 Obligation to Pay Policy Costs. The Bond Authorizing Resolution and Pricing Resolution shall not be discharged until all Policy Costs owing to the Reserve Insurer shall have been paid in full. The Regents' obligation to pay Policy Costs related to the 2017 Reserve Insurance Policy shall expressly survive payment in full of the 2017 Bonds.

Section 3.6 Expiration of Policy. The 2017 Reserve Fund Surety Policy shall expire on the earlier of the date the 2017 Bonds are no longer outstanding and the final maturity date of the 2017 Bonds.

Section 3.7. Consent of Reserve Insurer in Addition to Bondholder Consent. Any amendment, supplement, modification to, or waiver of, the Resolution or any other documents executed in connection with the 2017 Bonds (collectively, the "Security Documents") that requires the consent of holders of the 2017 Bonds or adversely affects the rights or interests of the Reserve Insurer shall be subject to the prior written consent of the Reserve Insurer.

Section 3.8 Reserve Insurer as Third Party Beneficiary. The Reserve Insurer is recognized as and shall be deemed to be a third party beneficiary of the Security Documents and may enforce the provisions of the Security Documents as if it were a party thereto.

Section 3.9 Policy Costs Included as Debt Service Requirements. The Policy Costs due and owing shall be included in debt service requirements for purposes of calculation of the additional bonds test and the rate covenant in the Bond Authorizing Resolution.

Section 3.10 Notice from Paying Agent. The Paying Agent shall ascertain the necessity for a claim upon the 2017 Reserve Insurance Policy in accordance with the provisions of Section 3.1 hereof and provide notice to the Reserve Insurer in accordance with the terms of the 2017 Reserve Insurance Policy at least five business days prior to each date upon which interest or principal is due on the 2017 Bonds.

Section 3.11 Additional Payments. The Regents agree that it will pay or reimburse the Reserve Insurer on demand any and all reasonable charges, fees, costs, losses, liabilities and expenses that the Reserve Insurer may pay or incur, including, but not limited to, fees and expenses of the Reserve Insurer's agents, attorneys, accountants, consultants, appraisers and auditors and reasonable costs of investigations, in connection with the administration (including waivers and consents, if any), enforcement, defense, exercise or preservation of any rights and remedies in respect of the Security Documents ("Administrative Expenses"). For purposes of the foregoing, costs and expenses shall include a reasonable allocation of compensation and overhead attributable to the time of employees of the Reserve Insurer spent in connection with the actions described in the preceding sentence. The Regents agree that failure to pay any Reserve Insurer Administrative Expenses on a timely basis will result in the accrual of interest on the unpaid amount at the Late Payment Rate, compounded semi-annually, from the date that payment is first due to the Reserve Insurer until the date the Reserve Insurer is paid in full.

Section 3.12 Notice and Other Information to be given to the Reserve Insurer. The Regents will provide the Reserve Insurer with all notices and other information it is obligated to provide (i) under its Continuing Disclosure Agreement and (ii) to the holders of Insured Obligations or the Paying Agent/Registrar under the Security Documents.

In addition, the Regents shall provide the Reserve Insurer with the following notices and other information (i) notice of any draw upon the Subordinate Lien Parity Bonds Reserve Fund within two (2) business days after knowledge thereof, other than in connection with withdrawals of amounts in excess of the 2017 Reserve Requirement; and (ii) prior written notice of the advance refunding or redemption of the 2017 Bonds, including the principal amount, maturities and CUSIP numbers thereof.

The Reserve Insurer shall be entitled to receive such additional information as it may reasonably request.

The notice address of the Reserve Insurer is: Build America Mutual Assurance Company, 200 Liberty Street, 27th Floor; New York, NY 10281, Attention: Surveillance, re: Policy No. ______; Telephone: (212) 235-2500, Telecopier: (212) 235-1542, Email: notices@buildamerica.com.

In each case in which notice or other communication refers to an event of default or a claim on the 2017 Reserve Insurance Policy, then a copy of such notice or other communication shall also be sent to the attention of the General Counsel at the same address and at claims@buildamerica.com or at Telecopier: (212) 235-5214 and shall be marked to indicate "URGENT MATERIAL ENCLOSED."

ARTICLE IV

MISCELLANEOUS

Section 4.01. Resolution Irrepealable; Construction with Bond Authorizing Resolution. This Pricing Resolution shall be and remain irrepealable until the Bonds, the interest thereon shall be fully paid, canceled and discharged or there has been defeasance of the Bonds. It is the express intention of the Regents that the terms and provisions of this Pricing Resolution supplement the terms and provisions of the Bond Authorizing Resolution and that the terms and provisions of the Bond Authorizing Resolution which do not conflict with the terms and provisions hereof shall be operative and controlling with respect to the Bonds.

Section 4.02. Severability. If any one or more provisions of this Pricing Resolution or the application thereof to any set of circumstances 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 this Pricing Resolution or the application of such remaining provisions to other circumstances.

Section 4.03. 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 4.04. Ratification. All action heretofore taken (not inconsistent with the express provisions of the Resolution) by the Regents and Authorized Officers the University directed toward the Improvement Project, and toward the authorization, sale and issuance of the 2017 Bonds to the Purchasers is hereby ratified, approved, confirmed and determined to be in compliance with parameters set forth in the Bond Authorizing Resolution including, specifically, Section 2.03 thereof.

Section 4.05. Governing Law. This Pricing Resolution shall be governed by the laws of the State without reference to choice of law principles thereof.

Section 4.06. Effective Date. This resolution shall take immediate effect.

ADOPTED AND APPROVED this 2nd day of March, 2017.

THE REGENTS OF THE UNIVERSITY OF NEW MEXICO

[SEAL]

By____________________________
Robert M. Doughty III, President

ATTEST:

By____________________________
Jack L. Fortner, Secretary and Treasurer

[Signature Page to Pricing Resolution]

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