



**NEW MEXICO STATE UNIVERSITY  
BOARD OF REGENTS  
SPECIAL MEETING AGENDA  
February 7, 2022 at 10:30 am**

The Board of Regents of New Mexico State University will hold a special meeting on Monday, February 7, 2022 at 10:30 am. The meeting will be held virtually and will be livestreamed for public viewing on this website:

<https://nmsu.zoom.us/j/96510093752>.

**Regents of New Mexico State University**

Chair Ammu Devasthali, Vice Chair Dina Chacón-Reitzel, Secretary/Treasurer Arsenio Romero, Christopher T. Saucedo, Neal Bitsie

**Non-Voting Advisory Members** - ASNMSU President Mathew Madrid, Faculty Senate Chair Julia Parra, Employee Council Chair Joseph Almaguer

**University Officials** - Chancellor Dan E. Arvizu, Ph.D., Acting Provost Renay Scott, Ph.D., Vice Chancellor Ruth A. Johnston, Ph.D., General Counsel Roy Collins III, J.D.

**AGENDA**

A. **Call to Order**, *Chairwoman Ammu Devasthali*

1. **Confirmation of Quorum and Roll Call**

B. **Approval of Agenda**, *Chairwoman Ammu Devasthali*

C. **Approval of Minutes**, *Chairwoman Ammu Devasthali*

1. **Work Session Minutes for September 16, 2021**

2. **Regular Meeting December 9, 2021**

D. **Consent Items**, *Chairwoman Ammu Devasthali*

1. **Commercial Ground Lease Agreement**, *CEO Scott Eschenbrenner*

2. **Third Amendment to the Collective Bargaining Agreement between NMSU and AFSCME Local 2393**, *Associate Vice President Gena Jones*

**E. Action Items**

- 1. Financial Report for Fiscal Year Ended June 30, 2021, Chief Budget Officer Kim Rumford**

**F. Informational Items, Chairwoman Ammu Devasthali**

- 1. Update on Physical Science Laboratory (PSL), Director Eric Sanchez**
- 2. Update on NMSU Online and NMSU-On Demand, Vice Provost Sherry Kollmann**

**G. Adjournment, Chairwoman Ammu Devasthali**



**Board of Regents Meeting**  
**Meeting Date: February 7, 2022**  
**Agenda Item Cover Page**

**Agenda Item #: C-1**

- Action Item
- Consent Item
- Informational Item

**Presented By:** Chairwoman Ammu Devasthali  
NMSU Board of Regents

**Agenda Item:** Work Session Minutes for September 16, 2021

**Requested Action of the Board of Regents:** Approval for Work Session Minutes for September 16, 2021.

**Executive Summary:**

As required by the New Mexico Open Meetings Act, the board shall keep written minutes of all its meetings. The minutes shall include at a minimum the date, time and place of the meeting, the names of members in attendance and those absent, the substance of the proposals considered and a record of any decisions and votes taken that show how each member voted. All minutes are open to public inspection. Draft minutes shall be prepared within ten working days after the meeting and shall be approved, amended or disapproved at the next meeting where a quorum is present. Minutes shall not become official until approved by the board.

**References:**

NM Open Meetings Act §10-15-1 G.

**Prior Approvals:**

N/A



**NEW MEXICO STATE UNIVERSITY BOARD OF REGENTS  
WORKING LUNCH WITH DACC ADVISORY BOARD**

**NOTICE AND NOTES**

**September 16, 2021 at 12:00pm**

Doña Ana Room, Corbett Center Student Union,  
NMSU Las Cruces Campus, 1600 International Mall,  
Las Cruces, New Mexico

**NOTES**

**Regents of New Mexico State University**

Chair Ammu Devasthali, Vice Chair Dina Chacón-Reitzel, Secretary/Treasurer Arsenio Romero, Christopher Saucedo, Neal Bitsie

**DACC Advisory Board** – President Elva Garay, Vice President Laura Salazar Flores, Secretary Ray Jaramillo, Daniel Castillo, Maria Flores, Lupe Castillo

**NMSU/DACC Officials** – Chancellor Dan E. Arvizu, President Mónica Torres

**NOTES**

**A. Introductions (10 minutes), Chair Ammu Devasthali**

The meeting was called to order at 12:30 PM. The Board of Regents met with the DACC Advisory Board. No votes or other official actions were taken by the NMSU Board of Regents.

**B. Discussion Items, NMSU Regents and DACC Advisory Board**

**1. Operating Agreement between Board of Regents of NMSU and DACC Advisory Board**

President Torres presented the operating agreement between the Board of Regents of NMSU and the DACC Advisory Board for the Board's consideration to be renewed. The operating agreement is updated every two years. Due to COVID, it was delayed one year. The operating agreement will be taken to the University General Counsel Office, then from there President Torres will take it to the DACC Advisory Board for adoption. Afterwards, it will be presented to Board of Regents of NMSU for consideration of approval.

**2. Developmental Courses**

The NMSU Regents and the DACC Advisory Board robustly discussed the trend of students taking remedial courses, the COVID impact, as well as the impact between the 3-course math requirement and continuing math courses at community colleges or universities. Statistically, 86% of students who enroll at DACC are right out of high school. Students testing and readiness in different academic areas right out of high school versus being out of high school for 1-5 years was discussed. Students who have been out of high school for 1-5 years, then return as a college student are further behind in math than other academic areas because math isn't used commonly in the workplace as reading and writing skills are. Regent Romero raised the concern that high schools only require 3 math courses, which means that high school seniors typically do not take a math

course. This impacts students' math skills going forward in college. This prompts an interception between public education and higher education for development. The effect that the pandemic has had on students was discussed. The challenges for adult learners going back to school were also discussed.

**3. Free Application for Federal Student Aid (FAFSA)**

Providing wrap around services, including one to one information on resources, assistance to students and families to fill out the FAFSA was discussed. The requirement of providing parental tax information when students no longer has contact with their parents or when students are older were discussed. The challenges students and their families face were discussed. Assisting undocumented students with the application process, FAFSA, and providing information that they can attend the university were also discussed. It would be beneficial for students to meet with an advisor to fill out the FAFSA in real time.

**C. Adjournment, Chair Ammu Devasthali**  
Meeting adjourned at 1:45 PM.

**Meeting Minutes Approved on February 7, 2022 by the New Mexico State University Board of Regents.**

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Ammu Devasthali  
Board of Regents Chair

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Arsenio Romero  
Board of Regents Secretary/Treasurer



**Board of Regents Meeting**  
**Meeting Date: February 7, 2022**  
**Agenda Item Cover Page**

**Agenda Item #: C-2**

- Action Item
- Consent Item
- Informational Item

**Presented By:** Chairwoman Ammu Devasthali  
NMSU Board of Regents

**Agenda Item:** Regular Meeting Minutes for December 9, 2021

**Requested Action of the Board of Regents:** Approval for Regular Meeting Minutes for December 9, 2021.

**Executive Summary:**

As required by the New Mexico Open Meetings Act, the board shall keep written minutes of all its meetings. The minutes shall include at a minimum the date, time and place of the meeting, the names of members in attendance and those absent, the substance of the proposals considered and a record of any decisions and votes taken that show how each member voted. All minutes are open to public inspection. Draft minutes shall be prepared within ten working days after the meeting and shall be approved, amended or disapproved at the next meeting where a quorum is present. Minutes shall not become official until approved by the board.

**References:**

NM Open Meetings Act §10-15-1 G.

**Prior Approvals:**

N/A



**NEW MEXICO STATE UNIVERSITY BOARD OF REGENTS  
REGULAR MEETING  
December 9, 2021 at 2:00pm**

**DRAFT MINUTES \*\*\*NOT OFFICIAL – SUBJECT TO APPROVAL BY THE BOARD OF REGENTS\*\*\***

**Regents of New Mexico State University**

Chair Ammu Devasthali, Vice Chair Dina Chacón-Reitzel, Secretary/Treasurer Arsenio Romero, Christopher T. Saucedo, Neal Bitsie

**Non-Voting Advisory Members** - ASNMSU President Mathew Madrid, Faculty Senate Chair Julia Parra, Employee Council Chair Joseph Almaguer

**University Officials** - Chancellor Dan E. Arvizu, Ph.D., President John D. Floros, Ph.D., Acting Provost Renay Scott, Ph.D., Vice Chancellor Ruth A. Johnston, Ph.D., Senior Vice President Andrew Burke, Ed.D., General Counsel Roy Collins III, J.D.

**MINUTES**

The Board of Regents meeting is available by webcast through the link at <https://panopto.nmsu.edu/bor/>

**A. Call to Order, Chairwoman Ammu Devasthali**

The Board of Regents met in the Board Room of the Educational Services Center at New Mexico State University in Las Cruces, New Mexico on May 14 2021. Chairwoman Devasthali called the meeting to order at 2:00pm.

**Pledge of Allegiance, Cadet Kabel Brooks**

Cadet Kabel Brooks lead the Pledge of Allegiance. Cadet Brooks is studying criminal justice and is in the Army ROTC.

**1. Confirmation of Quorum, Chairwoman Ammu Devasthali**

The Chief of Staff confirmed the quorum and took the roll call.

Chairwoman Ammu Devasthali, Regent Dina Chacón-Reitzel, Regent Arsenio Romero, Regent Neal Bitsie, Regent Christopher Saucedo, Chancellor Dan Arvizu, President John Floros and Vice President Andy Burke were present in the Board room.

Virtually present were:

Vice Chancellor Ruth Johnston

General Counsel Roy Collins

ASNMSU President Matthew Madrid

Faculty Senate Chair Julia Parra

Employee Council Chair Joseph Almaguer

**2. Approval of the Agenda, Chairwoman Ammu Devasthali**

Regent Romero motioned to approve the agenda as presented. Regent Chacón-Reitzel seconded the motion. All were in favor and none opposed. Motion passed.

**3. Public Comment, Associate Vice President Justin Bannister**

Associate Vice President Bannister reported that there were several people signed up for public comment. Associate Vice President Bannister reminded everyone that public comment is meant as an opportunity for the community to provide input to the Board of Regents, comments should be kept to a 3-minute maximum to provide time for everyone, and that he will let them know when they have 30 seconds remaining.

Associate Vice President Bannister introduced the first person, Brad Hansen.

Brad Hansen stated, "Good afternoon fellow Aggies. My name is Brad and I'm a graduate worker employed and under contract with NMSU. I serve as the instructor of record for regional geography. I come before you today as a valuable member of our community, who has been disrespected and neglected by current administrative leaders like President Flores, Provost Parker and Dean Cifuentes. As a member, Graduate Workers United, my concerns go beyond the current turmoil surrounding the vote of no confidence for President Flores and Provost Parker. NMSU has a repetitive history of firing and hiring people who demonstrate substandard leadership. The appointment of Renay Scott as Interim Provost suggests this history is repeating itself, yet again. I ask you, as fellow aggies committed to our shared mission, to come together and stop the cycle of poor leadership. Everyone on this board has an impressive resume of service and initiative. The decisions that NMSU administrators are making in your name do not reflect what I have read about each of you. Currently, NMSU is putting valuable resources towards fighting our right to bargain with them for fair and just compensation. They have claimed that we are not workers. This means that they inaccurately think we do not serve a crucial function. In three semesters, I have been responsible for instructing over 180 undergraduate students and mentoring 2 teaching assistants. Soon, I will begin research that NMSU will benefit from. I am an active community member who participates in trash pickups and betterers our community. Multiply that by 960 and you start to get an idea of what graduate workers bring to NMSU, Las Cruces and the state of New Mexico. After the state Labor Board ruled that graduate workers in the state of New Mexico could unionize and bargain for better working conditions, NMSU, under your board's name, hired a lawyer to argue that the State's Board's ruling only applied to UNM graduate workers and NMSU graduate workers were "not equivalent." Words can't express the anger and hurt that these actions have caused. Someone who works in Hadley Hall gave me these. They are three tokens worth one free drink. She gave them to me after hearing Chancellor Arvizu ask why NMSU is spending valuable resources fighting our right to bargain with them. We are fighting so hard to sit down and negotiate better working conditions, because all his graduate workers are living below the federal poverty line and barely hanging on. One colleague of mine, who was forced to pay for substandard health insurance through NMSU, was denied access to the care he needed down the road. He ended up having to receive treatment in Mexico. Another colleague of mine cannot get access to the healthcare services she needs because, like most of us, she cannot afford the marketplace insurance programs we qualify for since we have to pay tuition. I almost went bankrupt when I got bitten by a rattlesnake last year because I was uninsured. We don't need drinks. We need you to fire your lawyer and abide by the State Labor Board's ruling, so we can work together to improve, not just our conditions, but the conditions of our university. Thank you."

Associate Vice President Bannister introduced the next person to give public comment, Brayson Stemock.

Brayson Stemock stated, "Hi members of the Board. My name is Brayson Stemock. I'm a third-year astronomy Ph.D. student. I served as a teaching assistant for 2 years and I'm now a research student on external fellowship from the National Science Foundation. I'm here today because I, like a lot of other people, would like to urge you to cease interference in the legal case for recognition of the Graduate Student Union because at the protest Chancellor Arvizu came out and spoke with us. He mentioned that it's important that



we offer competitive salaries and I completely agree that we want NMSU to be an R1 institution. All of us here love working at NMSU. We want NMSU to be better, not just to find a different institution. But, can we really say that we need to offer competitive salaries when our graduate students live below the federal poverty line? We had a town hall, where we discussed graduate issues with a number of grads across the entire university and we asked, "please raise your hand if you've ever actively discouraged a prospective student from attending NMSU for financial reasons." Every hand in the room went up. This isn't because we don't want people to come to NMSU. We love working here. We love the research we do. We love being able to serve the community and to serve the undergraduates that we teach and that we mentor. But the fact of the matter is, domestic students are unable to afford any sort of proper health insurance. We have to pay tuition. We had around 80% of graduate students unemployed at some point during the 2020 summer and international students can't get another job because of the way their visa's work it's not financially feasible for graduate students to choose to come to NMSU if they're given another option. So, if we want to push to be an R1 institution, we need to offer salary. We need to offer proper working conditions, so that students aren't skipping meals, just to make ends meet. Students are leaving the country to find any sort of proper health care. So, I urge you, please, fire your union busting lawyer, that is acting in your name as the NMSU Board of Regents, that is on this legal case. And instead, let us go through this legal process. It was ruled in August that we are public employees under the public bargaining act by the State Labor Board. It was not specified that UNM graduate workers fall under this, but all graduate students in New Mexico. So please, allow us to run our course, recognize our union, and commit to bargain with us for better working conditions."

Associate Vice President Bannister introduced the next person to give public comment, Kelsie Field.

Kelsie Field stated, "Thank you. Hello members of the Board. My name is Kelsie and I am a second-year graduate student at NMSU in the fish wildlife and conservation ecology department. In my 2 years at NMSU, I have been told countless times how meaningful the graduate students are to this institution and how much we bring to the table. How useful we are. How good we are at teaching classes. How critical we are to pushing NMSU forward and beyond. While these things are really nice to hear, let me be very blunt, NMSU graduate students are not treated as if these statements are true. Many graduate students do not get fair and just compensation. Graduate students do not get full tuition remission. International students are not guaranteed employment through the summer. Something that has impacted me personally is the fact that NMSU does not offer subsidized health insurance for graduate students. So, this past year, I found out that I had a bone tumor in my foot. I am a field researcher. I research fish, so, I am hiking constantly. This is a big deal for me. Between my surgery, x-rays, MRIs, doctors' visits, my incredibly awful insurance, which was the cheapest insurance I could find because I had to pay tuition and I can't afford better health insurance, my costs have been astronomical. If you want NMSU to be known as an institution that takes advantage of its graduate students, okay fine. If not, it's time for NMSU to take some steps to address these issues immediately. It's time for them to assert the same conduct that graduate students, student workers are afforded. I implore you to recognize our union and meet us at the bargaining table now. Thank you."

Associate Vice President Bannister introduced the next person to give public comment, Matthew Varakian.

Matthew Varakian stated, "Hello members of the Board. My name is Matt Varakian. I'm a fourth-year graduate student in the NMSU astronomy program. Like some of my colleagues, I'd like to use this opportunity to speak about graduate working conditions at NMSU and the administration's response to the graduate worker union. Graduate workers at NMSU provide labor that without which the university would cease to function. We teach. We do research. We write grants. Some graduate workers are the instructor of record for their courses and taking on the same teaching, grading and curriculum development roles as full professors. NMSU works because we do. We are an invaluable resource for the undergraduate community, faculty and the university as a whole, yet we are not compensated as such. NMSU graduate workers make minimal wages, are still required to pay tuition, and don't receive employee healthcare. Before taking tuition out of our salaries we are paid \$10,000 below the living wage in Las Cruces. After paying tuition, we are paid

below the federal poverty line. Add other costs like healthcare, rent, food, it becomes clear this level of compensation is not tenable. Compare this level of compensation to our peer institutions and we're usually at the bottom of the barrel. Compared to R1 institutions, a status that NMSU has prioritized attaining, it is completely and utterly abysmal. If NMSU wants to achieve R1 status as a high output university, then it needs to start compensating its researchers like an R1 university. To address these issues, the graduate students at NMSU have unionized. We submitted our union cards in May and in August the State Labor Board ruled that all graduate workers in the state of New Mexico are considered public and regular employees and therefore have the right to collectively bargain with their employer. Yet many months later, NMSU still refuses to acknowledge the validity of our Union and has neglected to meet us at the bargaining table. I'm here to speak on behalf of the graduate worker union and say that we have waited long enough. I call on the board of regents to commit to negotiating with the graduate worker Union there by recognizing its legitimacy. Commit to improving this university by prioritizing the people that it cannot run without and allow us to exercise our right to have a say in the conditions that dictate our lives, thank you."

Associate Vice President Bannister introduced the next person for public comment, Maura Hehir.

Maura Hehir stated, "I'm Maura Hehir. I'm an MFA fiction student. I'm a first-year graduate assistant and I just want to reiterate what my colleagues have been saying. I feel like my life is marked by the feeling of complete financial instability and not knowing if I'll be able to make ends meet from week to week. This is my first year and I have no idea what I'm going to do in the summer or how I'm going to afford to live or save up in order to contribute to my tuition costs or any kind of emergency fund in case anything happens to me health wise, as has happened to many of my colleagues. I just want to reiterate that it's unacceptable we're put in such a precarious position as workers for the university. I'm here to call on the Board of Regents to recognize our union and meet us at the bargaining table so we can work together to fix these issues."

Associate Vice President Bannister introduced the next person for public comment, Joshua Tise.

Joshua Tise stated, "Thank you. My name is Joshua Tise. I am a first-year poetry MFA student. I just want to echo what so many of my incredibly eloquent peers have been saying. The fact that this university, after tuition, leaves us below the federal poverty line, to me is just simply unacceptable. I am incredibly lucky to still be able to be on my parents' health insurance this year, but that's not going to last me the entire length of my time here either. So, I want to join all of my peers in calling for the Board of Regents to meet us at the bargaining table to stop stall tactics. NMSU only works because we do. I know that when I was making my choice to come here, I was really torn because other universities were able to offer me more. But, I wanted to serve this community. I wanted to be a part of the faculty and the students at this institution. I want to make sure that future students feel like they are able to make that choice with a clear conscience and without having to worry about how they are going to be able to live here as well, thank you very much."

Associate Vice President Bannister introduced the next person for public comment, Liam Goodale.

Liam Goodale stated, "Hello Board. My name is Liam. I am a molecular biology student. It's my third semester here. I started during the onset of the pandemic. I haven't seen what it was like before that, so it's been a weird experience so far. It's been hard to adjust just moving here to NMSU. I haven't prepared my remarks and I don't have the same kind of story that a lot of other people do. I'm fortunate enough to have family in the area, so I don't struggle to pay rent. They cook me meals. But, I work with people who aren't in the same situation as I am. I see the kind of difficult decisions they have to make. Many of them have family on the other side of the globe. It's not easy. They don't have the kind of support that I do and a few others do as well. I want to say that I hope you all do the right thing and recognize what they go through. Before I came here, I went to wealthy schools in Boston. I didn't see any of my TAs or faculty members really struggling like some do down here. We're a lot more fortunate there. It's been a tough reality to see that people I work with every day don't have the same kind of stability to go home to and many of them work twice as hard as I do. I think that they deserve to be recognized and treated as equals. Thank you."

Associate Vice President Bannister introduced the next person for public comment, Jamie Bronstein.

Jamie Bronstein stated, "I am Jamie Bronstein from the history department. I am here to support the graduate students in their request that the Board of Regents take seriously the idea of dropping the legal obstacles to the card count for the students and the certification of their union. The Public Employee Bargaining Act does not exclude university graduate workers from the classes of workers have the right to collectively bargain. The State Labor Board decided in favor of graduate students right to bargain when the question of UNM's graduate workers can before them. Let's look at the concrete issues that graduate workers have raised. First of all, tuition remission. Top universities remit or excuse or give back tuition for funded graduate students. NMSU cannot compete in the same marketplace for graduate students because it's one of the only universities that doesn't provide tuition remission. When graduate students have to pay for tuition out of their already insufficient wages, they're left without the ability to feed themselves and their families. As late as 2013, NMSU offered health insurance to graduate workers. I found a document online that indicated that all teaching assistants, research assistants, and graduate assistants employed by student services and other units on campus were covered with 70% of the costs of health insurance being paid by NMSU. So graduate assistants only had to cover the remaining 30% through payroll deductions. That was discontinued with the advent of Obamacare, but now US graduate students have to foot the entire cost of their health insurance and as you've heard, they find the health care that is available to them on the exchanges to be insufficient in as well as being expensive. None of the goals of the graduate workers through their Union are inconsistent with NMSU LEADS 2025 goals of achieving our one status or, indeed, promoting social mobility. So, it's unclear to me, as a faculty member who has been here since 1996, and knows just how crucial graduate students are to the running of this university, why we're attempting to block unionization, sending the message that graduate workers are not worthy of our support. Thank you."

Associate Vice President Bannister introduced the next person for public comment, Cynthia Pelak.

Cynthia Pelak stated, "Good afternoon, to the Regents, Chancellor, President, and to each of you participating in this meeting. It is a joy to be with you. My name is Cynthia Pelak and I'm a proud Aggie faculty member in my 12<sup>th</sup> year of service. First, I'd like to start by acknowledging that we gather today on the unseeded indigenous lands of the Monzo people and the homelands of many native peoples, including the Apache, Dene, and Pueblo peoples stretching back over 20,000 years. I would also like to thank the Board of Regents for the opportunity to share my comments. My primary purpose is to express my solidarity and support for the demands of the NMSU graduate students united, who are acting boldly to shape their future and the future of this great institution. As a first-generation college student, myself, I can say with confidence that if it were not for the robust material resources at my graduate institution, the Ohio State University, I would not be in a position today to speak as a proud faculty member. Specifically, I would like to comment about the importance of recognizing all workers at NMSU for their contributions to building a robust university. Currently, as an institution we do a great job recognizing the years of service of regularized employees. But, when it comes to acknowledging the contributions of non-regularized employees, whether that our students, staff, or faculty members, we fall short in expressing the full dignity of these workers. As Reverend Martin Luther King, Jr. stated in his mountain top speech delivered in support of striking sanitation workers in Memphis Tennessee, "All Labor has dignity." I think we would all agree that all paid workers at NMSU have dignity and that dignity requires a recognition of their contributions to the institution. I would like to call on the Board of Regents to recognize NMSU graduate students as employees and to start acknowledging the years of service and dignity of all NMSU non-regularized employees who are essential for the good functioning of this institution. I thank you for your attention and I wish everyone a happy holiday season."

Associate Vice President Bannister introduced the next person for public comment, Christopher Brown.

Christopher Brown stated, "Madam Chair, members of the Board, Chancellor Arvizu, President Floros, thank you for this time to share a few comments today. These are some tough acts to follow, but I'll do my best. My name is Christopher Brown. I'm a full professor in the geography department and co-director of a small

sponsored projects research lab and both the former chair of Faculty Senate and former department head. Today, I also speak in strong support of the effort by NMSU graduate students to form a union and be recognized by NMSU. I share three simple points to support their effort. Point one, graduate research assistants are literally the lifeblood of NMSU's research efforts and they're core players in our efforts to achieve R1. RAs work in our labs and in the field to do the work that external sponsors fund us to do. They assist us in report generation and in some cases, they write grants that bring external funds to NMSU to support our research efforts. Point two, they're key in the efforts to teach our students in advanced student success. Graduate TAs conduct lab sections, grade students' work, provide support in the labs, and as some of our students have noted, are teachers of record in classes they teach and are the first contact students have when seeking assistance. Quite simply, students identify and connect better to TAs than many faculty members. We simply could not teach our classes and advance student success without them. Point three, they're employees. Period. Both TAs and RAs are given direct guidance on work we asked them to do. They are held accountable for their work and we pay them for their efforts. The hourly wage they make is reasonable, but in many cases, we then take back a good portion of their wages to pay for tuition and health insurance. NMSU policy mandates we include requests for funds to cover tuition and health insurance in our proposals for external funding, but not all project sponsors were allowed these items and TAs are certainly left out in the cold. These students have dropped the cards. They've secured the support they need. The progress on advancing a graduate student union is now in the hands of the state of New Mexico Public Employees Relations Board. I urge you in the strongest terms possible, not to stand in their way. Rather, I ask you to agree to have smart, frank, respectful, and I hope mutually beneficial conversations about meeting their needs that true their unionization effort. Thank you for your time."

Associate Vice President Bannister reported that that concludes public comment.

**B. Approval of the Minutes, Chairwoman Ammu Devasthali**

- 1. Regular Meeting May 14, 2021**
- 2. Regular Meeting September 16, 2021**
- 3. Special Meeting October 11, 2021**
- 4. Special Meeting October 25, 2021**
- 5. Regents' Retreat November 4-5, 2021**
- 6. Special Meeting November 5, 2021**

Regent Chacón-Reitzel made a motion to approve all minutes. Regent Saucedo seconded the motion. All were in favor and none were opposed. Motion passed.

**7. Confirmation of Prior Closed Executive Session November 5, 2021**

The Board of Regents met in closed executive session at 1:15pm on November 5, 2021 at New Mexico Farm and Ranch Heritage Museum in Las Cruces New Mexico. The closed executive session meeting was held to discuss the purchase and disposal of real property pending litigation and personnel matters in accordance with NMSA section 10-15-1 subsections (H8), (H7), and (H2). Those members of the board, who were present, were asked to certify by roll call that only matters of that nature were discussed.

Members certified by roll call that only matters of that nature were discussed, including: Regent Devasthali, Regent Chacón-Reitzel, Regent Romero, Regent Saucedo, and Regent Bitsie.

C. **Awards and Recognitions**, *Chairwoman Ammu Devasthali*

**1. Proclamation recognizing exceptional service provided by our front-line NMSU employees during the Coronavirus pandemic**, *Chancellor Dan E. Arvizu*

Chancellor Arvizu read the proclamation recognizing the exceptional service provided by NMSU front-line employees during the Coronavirus pandemic.

“WHEREAS, for much of 2020 and continuing on into 2021, New Mexico State University faced challenges and unknown risks due to COVID-19 and the resulting pandemic; and

WHEREAS, many New Mexico State University employees were identified as frontline and onsite workers, required to work on campus buildings and various locations throughout the state; and

WHEREAS, these frontline and onsite workers were asked to continue working on site and in the field in order to provide ongoing service to our students, faculty, staff and our community; and

WHEREAS, these employees accepted the increased risks from their jobs and showed up daily to provide critical services; and

WHEREAS, these employees demonstrated their commitment to serving New Mexico State University; and

WHEREAS, the Administration of New Mexico State University recognizes the significant work and sacrifices of our frontline and onsite employees and are especially grateful for their service.

NOW, Therefore, Be It Proclaimed in official session that the Board of Regents of New Mexico State University thanks and commends our frontline and onsite NMSU employees for their dedicated service.

Proclaimed this 9th day of December 2021, at Las Cruces, New Mexico.”

**2. Proclamation recognizing Andrew Burke for his service as Senior Vice President of Administration and Finance**, *President John D. Floros*

President Floros read the proclamation recognizing Dr. Burke’s service as Senior Vice President of Administration and Finance.

WHEREAS, Andrew J. Burke, will retire on December 31, 2021 as senior vice president for Administration and Finance having served with distinction since June 17, 2017; and

WHEREAS, he has been a good steward of the financial and physical resources during his time here at NMSU. Examples include the successful close of the 2019 A and B Series Bonds resulting in significant cost savings, and the disbursement of Higher Education Emergency Relief Fund; and

WHEREAS, Gov. Michelle Lujan Grisham appointed Dr. Burke to the New Mexico Finance Authority in 2019, which was created by the New Mexico Legislature in 1992 to finance infrastructure projects for the state’s counties, cities, and certain departments of state government as well as served as chair of the NMFA Audit Committee; and

WHEREAS, he served as a board member on Arrowhead Center, Inc., where he contributed greatly to the success of Arrowhead, serving as Treasurer for several years and ensuring sound financial management and strategies; and

WHEREAS, he served as co-chair on the Phase 1 budget realignment initiative leading efforts for a system-wide cost savings; and

WHEREAS, he served as a champion and co-chair of LEADS 2025 goal four team: Build a Robust University System; and its efforts are resulting in a better university for us all; and

WHEREAS, he served in various positions at DACC for 30 years before retiring in 2014, including being the longest servicing vice president for business and finance where he was responsible for business and finance but also facilities, information technology and human resources; and

WHEREAS, he also served twice as that campus interim president and chief executive officer, which included overseeing the completion of a self-study report for the Higher Learning Commission comprehensive site visit and subsequent institutional accreditation; and

WHEREAS, NMSU President John Floros has said: “Every member of the NMSU Community has benefitted from the depth and breadth of Dr. Burke’s knowledge and experience. His fiscally sound guidance during our recent lean times leaves us on a solid footing for the future, and we are deeply grateful for his contributions to NMSU.”; and

WHEREAS, he was raised in Las Cruces, New Mexico and graduated from Las Cruces High School; and

WHEREAS, he earned a bachelor’s in business administration with honors, a master’s in accounting, and a doctorate in educational administration from NMSU; and

NOW, Therefore, Be It Proclaimed in official session that the Board of Regents of New Mexico State University thanks and commends Andrew J. Burke for his dedicated service and wishes great success in his future endeavors.

Proclaimed this 9th day of December 2021, at Las Cruces, New Mexico.”

**3. Proclamation in memory of Bob Porter, Regent Dina Chacón-Reitzel**

Chairwoman Devasthali recognized Brenda Porter, John Hudson, and Chad Smith who were present as guests for the proclamation from the board in memory of Bob Porter.

Regent Chacón-Reitzel read the proclamation.

“WHEREAS, Bob “B.J.” Porter came from humble beginnings to become a legend in New Mexico’s agriculture industry; and

WHEREAS, Mr. Porter was the first in his Hatch Valley farming family to attend college, enrolling at what was then called New Mexico A&M to study soil science and play basketball; and

WHEREAS, Mr. Porter began his Aggie Basketball career as a walk-on and finished it as a four-year letterman and team captain; and

WHEREAS, Mr. Porter was named Distinguished ROTC Military Student and was a member of Tau Kappa Epsilon fraternity; and

WHEREAS, Mr. Porter earned his bachelor’s degree in soil science in 1951 and was commissioned as a second lieutenant in the U.S. Air Force upon his graduation, serving during the Korean Conflict and later being promoted to captain as a reservist; and

WHEREAS, Mr. Porter joined the Doña Ana County Farm Bureau in 1955, an organization he served for 15 years, where he administered the state’s largest bracero program; and

WHEREAS, he went on to lead the New Mexico Farm and Livestock Bureau, where he made innumerable contributions to agriculture in the state through his advocacy and tireless work to protect the livelihoods of his fellow New Mexico farmers and ranchers; and

WHEREAS, Mr. Porter was a proud Aggie and a lifelong supporter of New Mexico State University, serving as president of the NMSU Alumni Association and a member of the NMSU Foundation Board and Aggie Athletic Association; and

WHEREAS, he was also honored as an NMSU College of Agricultural, Consumer and Environmental Sciences Distinguished Alumni, an NMSU Centennial 100 Outstanding Ag Graduate, and a James F. Cole Award recipient; and

WHEREAS, Mr. Porter was generous in supporting students financially, creating the Bob Porter Endowed Scholarship for plant and environmental sciences students and the Bob Porter and Brenda Porter Point Guard Endowment for student-athletes with his daughter.

NOW, THEREFORE, BE IT PROCLAIMED in official session that the Board of Regents recognizes, celebrates, and honors Bob "B.J." Porter's work to advance agriculture in New Mexico and support the students of this university.

PROCLAIMED, this 9th day of December, 2021, in Las Cruces, New Mexico."

Brenda Porter commented that her Dad was truly the land grant recipient. He came from poor economic conditions in rural New Mexico. He was able to get a little sears and roebuck scholarships to go to NMSU, where he got two degrees. He played ball and participated in ROTC. Ultimately, he gave back to the university in his service in agriculture in New Mexico. Brenda Porter continued by saying, "I appreciate you all recognizing and what can I say, Go Aggies!"

Chad Smith commented that it was an honor to be present. Mr. Porter left a legacy within Farm Bureau that will go on for years. Chad Smith continued by saying, "I have to fill those shoes and I hope I can leave a legacy like Mr. Porter did. He was a mentor of mine, so I'm deeply going to miss him. Well deserved and thank you for the opportunity."

Secretary Witte stated that he met Mr. Porter in July of 1986. Dean John Owens asked him to interview and meet Mr. Porter for a job opening as Director of Governmental Affairs at the Farm Bureau. He worked for Mr. Porter for many years and learned a lot from him. Mr. Porter told him, "Our job is to make people better. Our job is to come up with good ideas." Mr. Porter always wanted the best for everything and was a strong advocate for NMSU. Secretary Witte stated that in 1994 he had the opportunity to either take Mr. Porter's position upon his retirement or take his current position. Mr. Porter encouraged him to take the Secretary position and said that he would do more for agriculture as a future Secretary. Mr. Porter prolonged his retirement by a year so that Secretary Witte could change course in his career. Secretary Witte stated, "We need to think about his vision and create the best for the best because he was the best."

Regent Chacón-Reitzel stated that in the story that Secretary Witte was describing, Mr. Porter had called her in 1994 and asked her to run the association. However, she decided to stay at the Beef Council because she had two young babies. Regent Chacón-Reitzel was very honored to have been asked that by Mr. Porter. He was somebody that everyone aspired to be. They loved and respected him. Regent Chacón-Reitzel continued by saying, "I've always remembered that call that one late afternoon when he asked me. I didn't go on to do that, but I always thought, 'If Bob Porter thought enough of me to ask me to run the association, then that meant something to me and it always will. When he passed, I was sad. He was a wonderful agriculturalist. He will be greatly missed by this state, this city, and New Mexico agriculture. Thank you for coming today and being a wonderful daughter to Bob Porter."

#### **D. Regent Committee Reports**

##### **1. Real Estate Committee Report, Regent Dina Chacón-Reitzel**

Regent Chacón-Reitzel reported that The Regents Real Estate Committee met once since the last regular meeting of the Board of Regents on November 10, 2021. The current lease agreement with the USDA Forest Service in Clayton, NM is near the end of its term, which is on December 31, 2021. NMSU has been operating a 320-acre parcel through a special use permit. The committee recommended that consideration of a renewal of this agreement be brought before the full board, which is on the agenda as G8.

Other items were presented by Facilities and Services and are being brought forward today as items G4 through G7. These improvement projects are documented in your binder and include information about project budgets and timelines.

**2. Audit and Risk Committee Report, Regent Ammu Devasthali**

Regent Devasthali reported that the Regents Audit and Risk Committee met on October 27, 2021 since the last report to the Board. During the meeting, Moss Adams gave a presented the exit conference for the annual financial statement audit and are waiting for permission from the office of the state auditor to bring the final report to the board sometime in early 2022. Vice President Burke presented the composite financial index and acknowledged the work that the team had done in collaboration with Moss Adams on the financial statements. The proposed date for the next Regents Audit and Risk Committee is February 23.

**3. Financial Strategies, Performance and Budget Committee Report, Regent Christopher Saucedo**

Regent Saucedo reported that the Regents Finance Strategies Performance and Budget committee met once since that last meeting on November 8, 2021. The mid-year budget adjustment revision (or BAR) for the fiscal year was presented by Senior Vice President Burke. The budget adjustment revision is to adjust fiscal year 2022 beginning balances to actual ending balances for each of the NMSU campuses. The committee recommended that the budget adjustment revision be brought before the board for consideration. You'll see this as Action item H-2 on the agenda and hear more about this later in the meeting.

The committee also received an update on the distribution of HEERF funds, an update on Las Cruces campus I & G actuals and there was some discussion of the revenue losses that were related to the pandemic. There was also some general discussion about tuition, fee, and scholarship estimates and some potential areas for investment in the future such as information technology and library resources.

**4. Student Success Committee Report, Regent Arsenio Romero**

Regent Romero reported that the Regents Student Success Committee met once since the last regular meeting of the Board of Regents on September 30, 2021. Most of the meeting was spent reviewing proposed new graduate and undergraduate academic programs that the full board had approved on October 11. Also, during the meeting, an overview of the approval process of new degree programs was presented. Once new degree proposals are approved by their academic dean, the University Program Academic Committee (UPAC) reviews them. There have been some recent changes to the program approval process, and it was reported that UPAC provides strategic oversight of new program creation and streamlines the program approval process. This is all being done to better position NMSU to bring these programs forward for state approval.

The next meeting is scheduled for January 10. We are still working out the agenda, but we have many different student success initiatives to discuss, including a presentation by Vice President for Equity, Inclusion, Diversity Linda Scholz, the Aggie Next Step program, Undergraduate Research, and I would also like to discuss some innovative approaches to increasing the pool of teachers in the State of New Mexico.

**E. Advisory Member Reports**

**1. NMSU Faculty Senate Report, Chair Julia Parra**

Faculty Senate Chair Parra thanked Faculty Senate for their hard work, the Faculty Senate Vice Chair and leadership committee for their support and advice, and the senate standing committee chairs. The committee chairs have been doing the work of operationalizing vision of the restructured standing committees of Faculty Senate. Faculty Senate Chair Parra went on to thank the Board of Regents for chartering an independent audit regarding Proposition 4-21-22.



**2. Associated Students of NMSU Report, *President Mathew Madrid***

ASNMSU President Madrid reported that since August they have hosted over two dozen events virtually and in person. Over 3,500 students have attended the events. They are planning on another 18 events in the spring; however, that number is subject to change. ASNMSU has appropriated over \$90,000 to support the NMSU Wind Symphony and their invitation to play at Prog next year. ASNMSU is dedicated to enhance the student experience by both representing NMSU and learning about cultures overseas. President Madrid reported that they appropriated over \$20,000 to support the NMSU esports team and their team endeavors. They presented to ASNMSU with a long list of plans and goals that they have for the future and ASNMSU looks forward to supporting them. ASNMSU's current focus is on their legislative priorities and intend to be in full force with a team of students at the legislative session in January.

Regent Chacón-Reitzel asked President Madrid to elaborate on esports. President Madrid reported that esports is comprised of a number of passionate individuals. Esports is primarily the competitive sport of playing a number of video games such as, A League of Legends. They are well versed in 18 games. They have a location in Corbett Center Student Union where the esports team practices. Any and all students visit and use their resources. They connect with students and the community through their Discord channel. The \$20,000 from ASNMSU will specifically go to upgrading their video streaming devices. They get a significant number of viewers to their live stream. Improving their video quality will increase the quality of what they do. President Madrid also commented that they just competed against a high school esports team in Albuquerque and although they lost, the high school students were very interested in NMSU.

Regent Romero commented that esports programs have been expanding across the state of New Mexico. It is a New Mexico Activities Association (NMAA) sanctioned event and there's going to be a state championship in the spring. In future years there may be an excellent opportunity to host a state championship and it would be wonderful for those esports high school students to become Aggies.

**3. NMSU Employee Council Report, *Chair Joseph Almaguer***

Employee Council Chair Almaguer reported that Employee Council did a review of what benefits NMSU offers and does not offer. Chair Almaguer reported that in comparison to peer institutions, NMSU is the only institution that does not offer retirement insurance to NMSU employees that have started after July 1, 2016.

**F. Affiliated Entity Reports (*Deferred – written reports provided in advance*)**

- 1. Aggie Development Inc. Report, *President & CEO Scott Eschenbrenner***
- 2. NMSU Foundation Report, *Vice President Derek Dictson***
- 3. Arrowhead Center Inc. Report, *Director & CEO Kathryn Hansen***

Reports from affiliated entities: Aggie Development Inc., NMSU Foundation, and Arrowhead Center Inc. were deferred to written reports due to a full agenda.

**G. Consent Items, *Chairwoman Ammu Devasthali***

- 1. Operating Agreement with DACC, *Community College President Monica Torres***
- 2. Arrowhead Bylaws Modification (Position Director), *Director Kathryn Hansen***
- 3. Arrowhead Bylaws Modification (Non-Position (Outside) Director), *Director Kathryn Hansen***
- 4. NMSU Las Cruces: Crime Prevention Through Environmental Design, *University Architect Heather Watenpaugh***
- 5. NMSU Las Cruces: Campus-wide Tunnel System Repairs Phase VII, *University Architect Heather Watenpaugh***

6. **NMSU DACC: Creative Media Building at Arrowhead Park**, *University Architect Heather Watenpaugh*
7. **Grants: Walter Martinez Hall Roof Replacement**, *University Architect Heather Watenpaugh*
8. **Renewal of Special Use Permit from USDA Forrest Service in Clayton New Mexico**, *Special Assistant to the President Scott Eschenbrenner*
9. **Temporary Investments Report for the Quarter ended 09/30/2021**, *Senior Vice President Andrew J. Burke*
10. **Disposition/Deletion of Property**, *Senior Vice President Andrew J. Burke*
11. **Memorandum of Agreement between NMSU, New Mexico Energy, Minerals, and Natural Resources Department, New Mexico Highlands University, and the University of New Mexico Regarding Forest Conversation Collaboration**, *Chancellor Dan E. Arvizu*

Regent Romero made a motion to approve the consent agenda as presented. Regent Bitsie seconded the motion. All were in favor and none opposed. Motion passed.

The meeting recessed at 3:09pm.

### **BREAK (10 MINUTES)**

The meeting reconvened at 3:20pm.

#### **H. Action Items**, *Chairwoman Ammu Devasthali*

##### **1. Conferral of Degrees**, *President John Floros*

President Floros announced that NMSU Commencement will be honoring 2020 and 2021 graduates. These classes are special in that they are the pandemic classes. There will be 1,186 students from the main campus and 683 students from the branch campuses that will be graduating. President Floros stated, "We want to celebrate them and wish them well. Tomorrow as well as Saturday we will be celebrating the 2020 class, then on Saturday the 2021 class. I want to congratulate all of our graduates before we have the commencement and with your approval we will confer those degrees tomorrow and Saturday."

Regent Chacón-Reitzel asked if we make it easy for groups to have events here because this is how we get our future Aggies. President Floros answered that if the event pertains NMSU recruiting or bringing people in to familiarize themselves with the university to possibly attend NMSU, then yes, we have special programs for that at reasonable prices.

Regent Chacón-Reitzel asked a follow up question regarding how food costs have risen and the possibility of making food costs and room costs more affordable, perhaps through Sodexo. President Floros stated that although he cannot speak for Sodexo, NMSU has the ability to hosts groups in many ways and accommodate some groups that NMSU works with.

Regent Romero congratulated all graduates and made a motion to approve the conferral of degrees and certifications. Regent Chacón-Reitzel seconded the motion and congratulated all graduates. All were in favor and none opposed. Motion passed.

##### **2. Mid-year Budget Revision Adjustment for Fiscal Year**, *Senior Vice President Andrew J. Burke*

Senior Vice President Burke presented the mid-year budget revision adjustment (BARs) for FY22. The BARs are required by state statute and regulations for submittal to the New Mexico Higher Education Department,

both at this time of the year and in May. The BARs are for each NMSU campus unrestricted fund and they are for the purpose of adjusting the beginning fund balances, which were estimated for the 2021-2022 operating budget that was submitted in May. In May, they're requesting spending authority, which in some cases, in some functional categories, might artificially reduce fund balances in most cases. What they are doing now with respect to fund balances is increasing them to what their actual result was in the closing of the books on June 30 FY21.

There are a couple of adjustments that are being made this year. At the Las Cruces campus, they are reflecting a state appropriation that is outside of the normal appropriation process for the Educational Retirement Board employer contribution increase of 1%. This represents \$2.3 million. This adjustment does not impact individual college or unit budgets. The second item is an increase in local tax levy revenue. Their excess tax levy revenue of \$6 million is shown as a revenue increase on the Carlsbad BAR. Additional expenditures are reflected with respect to their anticipated costs in their effort and plan to move to an independent college. Vice President Burke requested approval of the BARs for FY22.

Regent Saucedo moved to approve the mid-year budget revisions. Regent Chacón-Reitzel seconded the motion. All were in favor and none opposed. Motion passed.

I. **Informational Items, Chairwoman Ammu Devasthali**

1. **Summary of Revisions to the Administrative Rules and Procedures of NMSU (ARP) for the period May 15, 2021 – September 10, 2021, General Counsel Roy Collins, III**

General Counsel Collins stated that Associate General Counsel Lisa Warren would be delivering the report and answering any questions or concerns from the Board.

Associate General Counsel Warren reported that the informational report that is included describes the operational policies that were adopted or amended by the Chancellor during the period September 11, 2021 through November 24, 2021. There were three substantive revisions that were adopted. The first was a revision to ARP 4.81 Degrees, Majors, Minors, and Other Academic Programs of Study. It updated the approvals needed for curricular credentials and added delegation of authority to the provost in consultation with the university program academic committee and faculty senate chair or designee for future amendments of those appendices. It was adopted on September 14, 2021.

The second substantive revision was adopted on October 12, 2021 to revise ARP 4.61 Transfer Credit. This updated and clarified the various provisions from the ARP and from the academic catalog as well as added two substantive amendments which formally include credit for prior learning in Part 2-D and add a requirement that all of course equivalencies be reviewed by departmental faculty at least every three years.

The third substantive revision was adopted October 27, 2021 and was effective on December 1, 2021. This was a revision of the policy on policies, ARP 1.10. It was retitled to NMSU Policy Framework. The process by which the various responsible administrators will propose new and amended operational policy under the purview of the Chancellor was re-engineered. Highlights of the specific changes are identified in the information report submitted.

There was one new policy that was adopted provisionally on August 31, 2021. It is entitled 'COVID-19 Safety Protocols.' It was amended provisionally on September 24, 2021. The purpose was to ratify and supplement the university's pandemic action plan and incorporate by reference the conditions of employment that are required and posted online relating to keeping campuses as safe as possible from COVID-19 and its variants. The policy also provides a process by which emerged violations of the rule are addressed. More detail is provided in the informational report.

2. **Overview of Aggies Go Global, Professor Manoj K. Shukla, Abby Nayra and Cheyenne Stice**

Director of Aggies Go Global (AGG) Manoj Shukla introduced two students, President of Global Student Alliance Cheyenne Stice and Vice President of Global Student Alliance Ana Garcia Vasquez, and the Senior Program Specialist for AGG, Abby Nayra, who joined him for the presentation. The mission of AGG is to provide all NMSU full time students with at least one international travel opportunity to stimulate their professional, and interpersonal developments. AGG sometimes helps students with their flight costs or fees. They also suggest places where they can look for additional funding. They prepare students for cultural immersion. Although the program is housed at the College of ACES, every undergraduate or graduate who is a full-time student is eligible. The only difference between AGG and the study abroad program is that AGG looks for students for a non-credit travel which includes internships, volunteer work, conferences, research, and exchange visits. In 2015-2016 they sent 80 students. In 2016-2017 they sent 126 students. In 2017-2018 they sent 151. In 2018-2019 they sent 82 students. In 2019-2020 they only sent 22 students due to the pandemic. Throughout this program they have sent students to over 70 countries and territories. They support three group programs on a regular basis. One of them is the Women's Economic Forum. In 2018 and 2019 it was held in New Delhi, India and in 2020 it was held in Cairo, Egypt. This program provides students with a lot of opportunity to interact with women who have achieved entrepreneurship to the Nobel laureates. They share their professional and personal experiences on a wide range of topics, present their research and experience cultural immersion.

Director Shukla introduced Abby Nayra, the Senior Program Specialist for AGG, who gave a presentation on the Global Citizen's Project and the Indigenous Program. The Global Citizen's Project provides cultural immersion, language immersion and conservation to students. Students in this trip go to Costa Rica for 8 days. The first half of their days is spent in an immersive intensive Spanish Language Learning Course and their afternoons are spent at a local agricultural and conservation organization, Monteverde, where they learn sustainable agriculture and farming, ecology, and environmental awareness. They participate in activities such as whitewater rafting, hiking, and meditating so they can further experience the culture authentically. They live with Homestay families, which are primarily Spanish speaking so that students get a full experience of what it's like to live in Costa Rica and the people.

Senior Program Specialist Nayra reported that in 2019 AGG formed a partnership with the Indigenous Resources and Development Center at the College of ACES to create the Indigenous Leadership Exchange. In this program, ten students of indigenous groups were selected for an 8-day trip to Guatemala. They developed leadership skills, environmental understanding, and participated in cultural exchange. They got to learn from local Mayan community members about efforts to protect the tropical rainforests and the Chixoy River, alongside other environmental treasures and resources while participating in this cultural immersion.

Director Shukla introduced Cheyenne Stice, a graduate student and the President of the Global Student Alliance. Cheyenne reported that the Global Student Alliance is an organization for all NMSU students who wish to travel or have travelled with AGG. Students discuss cultural professional development and relationship building. They address environmental and international issues as well as have an open and inclusive space to connect with other students about international travel. They also do community service.

Director Shukla reported that they have several trips for 2022 planned and are hopeful that the COVID pandemic will not prevent them from happening.

Regent Chacón-Reitzel asked if students pick up part of the expense for the trips. Director Shukla reported that their target is to be able to send every student who wants to go abroad. They have been able to send the maximum number of students that they have been able to send, 155 students. They would like to increase that to 200-250. It costs about \$1,000 per student, so they would need \$250,000 in this program.

**J. Report from the New Mexico Department of Agriculture to the Regents of New Mexico State University (Board of Agriculture), Cabinet Secretary & Director Jeff Witte**

Secretary and Director Witte gave the NMDA report. Secretary Witte reported that the Department of Agriculture has been awarded a \$500,000 grant from USDA. It was through the Southwest Border Food Protection Emergency Preparedness Center. This grant is for farm and ranch stress assistance. Only state departments of agriculture can get these grants. Because they are at NMSU, they have a partnership with Extension, who has a good program in the area. Secretary Witte spoke about the Homegrown event. New Mexico Farm and Ranch products and processed foods are popular and are being advertised on social media with a video clip. They will break it down to 15 second commercials on tv. The Homegrown event attracted 41 exhibitors this year. There is a state law that mandates putting 5% biodiesel in diesel products. There is currently a supply issue across the state. NMDA extended the waiver and changed the terms. Instead of a 6 month waiver, they are moving to a 4 month waiver, April 15<sup>th</sup>. This is because biodiesel is a product that is more available in the summer months than in the winter months. This will shift the program to allow for possible use during the warmer season. The Chili Labor Incentive Program is put on hold and suspended temporarily based on the Supreme Court ruling on the governor's use of funds. In consultation with the governor's office and talking to legislatures, there was a call from LFC staff to return the money. They haven't returned it yet due to strong negotiations between the executive, governor's office, and legislature regarding those funds. They have submitted their state hemp plan to USDA for approval. They have been working with USDA for the last 6 months to get it in order. There was an opportunity to meet with the producers of hemp to determine if they in fact wanted them to turn the whole program over to USDA. There would be advantages to the producers, mostly that there wouldn't be fees. They unanimously agreed to let NMDA keep it although there is a licensing fee. Secretary Witte recognized three of their employees who will be graduating. Marshall Wilson is getting a master's degree in Agriculture and Business Specialization. Dana Maestas who is a vet lab specialist at the Vet Diagnostic Lab in Albuquerque. Because of the reciprocity agreement that they have with other universities, she's getting her Associate's degree from CNM. Jeremy Townson is an IT student at DACC and is getting his associate's degree in Applied Science. He plans on continuing his education at NMSU. Secretary Witte stated that the tuition waiver benefit for employees has helped these students and others obtain their degrees.

**K. Report from the NMSU System Chancellor to the Regents of New Mexico State University, Chancellor Dan E. Arvizu**

Chancellor Arvizu began his report by a reflection where NMSU has come from, where NMSU is now, and where NMSU is going. The premise of their strategic plan is that growth is imperative. In 2018, when the regents brought President Floros and Chancellor Arvizu on to the campus, they were focused on how to turn the declining trajectory around. The university system has been under resourced for decades. They've been dealing with budget cuts and a variety of underfunded mandates resources have been scarce. Declining enrollments and research expenditures have exacerbated that condition. With that diminishing support from the state and federal government, the only strategy they could embrace to put them back on a path of growth and sustainable future was to have resources to invest. Part of the strategy that was put in place was growth in revenues, enrollments, research and outreach. In the vision and strategies that is made up of goals, objectives and KPIs, it was clear that the strategy was important, but not sufficient because they needed to be able to implement it. In order to understand where they are and how to measure progress, it required them to do benchmarks, have metrics, and understand the leading indicators. They need to be able to invest in the future. The main campus enrollment has declined slightly over the last 5 years. At UNM and NMTECH there continues to be a decline in their enrollment. NMSU has been able to invest in wrap around enrollment and the demographic that they serve. That has protected NMSU to some degree from the COVID challenges of declining enrollment. Social mobility has been a tenant of their strategy and this is the demographic that they want to make sure they don't leave behind. The underserved populations are the majority of their population.

The rates for Pell grant eligible and non-Pell grant eligible have increased. Research expenditures and awards are rising. In relation to Goal 3, Ag Days is one of the programs that is popular with the community and engages the

community. NMSU is the land grant university. Land grant universities are focused on supporting the entire state in all of the communities in which they reside. There are 33 cooperative extension offices in every county and 12 ag experiment stations. They engage on an annual basis 30,000 students. They have grown into a much more robust community engagement on economic development.

Goal 4 is about building capacity. Expanding competencies and aligning our budget with their priorities has been a goal from the beginning. Transparency will serve them well in terms of communication of what their priorities are and helping manage the resources flow. Operational efficiency and responsiveness to the external environment including sustainability, health and safety. Being a robust university means that they have to meet the needs of their entire communities. Inclusiveness is a big factor to that regard. In August 2021, Dr. Linda Scholtz became the first Vice President of Equity, Inclusion, and Diversity. NMSU has \$500 million in deferred maintenance. They haven't been able to invest in deferred maintenance for a decade or more. They are now getting some attention with one-time money at the legislature to try to overcome some of that. Ag experiment stations have \$87 million in deferred maintenance. As compared to NM public institutions by sector and as shown on the graphs, NMSU is second to the bottom in institutional support \$ per student FTE at \$2,182 and at the bottom of the chart in institutional support salary \$ per student FTE at \$1,082. Developing partnerships and entrepreneurs is important. Through Arrowhead, the FY21 economic impact is 1500 jobs and \$217 million in value added production. The Northern Rio Grande Corridor Collaborative is made up of 6 members and its purpose is to leverage significant regional capabilities. They've identified climate science energy carbon management, water and underserved communities and education regional impact as areas of great interest and they will assemble themselves to put together the best possible efforts to get one of these regional hubs that are of the hundred-million-dollar area. It's more than one institution can absorb and working together, they think they have great chance.

NMSU gained an invitation to join Conference USA, which will pay huge dividends that allowed them to recruit a stellar football coach, Coach Jerry Kill. Student athletes are in the community and helping with community engagement. NMSU's Volleyball team won the WAC championship.

NMSU Online is important for the future. There are 121,816 New Mexico students that are enrolled in some form of post-secondary education. There are 54,481 New Mexico students who take at least one online course. There are 9,896 New Mexico students who are enrolled in out-of-state courses, mostly in Arizona and Utah. There are 333,939 New Mexico adults who have some college and no degree. There's an opportunity to generate more enrollment. The opportunity to have a margin is that allows to reinvest in our future. NMSU-On Demand is about economic development and how to help the existing businesses in New Mexico have focus on what they need in terms of skills for their nontraditional employees. This allows them to build stackable credentials in short duration, 6-8-week programs, that eventually allow for some to gain an associate's degree or more.

The Council of University Presidents, 4-Year Comprehensive and Research Universities, independent branches, and the associated branches have agreed on several items to push with the legislature this year. These include recurring and non-recurring items. Of the recurring listed, a 10% increase of I&G funds, 7% compensation increase for faculty and staff, and funding to cover the employer mandated ERB contribution included in Ch. 44, Laws 2021 (SB42). Of the non-recurring items, they are asking for \$170 million for support for wraparound services to support student success and enrollment, research closing funding, higher education endowment fund, funding for critical infrastructure, dual credit funding outside the funding formula, support for enhanced funding for the opportunity scholarship for 2 and 4 year students and the lottery scholarship, and support the higher education department recommendation for the Nursing Program Development Enhancement Fund. In addition to that, they've asked for \$56 million of capital outlay, not including NMDA or athletics. With the strategy that is in place, NMSU is in a position to accomplish everything at a quicker level than anticipated.

L. **Announcements and Comments, Chairwoman Ammu Devasthali**

1. **"Gun's Up" – Good News for NMSU!**

Regent Romero gave a Gun's up to the graduating students and athletics, specifically the basketball teams.

Regent Chacón-Reitzel gave a Gun's Up to all the graduating students and the Volleyball team for winning the WAC tournament.

Regent Bitsie gave a Gun's Up to brothers within his fraternity. They were successful in raising \$5,000 through a fundraiser for the Huntsman Cancer Institute.

Regent Devasthali gave a Gun's Up to everyone in the NMSU System.

**M. Adjournment, Chairwoman Ammu Devasthali**

Regent Bitsie motioned to adjourn the meeting. Regent Saucedo seconded the motion. Motion passed. The meeting adjourned at 4:49pm.

**Meeting Minutes Approved on February 7, 2022 by the New Mexico State University Board of Regents.**

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Ammu Devasthali  
Board of Regents Chair

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Arsenio Romero  
Board of Regents Secretary/Treasurer



**Board of Regents Meeting**  
**Meeting Date: February 7, 2022**  
**Agenda Item Cover Page**

**Agenda Item #**     D-1    

- Action Item
- Consent Item
- Informational Item

**Presented By:** Scott Eschenbrenner  
ADI President

**Agenda Item:** Commercial Ground Lease Agreement

**Requested Action of the Board of Regents:** Approval of Commercial Ground Lease Agreement

**Executive Summary:**

Plata Partners, LLC (Developer) – Ground Lease Agreement with Aggie Development Inc.

- Starbucks Corporation will be the Tenant
- Rental Rate - Nondisclosure Agreement in place
- 10% increase every five years with a reset based on fair market value after 20<sup>th</sup> year and 40<sup>th</sup> year.
- Tenant will have a termination provision in Year 10. At landlords' option, the improvements will remain with the lessor if termination agreement is activated.
- 0.804-acre site or 35,000 square feet –Triviz Drive, Parcel 5 of Pan Am Plaza Shopping Center next to Sleep Inn.
- 10-year primary term with 8 five-year options to renew – Total of 50-years
  - ADI ground lease from Board of Regents expires 1/30/2085 or 63 years
- Commencement Date – 10 months after execution of ground lease or the date the tenant opens for business, whichever is first
  - ADI is responsible for providing a Phase 1 and Phase 2 (if required) Environmental Site Assessment report
- Nondisclosure of Lease Terms – ADI agrees that the financial terms of this lease are confidential and constitute proprietary information of Tenant. ADI agrees not to intentionally and voluntarily disclose the terms and conditions of this lease to any third party without prior written consent of the tenant.
- ADI to pay Ralph Sellers and Associates a 4% commission based on the first 10-years of the lease term plus NMGRT.
- Store will be a new prototype for tenant and will reflect a Spanish style revival architecture with Santa Fe colors
- Interior of the store will be LEED certified - In the store, water use is reduced by more than 50 percent due to low flow sinks and other equipment. Energy use decreases by 30 percent with the installation of LED lighting.



**References:**

Ground Lease Agreement between Plata Partners, LLC and Aggie Development Inc.



ground.lease plata  
partners-aggie Clea

**Proposed Site Plan**



21-042 SB at Triviz  
Site Plan Option 2 1



Starbucks Trivis  
Wisconsin Las Cruce



2-1-2022-SB\_Triviz.p  
df

**Prior Approvals:**

Aggie Development Board Meeting on August 26, 2021

**Agenda Item Approved By:**



\_\_\_\_\_  
Scott Eschenbrenner  
President, ADI

2-1-22

\_\_\_\_\_  
Date

## GROUND LEASE AGREEMENT

between

AGGIE DEVELOPMENT, INC.,  
a New Mexico Domestic Nonprofit Corporation,  
as “Landlord”

and

PLATA PARTNERS, LLC,  
as “Tenant”

35,000 Square Feet of Land on Triviz Drive

**GROUND LEASE AGREEMENT**

THIS GROUND LEASE AGREEMENT is made and entered into as of the Effective Date (defined in Exhibit A), by and between AGGIE DEVELOPMENT, INC., a New Mexico Domestic Nonprofit Corporation, as Landlord, and PLATA PARTNERS, LLC, a Texas limited liability company, as Tenant.

1. **DEFINITIONS.** Capitalized terms used in this Lease have the meanings ascribed to them on the attached Exhibit A or as defined herein.

2. **BASIC LEASE TERMS.** The following Basic Lease Terms are hereby incorporated into the Lease:

2.1 **Premises:** That certain real property located in the County of Dona Ana, State of New Mexico, consisting of approximately 0.804 acres, located on Triviz Drive near University Avenue as more particularly described on Exhibit B and depicted on the Site Plan on Exhibit C, both attached hereto and incorporated herein.

2.2 **Commencement Date:** The earlier of (i) the date that Tenant opens for business as its Intended Use (See Section 11.4) ; or (ii) three hundred (300) days after execution of the ground lease.

2.3 **Length of the Initial Term:** Ten (10) years from Commencement Date.

2.4 **Expiration Date:** The last day of the month in which the twentieth (20<sup>th</sup>) annual anniversary of the Commencement Date occurs.

2.5 **Extension Options:** Eight (8) options to extend the term of the Lease for a period of five (5) years each.

2.6 **Feasibility Period:** One hundred twenty (120) calendar days from and after the Effective Date. Tenant will have the right to extend the Feasibility Period at its option for up to two consecutive periods of sixty (60) days each so long as, with respect to any such exercised extension, Tenant delivers a written notice to that effect, along with a payment of Two Thousand Five Hundred Dollars (\$2,500.00) as supplemental consideration for each extension (the “**Supplemental Consideration**”), to Landlord prior to the then-current expiration date of the Feasibility Period. Any Supplemental Consideration paid will be non-refundable.

2.7 **Rent:** Tenant must pay Rent to Landlord from the Commencement Date and thereafter throughout the Term, as follows:

<b>Period</b>	<b>Annual Rent</b>	<b>Monthly Rent</b>
Year 1-5		
Year 6-10		
<b>(First Extension Period)</b>		
Year 11-15		
<b>(Second Extension Period)</b>		
Year 16-20		
<b>(Third Extension Period)</b>		
Year 21-25		
<b>(Fourth Extension Period)</b>		
Year 26-30		



El Paso, Texas 79901  
Email: pine@mgmsg.com  
Phone: 915-532-2000

2.11 Tenant's Broker: Ralph Sellers & Associates

2.12 Exhibits: The following Exhibits are attached hereto and incorporated herein by this reference:

Exhibit A:	Defined Terms
Exhibit B:	Legal Description of the Premises
Exhibit C:	Site Plan of the Premises
Exhibit D:	Memorandum of the Lease
Exhibit E:	Confirmation of Lease Terms
Exhibit F:	Construction Specifications

3. **PREMISES.** For the Rent and subject to the terms and conditions hereinafter set forth, Landlord hereby leases to Tenant the Premises, together with the non-exclusive use of all rights, privileges, easements and appurtenances belonging or in any way pertaining to the Premises, but not to exceed Landlord's corresponding use of the rights, privileges, easements and appurtenances.

4. **TERM.**

4.1 Preliminary Period. The Preliminary Period is composed of a Feasibility Period and a Construction Period. The Feasibility Period will commence as of the Effective Date and will expire upon the commencement of the Construction Period, unless this Lease is otherwise terminated. The Construction Period will begin upon Tenant delivering the Feasibility Notice to Landlord and will expire upon the Commencement Date. All the terms and conditions of this Lease will become effective as of the Effective Date, provided Tenant has no obligation to pay Rent or any other charges or additional rent until after the Commencement Date.

4.2 Term. The Term of this Lease is composed of (i) the Initial Term; and (ii) any applicable Extension Periods. Provided the Lease has not been terminated, the Term will commence on the Commencement Date, and expire on the Expiration Date (subject to Tenant's right to extend the Term as hereinafter described). Once the Commencement Date has been determined, the Tenant must confirm in writing the actual Commencement Date and Expiration Date, and the actual dates of the Extension Periods (as hereinafter defined) and the exercise dates therefor, by entering into a Confirmation of Lease Terms in the form attached hereto as Exhibit E.

4.3 Options to Extend. Tenant will have eight (8) options (the "***Extension Options***") to extend the Term for consecutive periods of five (5) additional years each (each additional five (5) year period is hereinafter referred to as an "***Extension Period***" and are collectively known as "***Extension Periods***") with respect to the Premises so that Tenant may extend the Term for a total of thirty (30) additional years. All provisions of this Lease will remain in full force and effect during each Extension Period, except that the annual Rent during the Extension Periods will be as described in Section 2.7. The Initial Term and all Extension Periods will be automatically extended, without any action or notice by Tenant, for each Extension Period, unless Tenant gives written notice to Landlord of Tenant's intent not to extend the Initial Term or then current Extension Period, as applicable, which written notice Tenant will deliver to Landlord no less than ninety (90) days prior to the expiration of the then current Initial Term or Extension Period, as applicable. In the event Tenant gives Landlord written notice of Tenant's intent not to extend the Term of this Lease at least ninety (90) days prior to the expiration of the Initial Term or then current Extension Period, as applicable, this Lease will automatically expire upon the expiration of the

Initial Term or Extended Term, as applicable. The automatic extensions of the Term will not be effective if the Tenant is any actual or alleged default of this Lease beyond any applicable notice and cure periods.

## 5. FEASIBILITY REVIEW.

**5.1** Access; Landlord's Delivery. As of the Effective Date, Tenant will have a license to enter the Premises and conduct its due diligence activities as set forth herein. Landlord must deliver to Tenant actual and exclusive possession of the Premises, without delay, including but not limited to any delay resulting from an event of force majeure, beginning on the commencement of the Construction Period.

**5.2** Premises Information. Within five (5) days of the Effective Date, Landlord must deliver to Tenant originals or copies, as and to the extent in Landlord's possession or control, of any studies and information relating to (a) the physical condition of the Premises, including, without limitation, any soils, geotechnical, hydrological reports, environmental reports, or similar studies or assessments, and any existing real property surveys and topographical surveys of the Premises; (b) the ability to develop and use the Premises; and (c) any notices or correspondence regarding hazardous materials, land use, condemnation or tax notices/assessments that may affect the Premises; (collectively, the "**Premises Information**"). The Premises Information will be furnished without any representation or warranty whatsoever as to the truth, accuracy or completeness of such information and Tenant will rely on such information at its sole risk and expense with no recourse against Landlord; provided, however, Landlord represents and warrants that it has provided all of the Premises Information in Landlord's possession or control.

**5.3** Feasibility Period. Tenant will have the Feasibility Period to complete its due diligence investigations with respect to the Premises, including, but not limited to, inspections, tests and/or studies required, in Tenant's sole discretion and at its sole cost, to ensure the suitability of the Premises for Tenant's intended use as a Starbucks Coffee facility (the "**Feasibility Investigations**"), including, without limitation, the following:

**5.3.1** Environmental Conditions. The Landlord at its sole cost and expense will complete a Phase I Environmental Site Assessment and Landlord at Landlord's option from time to time complete one or more Phase II Environmental Site Assessments (at Landlord's sole cost and expense), regarding the environmental condition of the Premises (collectively, the "**ESAs**") during the Feasibility Period. Landlord will promptly provide notice to Tenant when any such assessments are completed and provide Tenant, without representation or warranty and without Tenant relying thereon, with copies of any studies or reports associated with the ESAs. Such notice, and the completed studies and reports associated with the ESAs, must be provided by Landlord to Tenant no more than one hundred (100) days after the Effective Date. Landlord must give Tenant written notice (a "**Preexisting Condition Notice**") of the presence of any Preexisting Hazardous Materials identified on the Premises. If Preexisting Hazardous Materials are discovered on the Premises, and if compliance with applicable environmental law requires remediation or removal of such Preexisting Hazardous Materials, Tenant may terminate this Lease without incurring any additional liability, or at Tenant's sole expense, remediate, remove, and dispose of such Preexisting Hazardous Materials in accordance with applicable environmental laws. In the event Tenant elects to terminate this Lease, Tenant must reimburse Landlord for the actual, reasonable costs of Landlord's Feasibility Investigations. In the event Landlord performs remediation activities and as a result Tenant is delayed in opening for business from the Premises, the Commencement Date will be postponed for a period of time equal to the days of delay resulting from such remediation activity. If such Landlord remediation is required after Tenant opens for business and Landlord's remediation efforts materially and adversely interfere with Tenant's business operations, then Rent will abate in proportion to the percentage of business that is impacted by the material and adverse interference with Tenant's business operations resulting from such remediation activity;

**5.3.2 Utilities.** Any and all utilities (public or otherwise) necessary or appropriate for Tenant's development and use of the Premises and the Improvements, including, without limitation, electrical power and stormwater retention/drainage, as may be required by the City and/or any other Governmental Authorities, are or will be sufficient and stubbed to the Premises; and

**5.3.3 Governmental Approvals.** Tenant is responsible for any and all required land use, construction and building permits and Governmental Approvals (as hereafter defined), in form and substance acceptable to Tenant in its sole and absolute discretion, which are necessary and desirable for Tenant's construction, development, use, occupancy and/or operation of the Premises. As used herein, "**Governmental Approvals**" means all permits, variances, licenses, certificates, consents, governmental land use and other permits and approvals, building, zoning, subdivision, plat, site plan and architectural approvals, and any other discretionary permit or approval necessary for Tenant's construction, development, use, occupancy and/or operation of Tenant's intended use required pursuant to any Applicable Laws of any Governmental Authority.

**5.4 Title Insurance.** Within five (5) calendar days of the execution and delivery of this Lease, Landlord must deliver to Tenant a commitment (the "**Title Commitment**") for an owner's policy of title insurance with standard coverage with a leasehold endorsement (the "**Title Policy**") from the Title Company, the cost and expense of which Title Policy, to the extent based only on the value of the unimproved Premises, will be the sole responsibility of Landlord; provided that, if such Title Policy provides coverage for any Improvements of Tenant, Tenant will be responsible for the cost of such Title Policy to the extent the Title Policy exceeds the cost of the leasehold policy of title insurance insuring only the value of the unimproved Premises. As part of its Feasibility Investigations, Tenant may determine whether, and to what extent, any of the exceptions and/or encumbrances shown in the Title Commitment are acceptable to Tenant or, alternatively, must be removed. In the event that Tenant objects to any exceptions or encumbrances shown in the Title Commitment by delivering written notice to Landlord at any time during the Feasibility Period, and Landlord elects, by written notice to Tenant within ten (10) days after receiving Tenant's notice of objections, not to remove such exception or encumbrance, Tenant will have the option, on or prior to the expiration of the Feasibility Period and by written notice to Landlord, either to terminate this Lease or waive such objection. Landlord will have no obligation to remove any exceptions or encumbrances to which Tenant objects.

**5.5 Landlord Cooperation.** Landlord will reasonably cooperate with Tenant in all respects in connection with its Feasibility Investigations. Landlord will reasonably cooperate with Tenant in obtaining any and all entitlements required in connection with the Improvements and Tenant's intended use and will execute such applications and other instruments reasonably necessary to satisfying the requirements of the applicable Governmental Authorities, provided that Landlord will not be required to pay any application fees or incur any other costs or liability in connection with receiving the necessary approvals and permits for the Project beyond Landlord's fees for any professional advice Landlord desires. Upon reasonable advance notice, Landlord must appear as a witness in any legal or administrative proceedings to the extent reasonably necessary to satisfy the condition and will reasonably support the Project and application.

**5.6 Due Diligence Notice.** Notwithstanding any provision hereof, if Tenant fails to deliver to Landlord, on or prior to the expiration of the Feasibility Period, written confirmation from Tenant that the Feasibility Investigations have been completed, satisfied waived, or any combination thereof, without reservation or condition except as may be otherwise specified in this Lease (the "**Feasibility Notice**"), this Lease will automatically terminate and be of no further force or effect from and after the expiration of the Feasibility Period. Notwithstanding the foregoing, nothing herein will constitute an obligation by Tenant to initiate or complete, or to cause to be initiated or completed, any report, evaluation, analysis or testing of the Premises during the Feasibility Period or otherwise. Landlord agrees and

acknowledges for the benefit of Tenant that the rights and remedies of Landlord set forth in Section 18 of this Lease are only available to Landlord after receipt by Landlord from Tenant of Feasibility Notice indicating that the Feasibility Investigations have been completed, satisfied and/or waived, without reservation or condition.

## 6. CONSTRUCTION OF THE PROJECT.

**6.1** The Project. Tenant intends to construct the Building and related facilities on the Premises and may install, construct or both all other Improvements and the Equipment on, under, and over the Premises. The site plan and preliminary elevation of the Project are attached as Exhibit C and incorporated in this Lease by this reference. The size, design and manner of construction of the Project will be determined by Tenant, subject to compliance with Applicable Laws and subject to Landlord approval, which approval will not be unreasonably withheld, conditioned or delayed, and provided in the event Tenant has not received such Landlord approval (or written notice of Landlord's disapproval specifying the reasons for such disapproval and any required criteria for approval) within fifteen (15) calendar days of Tenant's request, such request will be deemed approved by Landlord.

**6.2** Construction. If Tenant elects to construct any Improvements, Tenant will construct the Improvements at Tenant's sole cost and expense and in accordance with Applicable Laws in effect at the time of construction. In the event any mechanics or materialman's lien is filed against the Premises as a result of any construction undertaken upon the Premises by Tenant, then Tenant must cause said lien to be discharged within thirty (30) days of written notice from Landlord, provided, however, if Tenant desires to contest the validity or amount of any such lien, it may do so without payment of disputed amounts.

**6.3** Signage and Security. Tenant, at its own expense, will have the right, subject to Landlord approval, which approval will not be unreasonably withheld, conditioned or delayed, and provided in the event Tenant has not received such Landlord approval (or written notice of Landlord's disapproval specifying the reasons for such disapproval and any required criteria for approval) within fifteen (15) days of Tenant's request, such request will be deemed approved by Landlord, to install and maintain identification signs on the Premises and such other signs. Necessary security cameras, security related equipment or both, may be installed as determined by Tenant in Tenant's sole and absolute discretion, for security purposes.

**6.4** Easements/Other Documents. Landlord will grant, execute and duly acknowledge and deliver to Tenant, or cause to be granted, executed and duly acknowledged and delivered to Tenant, within ten (10) Business Days of written request therefor, in recordable form acceptable to Dona Ana County and in a form reasonably acceptable to both Landlord and Tenant, any and all utility, sanitary sewer, storm drainage, detention, retention, access, ingress and egress, sign, parking, slope, grading and other easements necessary or desirable, as well as such lot consolidation and/or other required roadway dedications, for Tenant to construct, or cause to be constructed, the Project upon the Premises and for the use and enjoy the Premises for the Permitted Use, as necessary.

**6.5** Landlord's Work. Landlord will install (at Landlord's sole cost and expense) prior to the expiration of the Feasibility Period, all of the following improvements (the "**Infrastructure Improvements**"), to the street boarding the Premises as requested by Tenant, and all such Infrastructure Improvements must have been completed and constructed to the satisfaction and specifications of Tenant and in compliance with applicable state and local building codes, and where applicable fully connected in and to the local municipality, Tenant or both approved service provider, but in all events to allow full buildout and development of the Property:



<b>Infrastructure Improvements</b>		<b>Yes</b>	<b>No</b>	<b>N/A</b>
1.	A below ground power line	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.	A below ground sanitary sewer line	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.	A below ground natural gas line	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.	A below ground culinary water line	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.	Compaction and rough grading	<input type="checkbox"/> <input type="checkbox"/>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	<input type="checkbox"/>
6.	Demolition	<input type="checkbox"/> <input type="checkbox"/>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	<input type="checkbox"/>
7.	Any required offsite improvements	<input type="checkbox"/> <input type="checkbox"/>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	<input type="checkbox"/>

Landlord further agrees that the Infrastructure Improvements will be constructed in accordance with the Construction Specifications attached hereto as Exhibit F. All of the Infrastructure Improvements (including specifically those set forth on Exhibit F attached hereto) will be designed, engineered and constructed at Landlord’s cost and expense. In no event will the Feasibility Period expire until such time Landlord delivers such Infrastructure Improvements to the Premises, whether or not Tenant has provided Landlord with its Feasibility Notice, and any delay in delivery of such Infrastructure Improvements will result in a day for day delay of the Commencement Date.

**7. RENT.**

**7.1 Rent.** Tenant must pay Rent commencing on the Commencement Date in equal monthly installments as set forth in Section 2.7. Rent will be payable by check or other United States legal tender. Except as otherwise set forth herein, all such sums are due and payable in advance on the first day of each and every calendar month during the Term at the address specified in Section 2.8 for the payment of Rent, or at such other place as Landlord may in writing designate to Tenant. All Rent payments will be payable to Landlord or such other name as Landlord may in writing designate to Tenant. Tenant reserves the right to pay Rent and other amounts to Landlord by ACH transfer. Tenant will pay Rent for any partial month at the beginning of the Term at the same rate as the Rent for the first calendar month. The amount of Rent for any partial month at the beginning of the Term will be prorated based on the actual number of days in the month. Interest. If any installment of Rent is not received by Landlord from Tenant within ten (10) days after it is due, interest will accrue thereon at the Interest Rate. Landlord and Tenant agree that any such default interest represents a reasonable estimate of the costs and expenses Landlord will incur and is fair compensation to Landlord for its loss suffered by reason of late payment by Tenant.

**7.2 No Additional Fees or Expenses.** Tenant will not be obligated to contribute any sums to promotional, marketing, or advertising programs or join any merchant’s or development association or pay any fees or dues not expressly set forth in this Lease or pay other miscellaneous fees or expenses (including any common area maintenance and repair charges for common areas). Tenant will have no obligation to pay any additional rent or charges for any outside or patio seating utilized by Tenant for the conduct of its business.

**8. USE.**

**8.1 The Permitted Use.** Any lawful purpose (the “*Permitted Use*”). Nothing in this Lease will be construed to require Tenant to construct, open, or operate any business within or upon the Premises, provided Tenant will, at all times during the Term of this Lease, continue to pay Rent.

**8.2 Maintenance and Utilities.** Tenant will be solely responsible for the maintenance of the Premises to such standard as described in Section 8.4 or otherwise as required by any Applicable Laws. Tenant will pay all charges incurred for the use of utility services at the Premises, including without limitation, gas, electricity, water, sanitary sewer, storm sewer, cable, telephone, internet and any other utilities used upon or furnished to the Premises, as well as regular removal of trash from the Premises. Landlord agrees to grant appropriate utility rights of access to such providers as reasonably necessary to

secure utility services and, notwithstanding anything herein to the contrary, Landlord will have no right to procure, perform or interrupt any utility services to the Premises or on behalf of Tenant. If Landlord causes any utility interruption, or such utility interruption is subject to Landlord's sole and reasonable control, Tenant may, at its sole option, take steps to cure such interruption, in which event Tenant will be entitled to recover from Landlord or offset Rent payments to recoup the amount reasonably necessary to cure, and all Rent will be abated from the date Tenant closes for business as a result of such utility interruption until such utility service is restored.

**8.3** Maintenance Standard: (1) maintenance activities appear organized with direction; (2) equipment and building components are usually functional and in operating condition; and (3) service and maintenance issues are responded to in a timely manner; and (4) buildings and equipment are regularly maintained in a condition consistent with the surrounding properties and developments.

## **9. TAXES.**

**9.1** Impositions. Landlord represents that the Premises are taxed as a separate parcel, separate and apart from any other building or parcel. Beginning on the Effective Date and throughout the remainder of the Term, Tenant will receive and pay as and when due directly to the taxing authority each and every one of the following arising during the Term (collectively, the "***Imposition(s)***"):

**9.1.1** Real Property Taxes. All real property taxes or other ad valorem taxes, rollback taxes, assessments or payments or any other taxes levied as a substitute, in whole or in part, for any of the foregoing as and when due with respect to the Premises or any portion thereof that are levied against the Premises solely during the Term;

**9.1.2** Leasehold Taxes. Taxes due or which may be due upon or with respect to the leasehold estate created by this Lease, but excluding any tax measured by or upon Landlord's net income;

**9.1.3** Personal Property Taxes. All taxes imposed on or with respect to personal property and intangibles, if any, located in or used in connection with the Premises;

**9.1.4** Additional Impositions and Charges. All other rents, rates and charges, excises, levies, license fees, permit fees, inspection fees and other authorization fees and other charges, which during the Term may be assessed, levied, confirmed or imposed on or in respect of or right or interest therein, or any occupancy, use or possession of or activity conducted on the Premises or any part thereof, expressly excluding, however, any such items arising directly or indirectly out of any neglect, fault or omission of Landlord, any of Landlord's predecessors in title or any other person occurring prior to the Commencement Date.

**9.2** Landlord Taxes. Nothing contained in this Lease requires, or will be deemed to require, Tenant to pay, or be liable for, any franchise, estate, gift, settlement, inheritance, succession, capital levy, or transfer tax of Landlord, or any income, excess profit, or revenue tax, including any of the foregoing applicable to the Rent payable by Tenant under this Lease.

### **9.3** Impositions Prior to the Commencement Date and After the Term.

**9.3.1** Impositions Prior to the Commencement Date. Any Imposition relating to a fiscal period of the taxing authority, a part of which is after the Effective Date, but during the Term and a part of which is before the Effective Date or after the Term, whether or not such Imposition will be assessed, levied, imposed, or become a lien on the Premises or the Improvements, or will become payable

after the Effective Date and during the Term, will be apportioned and adjusted between Landlord and Tenant so that Tenant will pay only the portions that correspond with the portion of such fiscal periods included after the Effective Date, but during the Term.

**9.3.2** Impositions After the Term. Any Imposition relating to a fiscal period of the taxing authority, a part of which is during the Term and a part of which is after the Term, whether or not such Imposition will be assessed, levied, imposed, or become a lien on the Premises or the Improvements, or will become payable during the Term, will be apportioned and adjusted between Landlord and Tenant so that Tenant will pay only the portions that correspond with the portion of such fiscal periods included during the Term.

**9.4** Installments. If by law any Imposition may at the option of the taxpayer be paid in installments, Tenant may exercise such option, and, if so exercised, shall pay all such installments (and interest, if any) becoming due during the Term as the same become due (including any installment with respect to any assessment which may be payable following the Commencement Date) and will at the end of the Term deposit with Landlord an amount sufficient to pay Tenant's pro rata share of all Impositions for the calendar year in which this Lease expires.

**9.5** Permitted Contests. Tenant will have the right at Tenant's expense to contest or review the amount or validity of any Impositions or to seek a reduction in the assessed valuation on which any Impositions are based, by appropriate legal proceedings. Tenant may defer payment of such contested Impositions.

**9.6** Landlord Cooperation with Contests. Any contest as to the validity or amount of any Impositions, or assessed valuation on which such Impositions were computed or based, whether before or after payment, may be made by Tenant in the name of Landlord or of Tenant, or both, as Tenant will determine, and Landlord agrees that it will, at Tenant's expense, reasonably cooperate with Tenant in any such contest to such extent as Tenant may reasonably request, it being understood, however, that Landlord will not be subject to any liability for the payment of any costs or expenses in connection with any proceeding brought by Tenant, and Tenant covenants to indemnify and save Landlord harmless from any such costs or expenses. Tenant will be entitled to any refund of any such Impositions and penalties or interest that have been paid.

**10. INSURANCE.** Commencing with the Effective Date, Tenant must procure from an insurance company licensed in the State with an AM Best rating of no less than A- VII and continue in effect commercial general liability insurance in the amount of Two Million Dollars (\$2,000,000.00) annual general aggregate. The proceeds from Tenant's casualty insurance hereunder will be paid and applied only as determined by Tenant. Any insurance carried by Tenant hereunder, at Tenant's option, may be carried under one or more insurance policies, pursuant to a master policy of insurance or so-called blanket policy of insurance covering other locations of Tenant or its corporate affiliates, or any combination thereof. In addition, Tenant must keep in force workers' compensation or similar insurance to the extent required by law. Notwithstanding the foregoing, so long as Tenant must maintain a net worth of not less than Twenty Million Dollars (\$20,000,000.00), insurance required to be maintained pursuant to this section may be self-insured by Tenant. At all times during this Lease, Tenant must include Landlord as an additional insured with respect to its commercial general liability insurance described herein, unless Tenant elects to self-insure. Notwithstanding the foregoing, if Tenant elects to self-insure, Tenant must provide Landlord a letter identifying Tenant's election to self-insure for the coverages otherwise required herein and certify that the minimum net worth requirement has been satisfied. Upon the written request of Landlord, but no more often than once in any calendar year, Tenant must certify the minimum net worth requirement within thirty (30) days after such written notice. The foregoing will not require or obligate Tenant to insure or be liable

for any claims, suits, occurrences or liability due to the negligence of Landlord or those acting on Landlord's behalf or at Landlord's direction.

## **11. APPLICABLE LAWS.**

**11.1 Compliance with Applicable Laws.** From and after the Effective Date, and except as provided in Section 11.2 of this Lease, Tenant must, in all material respects, comply with Applicable Laws that may apply to the Premises or to Tenant's use of the Premises or the Project. Subject to the participation of Landlord as provided below, Tenant must pay all costs of compliance with Applicable Laws, but Tenant will have the right to cease occupation or use of, or to demolish or remove all or any part of the Premises or the Improvements in lieu of compliance with any Applicable Laws that may require expenditures on behalf of Tenant for continued use or occupation of the Premises.

**11.2 Contest Applicable Laws.** Tenant will have the right, after prior written notice to Landlord, to contest by appropriate legal proceedings, in the name of Tenant or Landlord or both, without cost or expense to Landlord, the validity or application of any Applicable Laws subject to the following:

**11.2.1 Delay in Compliance.** If, by the terms of any Applicable Laws, compliance may legally be delayed pending the prosecution of any such proceeding without the incurrence of any lien, charge, or liability of any kind against all or any part of the Premises or the Improvements and without subjecting Landlord to any liability, civil or criminal, for failure to comply, Tenant may delay compliance until the final determination of such proceeding; or

**11.2.2 Lien, Charge or Civil Liability.** If any lien, charge, or civil liability would be incurred by reason of any such delay, Tenant nevertheless may contest the matter and delay compliance, provided that such delay would not subject Landlord to criminal liability or fine, and Tenant:

**11.2.2.1 Security.** Furnishes to Landlord security, reasonably satisfactory to Landlord, against any loss or injury by reason of such contest or delay; and

**11.2.2.2 Reasonable Diligence.** Prosecutes the contest with reasonable diligence.

**11.3 Landlord Cooperation with Contest.** Landlord will execute and deliver any appropriate papers that may be reasonably necessary or proper to permit Tenant to contest the validity or application of any Applicable Laws.

**11.4 Intended Use.** Without limiting the Permitted Use, Landlord and Tenant acknowledge and agree that Tenant or sublessee may if it wishes, without being in violation of Section 11.1, use, store, generate and sell on or about the Premises food and beverage products in keeping with a restaurant, coffee shop, or similar facility (including, without limitation a typical Starbucks Coffee facility), as well as maintenance and cleaning supplies used in such business, and other products commonly sold to customers of such business.

**12. ALTERATIONS, ADDITIONS AND NEW IMPROVEMENTS.** At any time during the Term and at Tenant's sole cost and expense, Tenant may make or permit to be made any non-structural modifications or alterations to the Project, including, without limitation, modifications to the size or scope of the Project, with contractors, vendors, consultants or architects that Tenant may select from time to time, without the prior written consent of Landlord, provided there is no existing and unremedied default on the part of Tenant, of which Tenant has received notice of default, under any of the terms, covenants, and conditions of this Lease and such alterations are consistent with Tenant's design standards. Interior

modification and alteration do not require Landlord approval. If Landlord's prior written consent is required under this Section 12, such consent will not be unreasonably withheld, conditioned or delayed, and provided in the event Tenant has not received such Landlord consent (or written notice of Landlord's disapproval specifying the reasons for such disapproval and any required criteria for approval) within fifteen (15) days of Tenant's request, such request will be deemed approved by Landlord.

**13. TITLE TO THE PROJECT.** Title to the Project will be and remain in Tenant. Unless otherwise agreed to by the parties, Tenant may remove the Improvements, Building and/or Equipment, at any time during the Term, upon expiration of the Term or upon any earlier termination of this Lease by the parties. During the Term, Tenant will be entitled for all taxation purposes to claim cost recovery deductions and the like on the Project. Notwithstanding anything to the contrary set forth herein, the Equipment will remain the sole property of Tenant after the expiration or termination of this Lease, provided the Equipment is removed no later than fourteen (14) days after expiration or earlier termination of this Lease as set forth in Section 21. In the event the Equipment is not removed it shall be deemed abandoned.

**14. INDEMNIFICATION.**

Landlord and Tenant will each be solely responsible for the liability arising from personal injury, including death, or damage to property arising from the acts or failure to act of the respective party or of its officials, and employees pursuant to the Lease. Landlord liability will be strictly limited by and this Agreement will give full effect to the intent of the Tort Claims Act, Section 41-4-1 et seq., NMSA 1978, and any amendments thereto.

**14.1 Indirect, Special or Consequential Damages.** In no event will Landlord or Tenant be liable to the other party for any indirect, special or consequential damages of any kind, whether in contract, tort or otherwise, and whether or not the party has been advised of the possibility of such damages.

**15. CONDEMNATION; DESTRUCTION OF THE PREMISES.**

**15.1 Valuation Date and Methodology.** All awards for compensation issued as a result of a condemnation or purchase in lieu of condemnation of all or any portion of the Premises, the Improvements, the Equipment or both will be calculated as of the day immediately preceding the date the condemning authority obtains possession of the Premises, Improvements and/or Equipment ("**Valuation Date**") and will be based upon Tenant's leasehold estate for the remainder of the Term, including all exercisable options without taking into account any abatement or reduction of Rent contemplated herein.

**15.2 Notice and Negotiation with Condemning Authority.** To the extent a condemning authority does not provide notice to both Landlord and Tenant of a potential condemnation, either party so notified must immediately provide the other with such notice. Further, to the extent local law does not permit Tenant to seek independent payment of just compensation from the condemning authority, Landlord may not engage in any negotiation with the condemning authority without reasonably involving Tenant.

**15.3 Total Taking.** If (1) all the Premises, the Improvements, the Equipment or both are taken or condemned by right of eminent domain or by purchase in lieu of condemnation, or (2) such portion of the Premises or the Improvements or the Equipment will be so taken or condemned such that the portion remaining compromises in any material way Tenant's operations, use or both of the Premises, the Improvements or the Equipment as determined by Tenant in its commercially reasonable judgment, or (3) a temporary taking of the kind described below occurs such that the Premises is rendered unusable by Tenant for at least sixty (60) consecutive days, as determined by Tenant in its commercially reasonable judgment (each a "**Total Taking**"), then Tenant's right to possession of the Premises and Tenant's obligation for Rent will be suspended from the date the condemning authority obtains possession until the

date a total award for such Total Taking is issued, at which time this Lease and the Term will cease and terminate. In such event, (a) Landlord will have the right to and will be entitled to receive directly from the condemning authority an award equal to the value of Landlord's fee estate and the value of any Improvements, Equipment or both installed by, belonging, or both to Landlord as of the Valuation Date, and (b) Tenant will have the right to and will be entitled to receive directly from the condemning authority the value of its leasehold estate, including all exercisable options, and the value of any Improvements, Equipment or both installed by and/or belonging to Tenant as of the Valuation Date.

**15.4 Partial Taking.** If during the Term there is a taking or condemnation of the Premises or the Project that is not a Total Taking as set forth above, and is not a temporary taking of the kind described below, or in the event of a material change from the Premises to the public right of way (each a "***Partial Taking***"), then Tenant's right to possession of the Premises so affected and Tenant's obligation for Rent as to the affected Premises will be suspended from the date the condemning authority obtains possession until the date an award for such Partial Taking is issued, at which time this Lease and the Term will cease and terminate as to the Premises so taken and thereafter Rent for the remainder of the Term will be equitably adjusted taking into account the relative values of the portion taken as to the portion remaining. In such event, (a) Landlord will have the right to and will be entitled to receive directly from the condemning authority an award equal to the value of Landlord's fee estate for that portion of the Premises so taken and the value of any Improvements and/or Equipment installed by and/or belonging to Landlord as of the Valuation Date, (b) Tenant, at its discretion, will have the right as of the Valuation Date to receive directly from the condemning authority the value of its leasehold estate, including all exercisable options, as to the Premises so taken, or and (c) Tenant will have the right to and will be entitled to receive directly from the condemning authority the value of any Improvements, Equipment or both installed by, belonging or both to Tenant as of the Valuation Date.

**15.5 Temporary Use Taking.** In the event of a taking of all or a part of the Premises or the Project for temporary use, or access to the Premises or Project is temporarily taken, then this Lease will continue without modification, as between Landlord and Tenant, and Tenant will be entitled to the entire award made for such use. Tenant will further be entitled to file and prosecute any claim against the condemning authority for damages and to recover the same, for any negligent use, waste, or injury to the Premises or the Project throughout the balance of the then-current Term. The amount of damages so recovered will exclusively belong to Tenant.

**15.6 Dispute.** In the event of any dispute between Tenant and Landlord with respect to any issue of fact arising out of a taking mentioned in this section, such dispute will be resolved by the same court in which the condemnation action is brought, in such proceedings as may be appropriate for adjudicating the dispute.

**15.7 Destruction of the Premises.** If the Project is materially destroyed or damaged at any time during the Term then in effect, Tenant may, at its sole option, and at its sole cost and expense, either (i) repair, alter, restore, replace or rebuild the Project to such extent and in such manner as Tenant may deem appropriate and this Lease will continue; or (ii) demolish the remaining portions of the Project and return the Premises to the pre-sublease condition at which point this Lease will automatically terminate and the Rent will be apportioned and paid to the date of such damage or destruction. Tenant will have the right to receive the entire amount of the insurance proceeds. There will be no abatement of Rent while the Project is repaired, altered, restored, replaced, rebuilt or demolished.

## **16. ASSIGNMENT AND SUBLEASE.**

**16.1 Assignment and Subletting.** Tenant will have the right, with Landlord's advance written approval, which will not be unreasonably withheld, to transfer or assign any interest in this Lease

or sublet the whole or any part of the Premises, from time to time, but only for a term or terms that will expire upon or before the expiration of the Term. Notwithstanding the foregoing, such approval of Landlord will not be required: (a) in event of assignment of this entire Lease by Tenant to an entity owned or controlled by, or under common or shared ownership or control with, Tenant, in which case the assigning Tenant and any general partner thereof shall be released of all liability under this Lease arising after the date of such assignment; or (b) in event of subletting of the Premises to Starbucks Corporation or any affiliate thereof, or to the franchisee of any of the foregoing.

## **17. LEASEHOLD MORTGAGES**

**17.1 Leasehold Mortgage.** Tenant will have the right, in addition to any other rights granted and without any requirement to obtain Landlord's consent as long as the Tenant is not in Default of the terms of this Lease, to mortgage or grant a security interest in Tenant's interest in this Lease and the Premises, the Project and any subleases, under one or more Leasehold Mortgages, and to assign this Lease and any subleases as collateral security for such Leasehold Mortgages, on the condition that all rights acquired under such Leasehold Mortgages will be subordinate and subject to each and all of the covenants, conditions, and restrictions set forth in this Lease. If Landlord is provided written notice of such Leasehold Mortgage, Landlord will provide written notice of any Tenant Event of Default simultaneously to Leasehold Mortgagee and Leasehold Mortgagee may within thirty (30) days after receipt of Notice of Tenant Event of Default cure any such default.

**17.2 Agreement.** Landlord, within thirty (30) days of request, will execute, acknowledge, and deliver to each Leasehold Mortgagee an agreement prepared at the sole cost and expense of Tenant, in form reasonably satisfactory to Landlord, Tenant, and the Leasehold Mortgagee.

## **18. DEFAULT; REMEDIES.**

**18.1 Landlord's Remedies.** Upon the occurrence of an Event of Default by Tenant, Landlord may exercise any of the following remedies:

**18.1.1 Cure and Collect as Additional Rent.** Landlord may elect to cure an Event of Default on Tenant's behalf, and at Tenant's expense, and the actual, reasonable cost thereof, including interest thereon at the Interest Rate, will be collected as additional rent under this Lease, as the same will next accrue.

**18.1.2 Repossession.** Landlord may in accordance with applicable law any by any suitable action or proceeding at law, at its option, terminate this Lease and re-enter the Premises and repossess and enjoy the same as in its first and former estate and thereupon this Lease and the obligations set forth herein will cease, provided however, such termination will be without prejudice to the rights of Landlord to recover from Tenant all Rent due hereunder up to the time of such re-entry and termination. Should Landlord at any time terminate this Lease for any breach, in addition to any other remedies it may have, it may recover from Tenant all damages it may incur by reason of such breach, including the worth at the time of such termination of the excess, if any, of the amount of rents and other charges equivalent to rents reserved in this Lease for the remainder of the stated Term over the then reasonable rental value of the Premises for the remainder of the Term (absent any unexercised Extension Options), all of which amounts will be immediately due and payable from Tenant to Landlord. Landlord or Landlord's agents and employees may, in accordance with applicable law and by any suitable action or proceeding at law, repossess the same, and may remove any person from the Premises, to the end that Landlord may have, hold, and enjoy the Premises.

**18.1.3 Waiver of Jury Trial.** LANDLORD AND TENANT IRREVOCABLY

WAIVE ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, PROCEEDING, COUNTERCLAIM OR OTHER LITIGATION ARISING OUT OF OR RELATING TO THIS LEASE, THE RELATIONSHIP OF LANDLORD AND TENANT REGARDING THE PREMISES, ENFORCEMENT OF THIS LEASE, TENANT'S USE OR OCCUPANCY OF THE PREMISES, ANY CLAIM OF INJURY OR DAMAGE ARISING BETWEEN LANDLORD AND TENANT, OR ANY ACTIONS OF LANDLORD IN CONNECTION WITH OR RELATING TO THE ENFORCEMENT OF THIS LEASE.

**18.1.4 Mitigation of Damages.** Landlord agrees to use reasonable efforts to mitigate its damages in the event of a default by Tenant.

**18.2 Landlord Default; Tenant Remedies.** Upon the occurrence of an Event of Default by Landlord, Tenant will have the right (i) to perform the obligations of Landlord which are the subject of such default and have the right to be reimbursed for the sum Tenant actually expends in the performance of Landlord's obligations, together with interest at the Interest Rate from the date of payment by Tenant to the date of reimbursement by Landlord; (ii) to recover from Landlord the damages caused to Tenant by such default; or (iii) to seek any remedy at law or equity. If Landlord does not reimburse Tenant within thirty (30) days after demand from Tenant for payment pursuant to this Section 18.3, Tenant will have the right to offset the Rent next coming due equal to the sum Tenant has expended until Tenant has been reimbursed in full with interest accruing at the Interest Rate. In addition to the foregoing, Tenant will have the right without prior demand or notice, except as required by applicable law, to seek any declaratory, injunctive or other equitable relief, and specifically enforce this Lease, or restrain or enjoin a violation or breach of any provision hereof.

**19. SUBORDINATION.** Every Fee Mortgage will be, and state that it is, subject and subordinate to this Lease and will only attach to Landlord's Estate. A foreclosure sale affecting Tenant's leasehold estate created by this Lease, will impair no estate or right under any Fee Mortgage and will transfer only the Tenant's leasehold estate created by this Lease. In addition, Landlord agrees to subordinate any rights, interests or liens of Tenant's Equipment, personal property and trade fixtures to that of any bona-fide third party lender providing financing to Tenant which directly benefits Tenant's operations in the Premises.

**20. LANDLORD'S WARRANTIES; QUIET ENJOYMENT.**

**20.1 Representations and Warranties.** Landlord hereby represents and warrants to Tenant as of the Effective Date and again on the Commencement Date, as follows:

**20.1.1 Ownership of the Premises.** The Regents of New Mexico State University (the "Owner") owns fee simple marketable and insurable title to the Premises, free and clear of all tenancies and other possessory interests, security interests, conditional sale, or other title retention agreements, liens, encumbrances, mortgages, deeds of trust, pledges, assessments, easements, rights-of-way, covenants, restrictions, reservations, options, rights of first refusal, defects in title, encroachments, and other burdens, other than the Permitted Exceptions. Landlord represents and warrants that Landlord has full right and authority to enter into this Lease on behalf of the Owner of the Premises, that Landlord has rights to possess the Premises pursuant to that certain NMSU-ADI Ground Lease dated October 21, 2015 between the Owner and Landlord (the "Master Lease"), that Landlord is the current lessee under the Master Lease, that there are no defaults by Landlord under the Master Lease, that the Master Lease remains in full force and effect, that the Owner has approved this Lease, and that this Lease constitutes an "Approved Sublease" within the meaning of the Master Lease. Landlord covenants that it will comply with all obligations of the lessee under the Master Lease and that will not terminate the Master Lease, or allow the Master Lease to be terminated, during the Term of this Lease.



**20.1.2 Hazardous Materials.** Landlord has not, nor, to the best of Landlord's knowledge, has Owner (as identified above) engaged in or permitted any operations or activities upon, or any use or occupancy of the Premises, or any portion thereof, for the purpose of or in any way involving the handling, manufacture, treatment, storage, use, generation, release, discharge, refining, dumping, or disposal of any Hazardous Materials (whether legal or illegal, accidental or intentional), on, under, in, or about the Premises, or transported any Hazardous Materials to, from, or across the Premises, nor are any Hazardous Materials presently constructed, deposited, stored, or otherwise located on, under, in, or about the Premises, nor have any Hazardous Materials migrated from the Premises upon or beneath other properties, nor have any Hazardous Materials migrated or threatened to migrate from other properties upon, about, or beneath the Premises. There is not constructed, placed, deposited, stored, disposed of, or located on the Premises any asbestos or material containing asbestos, nor insulating material containing urea formaldehyde, nor any polychlorinated biphenyls (PCBs), nor transformers, capacitors, ballasts, or other equipment containing or contaminated by PCBs. Within five (5) Business Days after the Effective Date, Landlord will deliver to Tenant copies of all assessments and reports regarding the environmental condition of the Premises in Landlord's possession or control. Landlord warrants that such assessments and reports are complete, and are all of the assessments and reports in the control or possession of Landlord concerning the previous or current environmental condition of the Premises.

**20.1.3 Underground Improvements.** No underground improvements, including but not limited to treatment or storage tanks, septic systems, or drain fields, sumps, or water, gas, oil, or underground injection wells are or have ever been located upon the Premises.

**20.1.4 Environmental Requirements.** Landlord has not, received notice or other communication concerning any alleged violation of Environmental Requirements whether or not corrected to the satisfaction of the appropriate authority, in connection with the Premises, and there exists no writ, injunction, decree, order, lien, or judgment outstanding, nor any lawsuit, claim, proceeding, citation, directive, summons, notice, or investigation, pending or, to the best knowledge of Landlord, threatened, relating to the ownership, use, maintenance, or operation of the Premises, by any person, or from alleged violation of Environmental Requirements, or from the suspected presence of Hazardous Material thereon, nor does there exist any basis for such lawsuit, claim, proceeding, citation, directive, summons, or investigation being instituted or filed.

**20.1.5 Applicable Laws.** The Premises, on the Effective Date, are in full compliance with all Applicable Laws.

**20.1.6 Execution, Delivery and Performance of this Lease.** The execution, delivery, and performance of this Lease by Landlord will not result in any breach of, or constitute any default under, or result in the imposition of, any lien or encumbrance on the Premises under any agreement or other instrument to which Landlord is a party or by which Landlord or the Premises might be bound. Landlord has no information or knowledge of any change contemplated in any Applicable Laws, or any action by adjacent landowners, or natural or artificial conditions on the Premises that would prevent, limit, impede, or render more costly the Project. To the best of Landlord's knowledge, there is no significant adverse fact or condition relating to the Premises or the Project that has not been specifically disclosed in writing by Landlord to Tenant, and Landlord knows of no fact or condition of any kind or character whatsoever that adversely affects such intended use of the Premises by Tenant.

**20.1.7 Mechanic's Liens.** No person has the right to claim any mechanic's or supplier's lien arising from any labor or materials furnished to the Premises before the Commencement Date.

**20.1.8 No Violations and Actions.** There is no legal or administrative action, suit,

proceeding or investigation pending or, to the Landlord's knowledge, threatened, before any agency, court or other governmental authority which relates to the Premises or, to the Landlord's knowledge, the Tenant's use and occupancy of the Premises hereunder.

**20.1.9 Condemnation.** There is no condemnation proceeding affecting the Premises or any portion thereof, including without limitation, any grade change of any street adjacent to the Premises or any partial condemnation, or, to Landlord's knowledge, is any such proceeding threatened.

**20.1.10 Rights of Third Parties.** Landlord's entering into this Lease does not violate any rights of third-parties and Landlord has received any and all necessary third-party approvals to enter into this Lease.

**20.1.11 Additional Encumbrances.** From and after the Effective Date, (i) Landlord will not (1) enter into any contracts, leases, or agreements related to the Premises, nor take any action under any existing contract, lease or agreement which would materially and adversely affect Tenant's right or use of the Premises pursuant to this Lease, or (2) cause, permit, or allow any agreement, document, encumbrance or lien to be placed, or recorded against, the Premises; and (ii) Landlord will, in all respects, use its best efforts to preserve the Premises in its current state and not cause, permit, or allow any waste or deterioration of the Premises to occur.

**20.1.12 Notice.** Landlord has no notice (legal, recorded, or otherwise) of any facts or circumstances that would indicate or suggest that (i) the Premises cannot be developed in substantial accordance with its current entitlements, under the current zoning ordinances applicable thereto, and as a Starbucks Coffee Shop; (ii) there will be, or could be, any material delays, conditions, prohibitions, restrictions or limitations in connection any such development; or (iii) there exists any approval rights, options, rights of first offer, rights of first refusal or other similar rights of third parties that would prevent or unreasonably delay Tenant from leasing the Premises and developing the same.

**20.1.13 Misrepresentation and Adverse Facts.** Landlord has made no untrue statements or representations in connection with this Lease and, to the Landlord's knowledge, Landlord has not failed to state or disclose any material fact in connection with the transaction contemplated by this Lease. Any false or misleading representations by Landlord as to any of the foregoing warranties will be subject to Section 14.

**20.2 Covenant of Quiet Enjoyment.** Landlord covenants and warrants that Tenant will peacefully have and enjoy the sole possession of the Premises, free from the adverse claims of any persons, firms or corporations whatsoever, and Landlord will fully protect Tenant in the full, complete and absolute possession of the Premises. Landlord also warrants that the Premises are not subject to any private restrictive covenants, easements or other encumbrances, except for the Permitted Exceptions. If the Premises are subject to any restrictive covenants, Landlord warrants and represents that those covenants permit the use and operation of the Premises as a Starbucks Coffee Store. Landlord agrees to execute any and all easements or rights of way on, over or under the Premises or any part thereof at Tenant's request which are or may be needed or required by Tenant in conjunction with Tenant's use and enjoyment of the Premises and operation of the Project. Landlord agrees not to file, support or cause any land use, zoning change or variance to be made that would affect the Premises without the prior written approval of Tenant, which approval may be withheld or delayed in Tenant's sole discretion.

## **21. SURRENDER**

**21.1 Surrender of Possession.** Except as otherwise provided, Tenant, on the last day of the Term, will surrender and deliver up the Premises to the possession and use thereof to Landlord. Any

holding over after the expiration of the term hereof or the expiration of any renewal term (other than as set forth in Sections 21.2 below, which will not be considered holding over by Tenant) will be construed to be a tenancy from month to month at a monthly minimum rental rate equal to one hundred twenty-five percent (125%) of the minimum rental rate in effect on such expiration date (prorated on a monthly basis) and on the other terms and conditions herein set forth except for those terms which are inconsistent with a month to month tenancy.

**21.2 Removal of the Improvements and Equipment.** In the event of expiration or early termination of this Lease at any time prior to Tenant exercising its third five-year extension option (See Paragraph 2.5) or upon Tenant default at any time during the Lease, at Landlord's request, Tenant must remove all of the Improvements and Equipment as described below, or Tenant may remove all of the Improvements and Equipment, as described above, at any time prior to the expiration or earlier termination of this Lease; otherwise, the Improvements need not be removed by Tenant unless it chooses to do so. For these purposes, removal of Improvements means removal of the Building and its foundations, footings, subsurface, structures, and pavement. Landlord must give Tenant notice of its intent to require the Improvements to be removed, with such notice to be given within the earlier of sixty (60) days from (a) Landlord's receipt of a notice of termination of the Lease from Tenant or Tenant's receipt of a notice of termination from Landlord, as applicable; or (b) as applicable the expiration (as opposed to termination) date of this Lease. Tenant will have the right to cause any and all Improvements and Equipment to remain on the Premises for a period of ninety (90) days after the expiration of the Term or earlier termination of this Lease. If the Improvements, Equipment or both remain on the Premises for more than ninety (90) days after the expiration or earlier termination of this Lease, Landlord may, at its option, either retain the Improvements, Equipment or both remaining on the Premises or dispose of the same in such manner as Landlord may see fit at Tenant's sole expense.

**22. SEVERABILITY.** If any provision of this Lease or the application thereof to any person or circumstances will to any extent be invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, will not be affected thereby, and each provision of this Lease will be valid and be enforced to the fullest extent permitted by law.

**23. ESTOPPEL CERTIFICATE.** Either party, within fifteen (15) days after a request from time to time made by the other party and without charge, will give a certification in writing to any person, firm, or corporation reasonably specified by the requesting party stating (i) that this Lease is then in full force and effect and unmodified, or if modified, stating the modifications; (ii) that Tenant is not in default in the payment of Rent to Landlord, or if in default, stating such default; (iii) that to the actual knowledge of the maker of the certificate, neither party is in default in the performance or observance of any other covenant or condition to be performed or observed under this Lease, or if either party is in default, stating such default; (iv) that to the actual knowledge of the maker (if Landlord) of the certificate, no event has occurred that authorized, or with the lapse of time will authorize, Tenant to terminate this Lease, or if such event has occurred, stating such event; (v) that to the actual knowledge of the maker of the certificate, neither party has any offsets, counterclaims, or defenses, or, if so, stating them; (vi) the dates to which Rent have been paid; and (vii) any other matters that may be reasonably requested by the requesting party. Neither Landlord nor Tenant will have the obligation to comply with any request for an estoppel certificate more often than once per calendar year. Notwithstanding anything to the contrary set forth in this Lease or in any estoppel certificate, to the extent the terms of this Lease and any estoppel certificate conflict, the terms of this Lease will govern.

**24. MERGER.** The fee title to the Premises and the leasehold estate of Tenant in the Premises

created by this Lease will not merge but will remain separate and distinct, notwithstanding the acquisition of said fee title and said leasehold estate by Landlord or by Tenant or by a third party, by purchase or otherwise.

**25. FORCE MAJEURE.** If the performance by either of the parties of their respective obligations under this Lease is delayed or prevented in whole or in part by any Applicable Laws (and not attributable to an act or omission of the party), or by Force Majeure, the performance of the action in question will be excused for the period of delay and the period for the performance of such act will be extended for a period equivalent to the period of such delay. In no event will Force Majeure excuse either party's obligation to timely pay its monetary obligations under this Lease.

**26. ADVERTISEMENT.** Landlord will not post any "for rent," "for lease" or similar signs or advertisements on or about the Premises until the Term has actually expired or this Lease has actually been terminated. For a period of ninety (90) days following the expiration or earlier termination of this Lease, Tenant may install a sign directing customers to the Tenant's new location, if any.

**27. NOTICES.** All notices, demands, requests, or other writings in this Lease provided to be given or made or sent, or which may be given or made or sent, by either party hereto to the other, will be in writing and may be given personally or may be delivered by confirmed electronic mail or by depositing the same in the United States mails, certified, registered or equivalent, return receipt requested, or nationally-recognized overnight courier service, in any case postage prepaid, properly addressed, and sent to the addresses set forth in Sections 2.8, 2.9 and 2.10, or to such other address as either party may from time to time designate by written notice to the other. Notices given by mail will be deemed received and effective on the third business day following deposit with the U.S. Postal Service or by overnight courier as aforesaid shall be deemed received and effective on the first business day following such dispatch; provided, however, that if any such notice or other communication will also be sent by electronic mail, such notice will be deemed given at the time and on the date of transmittal if the sending party does not receive notice of failed delivery.

**28. ATTORNEYS' FEES.** In any proceeding or controversy associated with or arising out of this Lease or a claimed or actual breach thereof, or in any proceeding to recover the possession of the Premises, the prevailing party will be entitled to recover from the other party, as a part of the prevailing party's costs, all costs and expenses that may arise from enforcing this Lease, including reasonable attorneys' fees, the amount of which will be fixed by the court and will be made a part of any judgment rendered or otherwise included in any settlement agreement.

**29. ENTIRE AGREEMENT.** This Lease contains the entire agreement between the parties and, except as otherwise provided, can be changed, modified, amended, or terminated only by an instrument in writing executed by the parties. It is mutually acknowledged and agreed by Tenant and Landlord that there are no verbal agreements, representations, warranties, or other understandings affecting this Lease.

**30. APPLICABLE LAW.** This Lease will be governed by, and construed in accordance with, the laws of the State in which the Premises is located.

**31. LIMITATION OF LIABILITY.** Intentionally Deleted.

**32. BROKERAGE.** Landlord will be solely responsible to pay any and all brokerage or real estate commission, finder's fee or similar fee or charge with respect to this Lease. Except for Ralph Sellers and Associates (the "*Purchaser's Broker*") who will be paid by Landlord pursuant to a separate written agreement between the Tenant's Broker, and Landlord. Landlord and Tenant have not hired or involved any other brokers in this Lease. Landlord and Tenant will and do hereby each indemnify the other against,

and agree to hold the other harmless from, any claim, demand or suit for any brokerage or real estate commission, finder's fee or similar fee or charge with respect to this Lease based on any act by or agreement or contract with the indemnifying party, and for all losses, obligations, costs, expenses and fees (including reasonable attorneys' fees) incurred by the other party on account of or arising from any such claim, demand or suit. This provision in no way creates any third-party beneficiary rights in any party nor does it create any liability on the part of Tenant to pay any or all of the commission due Tenant's Broker or Landlord's Broker.

**33. COVENANTS TO BIND AND BENEFIT PARTIES.** The covenants and agreements contained in this Lease will bind and inure to the benefit of Landlord, its successors and assigns, and Tenant, its successors and assigns.

**34. CAPTIONS** The captions of this Lease are for convenience and reference only, and in no way define, limit, or describe the scope or intent of this Lease or in any way affect this Lease.

**35. RECORDING THE LEASE.** Tenant may record a Memorandum of Lease, executed and acknowledged by both parties, in the public records of Dona Ana County, New Mexico at any time after the Feasibility Period in the form set forth on Exhibit D hereto. Landlord will, upon request of Tenant, execute, acknowledge, and deliver to Tenant an appropriate memorandum in a form reasonably requested by Tenant. Tenant will pay the recording costs.

**36. PROOF OF AUTHORITY.** The undersigned hereby acknowledged they have full authority to execute this Lease on behalf of the parties to this Lease.

**37. VALIDITY OF LEASE.** Landlord and Tenant each represents and warrants to the other that this Lease has been duly authorized, executed and delivered, and is valid and binding. If any term, covenant or condition of this Lease or the application thereof to any person or circumstance, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term, covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable, will not be affected thereby and each term, covenant or condition of this Lease will be valid and be enforced to the fullest extent permitted by law.

**38. COUNTERPARTS.** This Lease may be executed in two (2) or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. The counterparts of this Lease and all ancillary documents may be executed and delivered by facsimile or other electronic signature by any of the parties to any other party and the receiving party may rely on the receipt of such document so executed and delivered by any electronic means as if the original had been received.

**39. PROPERTY ADDRESS UPDATE.** At either party's request and at such time as Tenant has obtained an actual street address for the Premises, Landlord and Tenant agree to execute an amendment to the Lease memorializing the address of the Premises being leased by Tenant from Landlord.

**40. ADVICE OF COUNSEL.** Landlord and Tenant each respectively represent that they have the advice and counsel of their own attorneys and that no representation or statement made by any other party has influenced them in executing or induced them to execute this Lease.

**41. NONDISCLOSURE OF LEASE TERMS.** Landlord acknowledges and agrees that the terms of this Lease are confidential and constitute proprietary information of Tenant. Disclosure of the terms could adversely affect the ability of Tenant to negotiate other leases and impair Tenant's relationship with other landlords. Accordingly, Landlord agrees that it, and its partners, officers, directors, employees,

agents, and attorneys, will not intentionally and voluntarily disclose the terms and conditions of this Lease (“**Confidential Information**”) to any third party, either directly or indirectly, without the prior written consent of Tenant, which consent may be given or withheld in Tenant’s sole and absolute discretion. Landlord acknowledges that the covenants contained in this Section 41 are fundamental for the protection of the legitimate business and proprietary interests of Tenant and that in the event of any violation by Landlord of any such covenants, remedies at law would be inadequate. Such remedies will not be deemed to be the exclusive remedies for any breach of this Section 41 but will be in addition to all other remedies available at law or in equity to Tenant. Landlord may disclose any Confidential Information if required to do so by law or valid court order.

**42. TIME.** Time is of the essence on this Lease and every term, covenant, and condition herein contained.

**43. WAIVER.** One (1) or more waivers of any covenant or condition by either party will not be construed as a waiver of a subsequent breach of the same covenant or condition and the consent or approval to or of any subsequent or similar act by either party. No breach of a covenant or condition of this Lease will be deemed to have been waived by either party, unless such waiver is in writing signed by both parties.

IN WITNESS WHEREOF, Landlord and Tenant have caused this Lease to be executed by their duly authorized officers.

LANDLORD:

TENANT:

AGGIE DEVELOPMENT, INC.,  
a New Mexico Domestic Nonprofit  
Corporation

PLATA PARTNERS, LLC, a  
Texas limited liability company  
By LAPP-FAM Management, LLC,  
its General Partner

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

STATE OF \_\_\_\_\_ )  
:ss.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by \_\_\_\_\_, the \_\_\_\_\_ of Aggie Development, Inc., a New Mexico Domestic Nonprofit Corporation.

\_\_\_\_\_  
NOTARY PUBLIC

STATE OF TEXAS )  
:ss.  
COUNTY OF EL PASO )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by \_\_\_\_\_, the \_\_\_\_\_ of LAPP-FAM Management, LLC, a Texas limited liability company, being the general partner of Plata Partners, LLC, a Texas limited liability company.

\_\_\_\_\_  
NOTARY PUBLIC

**EXHIBIT A  
DEFINED TERMS**

“**Applicable Laws**” mean all laws, ordinances, statutes, orders, rules, regulations, and requirements of federal, state, county, city, and municipal governments applicable to the Premises, or any portion thereof, including without limitation, zoning requirements and Environmental Requirements.

“**Bankruptcy Law**” means Title 11, United States Code, and any other or successor state or federal statute relating to assignment for the benefit of creditors, appointment of a receiver or trustee, bankruptcy, composition, insolvency, moratorium, reorganization, or similar matters.

“**Bankruptcy Proceeding**” means any proceeding, whether voluntary or involuntary, under any Bankruptcy Law.

“**Basic Lease Terms**” mean the basic lease terms set forth in Section 2—Basic Lease Terms of this Lease.

“**Building**” means the building(s) located on the Premises.

“**Business Days**” mean weekdays except national and/or state recognized holidays as designated by Landlord and any holidays or non-working days designated by executive order or necessitated by war, riots, civil disturbances, emergencies, a risk of health or safety (as reasonably determined by Landlord in its sole discretion), or natural catastrophes.

“**Certificate of Occupancy**” means a permanent certificate of occupancy issued by the Governmental Authorities for the Premises for Tenant’s use of the Premises.

“**City**” means the City of Las Cruces.

“**Commencement Date**” means the earlier of (i) the date that Tenant opens for business to the public a convenience store on the Premises; or (ii) one hundred eighty (180) days after Tenant’s receipt of a building permit issued by the City.

“**Condemnation**” means (a) a permanent taking (or a temporary taking for a period extending beyond the end of the Term) pursuant to the exercise of the power of condemnation or eminent domain by any Condemnor, whether by Legal Proceedings or otherwise, or (b) a voluntary sale or transfer by Landlord to any such authority, either under threat of condemnation or while Legal Proceedings for condemnation are pending.

“**Condemnor**” means any public or quasi-public authority, private corporation or individual having the power of condemnation.

“**Confidential Information**” means the Confidential Information specified in Section 41.

“**Construction Period**” means the period of time commencing as of the expiration of the Feasibility Period and expiring upon the Commencement Date.

“**Date of Condemnation**” means the earlier of the date that title to the property taken is vested in the Condemnor or the date the Condemnor has the right to possession of the property being condemned.

“**Effective Date**” means the date this Lease is signed by both Landlord and Tenant as determined by the last date set forth on the signature page for Landlord’s and Tenant’s execution.



**“Encumbrance”** means any mortgage, deed of trust, ground lease, underlying lease or like encumbrance affecting any part of the Property or any interest of Landlord therein which is now existing or hereafter executed or recorded.

**“Environmental Requirements”** mean the regulation of Hazardous Materials by any federal, state or local law, rule or regulation pertaining to environmental matters, as now or hereafter enacted or amended, together with any other federal, state or local super lien or other statutes, rules or regulations, as now or hereafter amended in any way pertaining to clean-up; disclosure; water pollution control; air pollution control; regulation of solid waste; hazardous waste management; storage tanks; regulation of environmentally sensitive areas; hazardous and toxic substance reporting; and any other laws, including case law, which might be deemed or referred to as environmental common law.

**“Equipment”** means all equipment brought upon or installed on the Premises, including but not limited to: canopies, underground tanks, pumps, dispensers, detection and monitoring systems, and related piping valves, satellite dishes or other communication devices, refrigerated cases, compressors, displays, shelving, counters, and security/alarm systems, signs and sign structures and any future additions, replacements, or modifications to such items during the Term of this Lease are referred to in this Lease.

**“ESAs”** means the ESAs specified in Section 5.3.1.

**“Event of Default”** means: (i) the failure of either party to pay Rent or such other amounts when due and payable by such party, and such default continues for sixty (60) days after written notice from the other party; (ii) the failure of a party to pay its debts as they become due or admits in writing that it is unable to pay its debts as they become due, or becomes subject to any Bankruptcy Proceeding (except an involuntary Bankruptcy Proceeding dismissed within One Hundred Eighty (180) days after commencement), or a custodian or trustee is appointed to take possession of, or an attachment, execution or other judicial seizure is made with respect to, substantially all of such party’s assets or such party’s interest in this Lease (unless such appointment, attachment, execution, or other seizure was involuntary and is contested with diligence and continuity and vacated and is discharged within One Hundred Eighty (180) days); and (iii) whether by action or inaction, a party’s default of any of its obligations under this Lease (other than a default in the payment of Rent by Tenant) and such default continues and is not remedied for a period of one hundred twenty (120) days after a party has given the other party written notice specifying the same, or, in the case of a default that can be cured but not within a period of one hundred twenty (120) days, if the defaulting party has not (1) commenced curing such default within such one hundred twenty (120) day period; or (2) continuously and diligently pursued to completion the cure of the default (even if it extends beyond the end of such one hundred twenty (120) day period).

**“Expiration Date”** means the Expiration Date specified in Section 2.4.

**“Expiration Environmental Condition”** means the Expiration Environmental Condition specified in Section 21.3.

**“Extension Options”** means the Extension Options specified in Section 4.3.

**“Extension Period”** and **“Extension Periods”** mean the Extension Period or Extension Periods specified in Section 5.3.

**“Feasibility Investigations”** mean the Feasibility Investigations specified in Section 5.3.

**“Feasibility Notice”** means the Feasibility Notice specified in Section 5.6.

**“Feasibility Period”** means the Feasibility Period specified in Section 2.6.

**“Fee Mortgage”** means any mortgage, deed of trust, security agreement, or sale-leaseback instrument that encumbers all or a part of the Landlord’s Estate.

**“Force Majeure”** means any delay caused by acts of nature, strikes, lockouts, other labor troubles, riots, civil commotion, insurrection, war, pandemics, governmental orders, decrees, or requirements, or other reason not the fault of the party delayed (financial inability excepted), in which case performance of the action in question will be excused for the period of delay and the period for the performance of such act will be extended for a period equivalent to the period of such delay. In order to claim Force Majeure, the claiming party must deliver notice to the other party within thirty (30) days following the occurrence of the Force Majeure event.

**“Governmental Approvals”** mean the Governmental Approvals specified in Section 5.3.3.

**“Governmental Authorities”** mean the City of Las Cruces, County of Dona Ana, State of New Mexico or any other applicable governmental or regulatory authority, agency or subdivision.

**“Hazardous Materials”** mean any (i) hazardous, harmful, dangerous, or toxic waste, item, substance, material, or product (including, without limitation, any and all petroleum based products) as defined by any federal, state, or local environmental and/or health law, act, edict, directive, decree, rule, statute, ordinance, or regulation, including without limitation, (a) the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C.A. Section 9601, et seq., (b) the Hazardous Materials Transportation Act, 49 U.S.C.A. Section 5101, et seq., (c) the Resource Conservation and Recovery Act, 42 U.S.C.A. Section 6901, et seq., (d) the Toxic Substances Control Act, 15 U.S.C.A. Section 2601, et seq., (e) the Federal Water Pollution Control Act, 33 U.S.C.A. Section 1251, et seq., (f) all state or local environmental laws, and (g) any and all regulations related to any of the foregoing; or (ii) other item, substance, material, or product prohibited, limited, or regulated by or under any of the laws, acts, edicts, directives, decrees, rules, statutes, ordinances, or regulations described above.

**“Impositions”** means the Impositions specified in Section 9.1.

**“Improvements”** mean the Building and all improvements and facilities constructed, installed, placed, erected, located, modified, added to, removed, replaced or modified, as applicable, from time to time, on, in, under and above the Premises, including, but not limited to, any present or future alterations, additions, replacements, or modifications to the Project, excluding the Equipment.

**“Initial Term”** means twenty (20) years from the Commencement Date.

**“Interest Rate”** means twelve percent (12%) per annum.

**“Landlord”** means the person or entity identified as the landlord in this Lease.

**“Landlord’s Acknowledgement”** means Landlord’s Acknowledgement specified in Section 5.3.1.

**“Landlord’s Estate”** means Landlord’s entire right, title, interest, and estate in and to the fee interest in the Premises, including without limitation, Landlord’s reversionary interest.

**“Lease”** means this Lease Agreement.

“**Leasehold Mortgage**” means a mortgage, deed of trust, financing statements, security agreements, sale-leaseback instrumentation, and other documentation that the Lending Institution may require.

“**Leasehold Mortgagee**” means the holder of or secured party under a Leasehold Mortgage.

“**Lending Institution**” means any commercial, national, or savings bank, savings and loan association, trust company, pension trust, foundation, or insurance company, and any other entity, person, corporation, partnership, or otherwise making a loan on the security of Tenant’s interest in the leasehold estate or all or any part of the Improvements or all or any part of the Equipment.

“**Notice Date**” means the Notice Date specified in Section 16.2.

“**Partial Taking**” means the Partial Taking specified in Section 15.4.

“**Preliminary Period**” means Feasibility Period and the Construction Period.

“**Permitted Exceptions**” mean those exceptions and/or encumbrances approved by Tenant in writing (or deemed approved, as provided in this Lease) prior to the expiration of the Feasibility Period, other than those exceptions which Landlord may, in its discretion, elect to remove.

“**Permitted Use**” means the Permitted Use specified in Section 8.1.

“**Premises Information**” means the Premises Information specified in Section 5.2.

“**Preexisting Condition Notice**” means the Preexisting Condition Notice specified in Section 5.3.1.

“**Preexisting Hazardous Materials**” means the Preexisting Hazardous Materials specified in Section 14.2.

“**Project**” means the Building, the Improvements and the Equipment.

“**Rent**” means the amounts set forth in Section 2.7.

“**State**” means the State of New Mexico.

“**Tenant**” means Burnham Properties, LTD, and its successors and assigns; provided, however, as used in this Lease, so far as covenants or agreements on the part of Tenant are concerned, the term Tenant will be limited to mean and include only the owner or owners of Tenant’s interest in this Lease at the time in question, and in the event of any transfer or transfers of such interest Tenant herein named (and in case of any subsequent transfer, the then transferor) will be automatically freed and relieved from and after the date of the assumption of all responsibility on the part of Tenant contained in this Lease thereafter to be performed.

“**Term**” means the Initial Term and the Extension Periods.

“**Title Commitment**” means the Title Commitment specified in Section 5.4.

“**Title Company**” means a licensed title company selected by Tenant within Doña Ana County New Mexico.

“**Title Policy**” means the Title Policy specified in Section 5.4.

“*Total Taking*” means the Total Taking specified in Section 15.3.

**EXHIBIT B**  
**LEGAL DESCRIPTION OF THE PREMISES**

**EXHIBIT C**  
**SITE PLAN OF THE PREMISES**

**EXHIBIT D**

WHEN RECORDED, RETURN TO:  
Plata Partners, LLC  
P.O. Box 522541  
El Paso, Texas 79922

Parcel ID No.:

[Space Above for Recorder's Use]

**MEMORANDUM OF LEASE**

THIS MEMORANDUM OF LEASE ("**Memorandum**") is dated as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_ by and between AGGIE DEVELOPMENT, INC., a New Mexico Domestic Nonprofit Corporation, ("**Landlord**"), and PLATA PARTNERS, LLC, a Texas limited liability company ("**Tenant**").

**RECITALS**

A. Landlord owns certain real property located at \_\_\_\_\_ in Las Cruces, Dona Ana County, New Mexico, consisting of approximately \_\_\_\_\_ square feet of land, which is described more particularly on Exhibit A attached hereto (as more fully described in the Ground Lease, and hereinafter defined, the "**Premises**").

B. Landlord has leased the Premises to Tenant pursuant to a Ground Lease, dated \_\_\_\_\_, 20\_\_ (the "**Lease**").

C. Pursuant to this Memorandum, Landlord and Tenant desire to confirm, ratify and give public notice of Landlord's lease of the Premises to Tenant pursuant to the Lease and of certain of the rights and interests of Tenant and Landlord under the Lease.

**Notice is hereby given of the following:**

1. Lease. The Lease pertains to real property located at \_\_\_\_\_ in Las Cruces, Dona Ana County, New Mexico, consisting of approximately \_\_\_\_\_ square feet of land, which is described more particularly on Exhibit A attached hereto.

2. Term. The Lease provides that the Initial Term of the Lease is twenty (20) years commencing on \_\_\_\_\_, 20\_\_ (the "**Commencement Date**"). The term of the Lease will be automatically extended for six (6) additional consecutive periods of five (5) years each, all on the terms and conditions in the Lease, unless Tenant gives written notice to Landlord of Tenant's intent not to have the term of the Lease so extended.

3. Use and Restrictions. The Lease provides the following restrictions upon Tenant's use of the Premises.

(a) Tenant may use the Premises for any legal purpose.

4. Memorandum. The foregoing represents only selected provisions of the Lease. Interested parties should contact Landlord or Tenant for more information. This Memorandum, and the rights and obligations of the parties hereunder, are subject to all of the terms and conditions of the Lease. This Memorandum does not add to, supersede, replace, amend or otherwise affect the Lease. To the extent of any conflict or inconsistency between any provisions of this Memorandum and the provisions of the Lease, the Lease, and not this Memorandum, will control and govern.

*[Signature page and acknowledgements follow]*





**EXHIBIT E**

**CONFIRMATION OF LEASE TERMS**

THIS CONFIRMATION OF LEASE TERMS (“**Confirmation of Lease Terms**”) is dated as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ (the “**Effective Date**”) by and between PLATA PARTNERS, LLC, a Texas limited liability company (“**Tenant**”) and AGGIE DEVELOPMENT, INC., a New Mexico Domestic Nonprofit Corporation, (“**Landlord**”).

**RECITALS**

A. Landlord and Tenant are parties to that certain Ground Lease Agreement dated \_\_\_\_\_ (the “**Lease**”), regarding that certain real property located at \_\_\_\_\_, in Dona Ana County, New Mexico (the “**Premises**”), as such Premises are more fully described in the Lease.

B. Landlord and Tenant desire to confirm certain terms of the Lease, all subject to and based upon the following terms and conditions.

**TERMS AND CONDITIONS**

1. Term. The Lease provides that the Initial Term of the Lease is twenty (20) years commencing on \_\_\_\_\_, 20\_\_\_\_ (the “**Commencement Date**”). The term of the Lease will be automatically extended for Six (6) additional consecutive periods of five (5) years each, all on the terms and conditions in the Lease, unless Tenant gives written notice to Landlord of Tenant’s intent not to have the term of the Lease so extended.

IN WITNESS WHEREOF, the parties have executed this Confirmation of Lease Terms as of the date set forth above.

LANDLORD:

TENANT:

AGGIE DEVELOPMENT, INC., a New Mexico Domestic Nonprofit Corporation,

PLATA PARTNERS, LLC, a Texas limited liability company  
By LAPP-FAM Management, LLC,  
its General Partner

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

**EXHIBIT F**

**CONSTRUCTION SPECIFICATIONS**

1. **Definition.** The following improvements under Section 2 through Section 8, inclusive, of this Exhibit F are included in the definition of Infrastructure Improvements (as defined in the Agreement). All of the Infrastructure Improvements will be designed, engineered and constructed at Landlord's cost and expense, without contribution from Tenant. Landlord will obtain all governmental approvals and permits necessary for the construction of the Infrastructure Improvements.

2. **Demolition.** Landlord must demolish and clear all structures on the Property, to the extent they exist. Landlord's demolition obligations will include the securing of all permits for demolition; the removal and proper disposal of existing buildings and structure (including any asbestos remediation); the removal and proper disposal of foundations and basement slabs, and the backfill and compaction of areas where foundations/basement slabs are removed; the disconnecting, capping and plugging of all utilities; and, the removal and proper disposal of asphalt or concrete paving areas.

**Site Utilities.** Landlord will provide Tenant all water, sanitary sewer, natural gas, power, and telephone main lines of sufficient size, capacity, flow volume, pressure and depth to meet Tenant's project requirements. Utility laterals including culinary water, diameter sanitary sewer, and diameter natural gas will be provided at the property line of the Premises.

# Starbucks - Las Cruces

Triviz and Wisconsin



Design Development PROPOSED ELEVATION

scale NTS



# Starbucks - Las Cruces

Triviz and Wisconsin



Design Development PROPOSED ELEVATION

scale NTS



# Starbucks - Las Cruces

Triviz and Wisconsin



Design Development PROPOSED ELEVATION

scale NTS





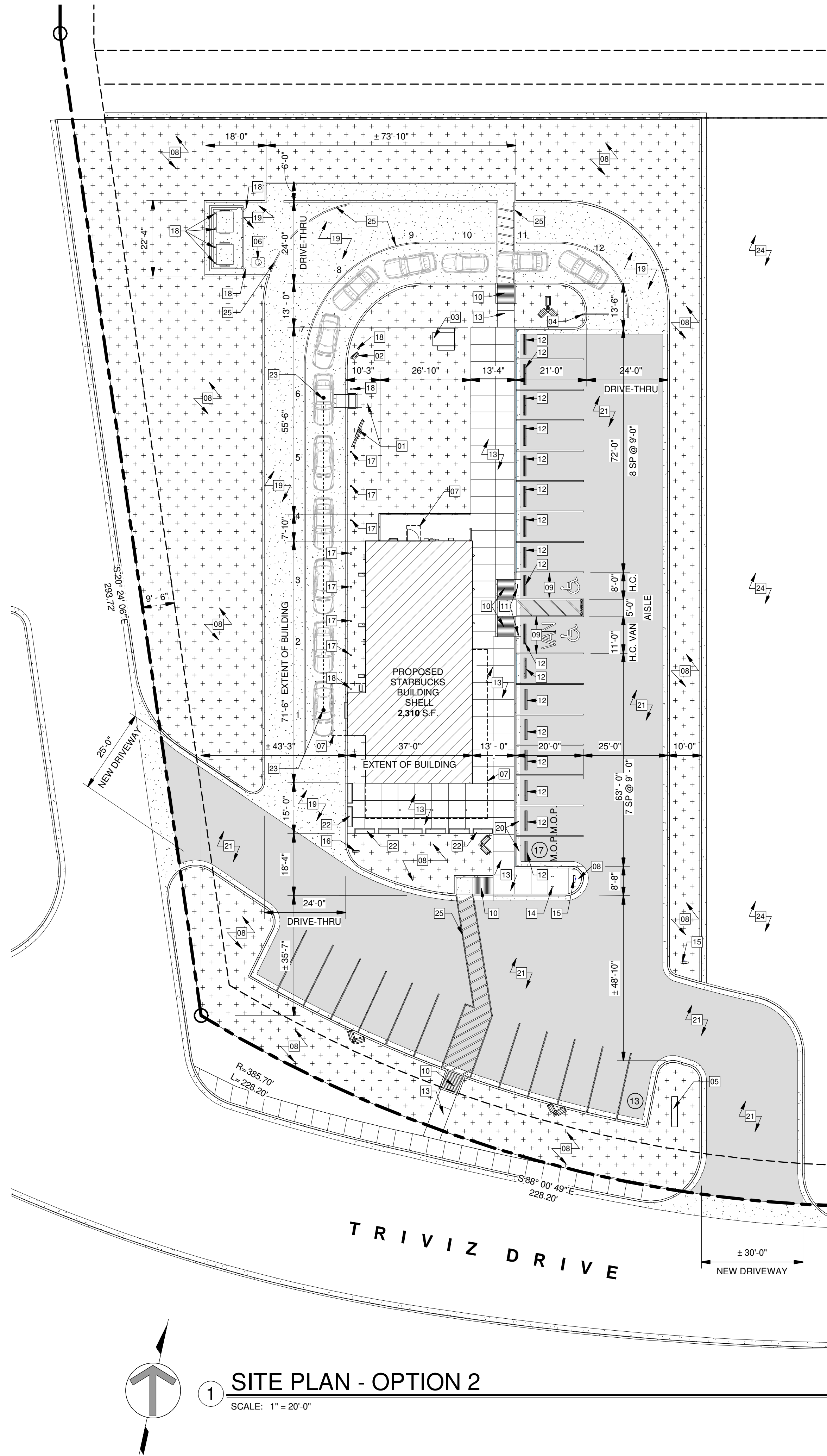








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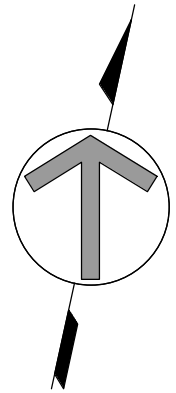


#	SITE PLAN KEYED NOTES
01	MENU BOARD AND DIGITAL ORDER SCREEN W/ CANOPY
02	PRE-MENU SIGN
03	PROPOSED TRANSFORMER LOCATION
04	CLEARANCE BAR
05	PYLON SIGN
06	PROPOSED GREASETRAP LOCATION
07	CANOPY OUTLINE
08	LANDSCAPING (SEE LANDSCAPING)
09	HANDICAP PARKING
10	HANDICAP RAMP
11	ADA SIGNAGE
12	WHEEL STOP
13	NEW SIDEWALK
14	BIKE RACK
15	ENTRY DIRECTIONAL SIGN
16	EXIT ONLY - THANK YOU SIGN
17	ILLUMINATED BOLLARD (BY LANDLORD)
18	STANDARD BOLLARD (SEE DETAIL 4/CA1.2)
19	6" CONCRETE PAD
20	M.O.P. POLES (SIGNS PROVIDED BY OWNER)
21	ASPHALT
22	METAL PLANTERS
23	DISTANCE FROM ORDER SCREEN TO DRIVE THRU WINDOW 92'-0"
24	FUTURE CONSTRUCTION
25	STRIPING

PARKING CALCULATIONS	
9'-0" STANDARD PARKING SPACE	= 28
8'-0" HANDICAP PARKING SPACE	= 1
11'-0" VAN HANDICAP PARKING SPACE	= 1
<b>TOTAL PARKING SPACES</b>	<b>= 30</b>

**LEGAL DESCRIPTION**  
 A 6.804 ACRE TRACT, BEING ALL OF BLOCK 73 AND A PORTION OF BLOCKS 74, 79 AND 80 LOCATED WITHIN SECTION 21, TOWNSHIP 23 SOUTH, RANGE 2 EAST, N.M.P.M. CITY OF LAS CRUCES, DONA ANA COUNTY, NEW MEXICO


**1 SITE PLAN - OPTION 2**  
 SCALE: 1" = 20'-0"



BUILDING SHELL  
**STARBUCKS**  
 COFFEE COMPANY  
 TRIVIZ DRIVE & WISCONSIN AVE LAS CRUCES, NM 88001



1810 Wyoming ave  
 el Paso, TX 79903  
 Ph: 915.534.8082  
 fax: 915.534.8083



www.psrbbcommercialgroup.com

SITE PLAN  
 COMMISSION No.  
 21-042  
 DATE: 1/14/2022  
 REVISIONS  
 # Description Date  
 SHEET: **CA1.2**  
 1 OF 10

**REVIEW**



**Board of Regents Meeting**  
**Meeting Date: February 7, 2022**  
**Agenda Item Cover Page**

**Agenda Item #** \_\_D-2\_\_

- Action Item
- Consent Item
- Informational Item

**Presented By:** Gena Jones, Ph.D.  
Assistant Vice President  
Human Resources

**Agenda Item:** Third Amendment to the Collective Bargaining Agreement between NMSU and AFSCME Local 2393

**Requested Action of the Board of Regents:** Approval of Third Amendment to the Collective Bargaining Agreement between NMSU and AFSCME Local 2393.

**Executive Summary:** Third Amendment to the Collective Bargaining Agreement between NMSU and AFSCME Local 2393 in which the parties have agreed to change the percentage increase to 10% in reference to a Higher Position Differential. A BUE who is temporarily assigned to a higher position due to a vacancy, an extended absence, or NMSU critical project/effort for a period of time in excess of one (1) calendar month, will receive a pay differential in the amount of 10%, from the first date of the assignment. To receive the pay differential, the BUE must meet the minimum qualifications for the position and be provided with written notification of the duration of the assignment and associated pay differential. If there are not qualified BUE's the duties will be reassigned to other employees by the Manager. (See ARP 7.01 Part 4(A)).

**References:**

See ARP 7.01 Part 4(A)

**Prior Approvals:**

Gena Jones, Ph.D., Assistant Vice President Human Resources

Page 69 of 204  
**MEMORANDUM OF AGREEMENT**  
**Amending the June 2019 Collective Bargaining Agreement between**  
**New Mexico State University and AFSCME Local 2393**  
**(Third Amendment)**

**WHEREAS**, in June 2019, New Mexico State University (NMSU) and the AFSCME Local 2393 (Union), collectively referred to as the Parties, entered into a collective bargaining agreement (“CBA”) establishing the terms and conditions of employment for employees of the bargaining unit covered by the CBA for the period July 1, 2019 through June 30, 2022; and

**WHEREAS**, the Parties have agreed to change the percentage increase to 10% in reference to a Higher Position Differential.

**NOW, THEREFORE**, based on the above-described circumstances, the Parties agree to the terms of this **Third Amendment** as follows:

1. Effective upon approval of this Third Amendment, and signature by the authorized representative of each Party, the terms of Article 18, Section 2.D. Temporary Assignments 2. Higher Position Differential. June 2019 CBA will be updated to include the additional following language:
2. Higher Position Differential. A BUE who is temporarily assigned to a higher position due to a vacancy, an extended absence, or NMSU critical project/effort for a period of time in excess of one (1) calendar month, will receive a pay differential in the amount of 10%, from the first date of the assignment. To receive the pay differential, the BUE must meet the minimum qualifications for the position and be provided with written notification of the duration of the assignment and associated pay differential. If NMSU determines there are not qualified BUE’s, the duties will be reassigned to other employees by the Manager. (See ARP 7.01 Part 4(A)].

By signing below, the individuals represent that they are duly authorized to sign on behalf of their respective Party this **Third Amendment** to the Parties’ CBA covering the period July 1, 2019 through June 30 2022, indicating agreement to terms set forth above:

**FOR THE UNION:**

  
\_\_\_\_\_  
Yvonne Mendoza, AFSCME President

02/02/2022  
\_\_\_\_\_  
Date

**FOR NMSU:**

\_\_\_\_\_  
Dan E. Arvizu, Chancellor

\_\_\_\_\_  
Date



**Board of Regents Meeting**  
**Meeting Date: February 7, 2022**  
**Agenda Item Cover Page**

**Agenda Item # E-1**

- Action Item
- Consent Item
- Informational Item

**Presented By:** Kimberly G. Rumford, Chief Budget Officer

**Agenda Item:** Financial Report for Fiscal Year Ended June 30, 2021

**Requested Action of the Board of Regents:** Approval of the Financial Report for Fiscal Year Ended June 30, 2021.

**Executive Summary:** The Financial Report for fiscal year ended June 30, 2021 will be presented. Moss Adams, LLP audited the financial statements and issued an unmodified opinion.

**References:**

N/A

**Prior Approvals:**

Regents Audit and Risk Committee 10/27/2021



**BE BOLD.** Shape the Future.  
**New Mexico State University**



# FINANCIAL STATEMENTS and SCHEDULES

2021 | 2020

NMSU does not discriminate on the basis of age, ancestry, color, disability, gender identity, genetic information, national origin, race religion, retaliation, serious medical condition, sex (including pregnancy), sexual orientation, spousal affiliation, or protected veteran status in its programs and activities, including employment, admissions and educational programs and activities. Inquiries may be directed to the Executive Director of the Office of Institutional Equity, Title IX and Section 504 Coordinator, O'Loughlin House, 1130 E. University Avenue, Las Cruces, NM 88003; 575-646-3536; [equity@nmsu.edu](mailto:equity@nmsu.edu).



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## **Board of Regents**

Ammu Devasthali  
*Chair*

Dina Chacón-Reitzel  
*Vice Chair*

Arsenio Romero  
*Secretary-Treasurer*

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Stephanie Rodriguez  
*Acting Secretary of Higher Education*

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Sonia A. White  
*Employee Council Chair*

Evan Conner  
*President, ASNMSU*

## **Principal Administrative Officials**

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*Chancellor*

John Floros  
*President*

Carol Parker  
*Senior Vice President for  
Academic Affairs and Provost*

Andrew J. Burke  
*Senior Vice President for  
Administration and Finance*

Ruth A. Johnston  
*System Strategic Chief Financial Officer*

Roy Collins  
*Chief Legal Affairs Officer*

## **Principal Financial Officials**

Ross Justus  
*Associate Controller*

Carolina Muñoz  
*Manager of Accounting  
and Financial Reporting*

October 13, 2021

It is my pleasure to share the annual financial report of New Mexico State University (NMSU) for the fiscal years (FYs) ended June 30, 2021 and 2020.

The accompanying financial statements of the University are prepared in accordance with generally accepted accounting principles established by the Governmental Accounting Standards Board. Moss Adams LLP, independent auditors, has examined the financial statements, and their unmodified opinion is presented beginning on page 3 of the report. The financial and physical resource management of the University is guided by the priorities established in our strategic plan NMSU LEADS 2025.

The plan points to the mission of the New Mexico State University system to serve the diverse needs of the state through comprehensive programs of education, research, and extension and outreach services. As the state's land-grant and space-grant university, and as a Hispanic-Serving Institution, NMSU fosters learning, inquiry, diversity and inclusion, social mobility, and service to the broader community.

The COVID-19 pandemic continues to play a role in the decision of many students on whether or not to attend college. Overall enrollment is down slightly this fall for the NMSU System. Of note, this decline seems to have disproportionately impacted our most socioeconomically vulnerable students, especially those at our branch campuses. This is an area we will work to address going forward. A bright spot has been enrollment growth of over ten percent the past two years in NMSU-O, our online campus.

Considerable efforts have been put forth to navigate our university system's response to the pandemic. Our students attended their classes in-person, online or through a hybrid model. This required an unprecedented transformation in the way we deliver our classes, conduct vital research and serve the people of our state. Faculty members went to great lengths to deliver their courses in new and innovative ways to ensure a quality education. Many support staff worked to provide the technology, facilities, sanitizing and equipment needed to make this effort a success. We also monitored COVID-19 infections and maintained health and safety protocols. These efforts will continue as we move forward in this unprecedented educational environment.

The outlook for state appropriations has become promising. Consensus projections are indicating stronger than expected revenue for the state of New Mexico. Based on these projections recurring revenue could increase by as much as \$1.4 billion for fiscal year 2023, or 18.7 percent growth from the 2022 fiscal year recurring budget.

Additional funding assistance related to the pandemic has been provided by the federal government. The NMSU system has been awarded \$96.5 million in HEERF federal stimulus funding to help support our students and help cover expenses related to the COVID-19 pandemic. About half of the \$35.8 million spent to date has been used for emergency financial aid grants to students. The additional institutional HEERF funds are to defray expenses due to the coronavirus including significant changes in the delivery of instruction, carrying out student support activities, meeting IT capacity needs, covering any lost revenue, and following COVID safe protocols.

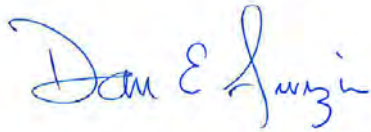
Aggie pride and spirit continues to be apparent at our beautiful campuses as we enhance the learning experiences of students through enhanced technology and facilities. Construction is underway at our campuses across the state. The Agricultural Modernization and Educational Facilities projects are the largest of these efforts on the main campus, and other work set for Alamogordo, Carlsbad, DACC, Grants and other NMSU locations around New Mexico will better position NMSU for the future. Work is already underway on our new solar electric generation and battery storage facility at Arrowhead Research Park. This exciting collaboration with El Paso Electric will produce clean energy for our campus and the surrounding community. Later this year, a new roundabout entrance for the university as part of the much larger I-25/ University Avenue project, will bring added safety, convenience and beauty to that end of campus.

Our mission to serve the diverse needs of the state through comprehensive programs of education, research, extension and outreach, and public service will not change. We will continue to enhance student success and our ability to maintain

excellence in research, scholarship and creative activity. Our strategic plan will guide us as we make structural improvements based on benchmarking of best practices and performance data relative to each of our functional units.

I want to ensure stakeholders that we will be mindful of our values of leadership, excellence, access, diversity and inclusion, and student-centered as we shape the future for NMSU. These values are encapsulated as: BE BOLD. Shape the future. The future is optimistic for our great university.

Sincerely,

A handwritten signature in blue ink that reads "Dan E. Arvizu". The signature is written in a cursive style with a large initial "D" and a stylized "A".

Dan E. Arvizu, Ph.D.  
Chancellor



## **Report of Independent Auditors**

The Board of Regents  
New Mexico State University  
and  
Mr. Brian S. Colón, Esq.  
New Mexico State Auditor

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities, fiduciary activities, and the discretely presented component unit of New Mexico State University (the University), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinions***

In our opinion, the financial statements referred to above present fairly , in all material respects, the respective financial position of the business-type activities, fiduciary activities, and the discretely presented component unit of New Mexico State University, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Prior Period Financial Statements***

The financial statements of the University as of and for the year ended June 30, 2020, were audited by other auditors whose report dated March 19, 2021, expressed an unmodified opinion on those statements.

***Emphasis of Matters***

*Reporting Entity*

As discussed in Note 2, the financial statements of the University are intended to present the financial position and the changes in financial position of only that portion of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue fund of the State of New Mexico that is attributable to the transactions of the University. The financial statements do not present fairly the financial position of the State of New Mexico as of June 30, 2021, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

*Adoption of New Accounting Guidance*

As discussed in Note 2 to the financial statements, in fiscal year 2020, the University adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87 (Leases). Our opinion is not modified with respect to this matter.

***Other Matters***

*Required Supplementary Information*

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis, the Schedule of Changes in Net other Post-Employment Benefits Liability and Related Ratios in accordance with GASB Statement 75 (schedule 5), and the Schedule of Proportionate Share of Net Pension Liability and Employer Contributions (schedule 6), as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The accompanying Chancellor's Letter, Combining Statements of Net Position (schedule 1), Combining Statements of Revenues , Expenses, and Changes in Net Position (schedule 2), Budgetary Comparison Schedules (schedule 3), Bank Balances, Pledged Collateral Requirements and Pledged Collateral by Financial Institution (schedule 4), and Schedule of Expenditures of Federal Awards (schedule 7), as required by Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying Combining Statements of Net Position (schedule 1), Combining Statements of Revenues , Expenses, and Changes in Net Position (schedule 2), Budgetary Comparison Schedules (schedule 3), Bank Balances, Pledged Collateral Requirements and Pledged Collateral by Financial Institution (schedule 4), and Schedule of Expenditures of Federal Awards (schedule 7) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Statements of Net Position (schedule 1), Combining Statements of Revenues, Expenses, and Changes in Net Position (schedule 2), Budgetary Comparison Schedules (schedule 3), Bank Balances, Pledged Collateral Requirements and Pledged Collateral by Financial Institution (schedule 4), and Schedule of Expenditures of Federal Awards (schedule 7) are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Chancellor's Letter has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2021, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.



Albuquerque, New Mexico  
October 29, 2021

## Management's Discussion and Analysis For the Years Ended June 30, 2021 and 2020 (Unaudited)

### Overview of Financial Statements and Financial Analysis

Management's Discussion and Analysis is designed to provide an easily readable analysis of New Mexico State University's (the University) financial activities for the fiscal years ended June 30, 2021 and 2020. This overview is based on facts, decisions and conditions known as of the date of the independent auditors' report. There are three financial statements presented: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. Please read this analysis in conjunction with the University's financial statements and accompanying notes to the financial statements. Separately issued component unit financial statements are available as detailed in Note 11.

### Using This Annual Report

The Statement of Net Position provides information about the University's financial condition at fiscal year end. It presents both a current year synopsis and a longer-term view of the University's assets, liabilities and net position. Readers of the Statement of Net Position have the information to determine the assets available to continue the operations of the University. They can also determine how much the University owes to vendors, investors and lending institutions. Finally, the Statement of Net Position outlines the net position (assets minus liabilities) available to the University and defines that availability.

The Statement of Revenues, Expenses, and Changes in Net Position should be used to review the results of the current year's operations. Changes in total net position, as presented in the Statement of Net Position, are based on the activities presented in this statement. The purpose of the statement is to present the revenues earned by the University and the expenses incurred by the University and any other revenues, expenses, gains and losses earned or incurred by the University. Non-operating revenues include state appropriations revenue, federal Pell grant revenue, state lottery scholarship revenue, local tax levy revenue, gift revenue, and interest earned on operating balances. The line item entitled "Income before other revenues" may give a more complete picture of the results of the University's operations during the year, including income resulting from non-exchange transactions. A non-exchange transaction is one in which the University receives value or benefit from a third party without directly providing equal value in exchange, such as in receipt of a donation.

The Statement of Cash Flows presents detailed information about the cash activity of the University during the fiscal year. The statement is divided into five sections. The first section deals with operating cash flows and shows the net cash used by operating activities. The second section includes cash flows from non-capital financing activities. It includes the cash received and spent for non-operating, non-investing and non-capital financing purposes. The third section includes cash flows from capital and related financing activities. This section includes the cash used for the acquisition and construction of capital and related items. The fourth section includes the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The fifth and final section reconciles the net cash used for operations to the operating loss reflected on the Statement of Revenues, Expenses, and Changes in Net Position.

The final two statements presented are the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position. These statements present balances and activities held by the University for the benefit of student and departmental groups, as well as deposits from local taxing authorities.

Footnote information provides additional detail on the University's overall accounting practices and individual statement line items, including a natural classification report of operating expenses.

Additional information may be obtained by contacting the Office of the Senior Vice President for Administration and Finance at 575-646-2431 or [boffice@nmsu.edu](mailto:boffice@nmsu.edu).



For the years ended June 30, 2021, 2020 and 2019, the University's financial position was as follows:  
(In thousands)

<i>Condensed Net Position</i>	June 30, 2021	As restated June 30, 2020	June 30, 2019
<b>ASSETS</b>			
Current assets	191,192	167,050	114,812
Capital assets, net	484,626	499,866	506,752
Non-current assets	<u>191,438</u>	<u>181,720</u>	<u>211,129</u>
<b>TOTAL ASSETS</b>	<u>867,256</u>	<u>848,636</u>	<u>832,693</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>600,614</u>	<u>123,558</u>	<u>197,892</u>
<b>LIABILITIES</b>			
Current liabilities	73,271	63,406	60,319
Net pension liability	1,257,205	487,324	792,236
Other post-employment benefit liability	165,976	160,555	139,913
Other non-current liabilities	<u>130,905</u>	<u>140,048</u>	<u>160,437</u>
<b>TOTAL LIABILITIES</b>	<u>1,627,357</u>	<u>851,333</u>	<u>1,152,905</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>50,934</u>	<u>76,426</u>	<u>36,206</u>
<b>NET POSITION</b>			
Net investment in capital assets	371,207	377,483	383,627
Restricted	87,136	85,389	73,209
Unrestricted	<u>(668,764)</u>	<u>(418,417)</u>	<u>(615,362)</u>
<b>TOTAL NET POSITION</b>	<u>\$ (210,421)</u>	<u>\$ 44,455</u>	<u>\$ (158,526)</u>
<i>Condensed Revenues, Expenses and Changes in Net Position</i>			
Operating revenues:			
Student tuition and fees (net)	\$ 71,592	\$ 68,451	\$ 65,361
Federal appropriations, grants and contracts	91,596	88,589	86,468
Other operating revenues	<u>59,552</u>	<u>60,373</u>	<u>58,010</u>
<b>TOTAL OPERATING REVENUES</b>	<u>222,740</u>	<u>217,413</u>	<u>209,839</u>
<b>EXPENSES</b>			
Operating expenses:			
Instruction	250,869	78,534	176,922
Research	138,463	56,164	98,695
Other operating expenses	<u>429,855</u>	<u>227,312</u>	<u>330,550</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>819,187</u>	<u>362,010</u>	<u>606,167</u>
Net operating loss	(596,447)	(144,597)	(396,328)
Non-operating revenues and expenses:	<u>324,218</u>	<u>312,395</u>	<u>294,054</u>
Income (loss) before other revenues	(272,229)	167,798	(102,274)
Other revenues	17,353	35,183	35,714
Increase (decrease) in net position	<u>(254,876)</u>	<u>202,981</u>	<u>(66,560)</u>
<b>NET POSITION</b>			
Beginning of year	44,455	(158,526)	(91,966)
End of year	<u>\$ (210,421)</u>	<u>\$ 44,455</u>	<u>\$ (158,526)</u>

\*2019 statements do not present changes from GASB 87 balances implemented.

### General Overview for 2021 and 2020

In fiscal year 2021, total assets of the institution increased by \$19 million primarily related to increases in cash and short-term investments. This was offset by decreases in net capital assets. Cash and cash equivalents increased by \$11 million and investments increased by \$31 million due to decreased outflows to suppliers, increased non-operating revenue from HEERF, and decreased outflows for capital assets. The lower investment in capital assets contributed to the decreased in net capital assets of \$15 million. Deferred outflows increased by \$477 million and total liabilities increased by \$776 million due to the results of the most recent valuation of the pension liability.

The more significant changes in the Statement of Net Position include:

- Increase in the pension liability of \$770 million, and the related increase in deferred outflows of \$477 million and decrease of deferred inflows of \$24 million. These items are attributable to the adjustments made to the pension liability due to the latest actuarial valuation performed.
- Increases in investments of \$31 million and increases in cash and cash equivalents of \$11 million due to the low interest rates and shift from long term investments to short term investments, decreased supply and travel spending, and funds received for capital projects that have not yet been completed.
- Decrease in net capital assets of \$15 million due to new purchase and construction activities being lower than the annual depreciation recognized. Investments in capital assets were slightly delayed due to changes experienced with the pandemic.

Primary components that contributed to the \$255 million net decrease in net position from the prior year include:

- Non-cash expense of \$266 million related to adjustments to pension balances.
- A decrease in state appropriations of \$7 million.
- HEERF funds of \$19 million received during the year.

The Statement of Cash Flows shows a net increase in cash. The majority of the increase was from lower outflows for operating activities, particularly payments for travel and payments to suppliers. Additionally, there was an increase in cash received for tuition and grants and contracts received. The largest source of cash from non-capital financing activities was from state appropriations. Less cash was used for capital activities while more cash was used for investing activities during the year.

### General Overview for 2020 and 2019

Excluding the impact of GASB 87 on 2020, total assets of the institution decreased by \$3 million primarily related to decreases in net capital assets and student loan receivable. Cash and cash equivalents increased by \$77 million while investments decreased \$72 million. Deferred outflows decreased by \$74 million, due to the amortization of prior changes in assumptions related to the pension liability. Total liabilities decreased by \$302 million and deferred inflows increased by \$22 million. Implementation of GASB 87 increased fiscal year 2020 total assets by \$18.7 million, total liabilities by \$.9 million, deferred inflows of resources by \$18 million and decreased net assets by \$.2 million.

The more significant changes in the Statement of Net Position include:

- Decreases in the pension liability of \$305 million, and the related changes in deferred outflows and deferred inflows. These items are related to the adjustments made to the pension liability due to changes in legislation that increased contributions to the fund.
- Decreases in investments of \$72 million offset by an increase in cash and cash equivalents of \$77 million due to the drop in interest rates and shift from long term investments to short term investments for a better return on investment. Many of the University investments were called and could not be replaced at the same interest rate.
- Increase in the other post-employment benefit liability of \$21 million, and the related change in deferred outflows and deferred inflows. These items are related to the adjustments made to the OPEB as required by GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB).
- Decrease in other long-term liabilities of \$21 million related to refunding of revenue bonds.

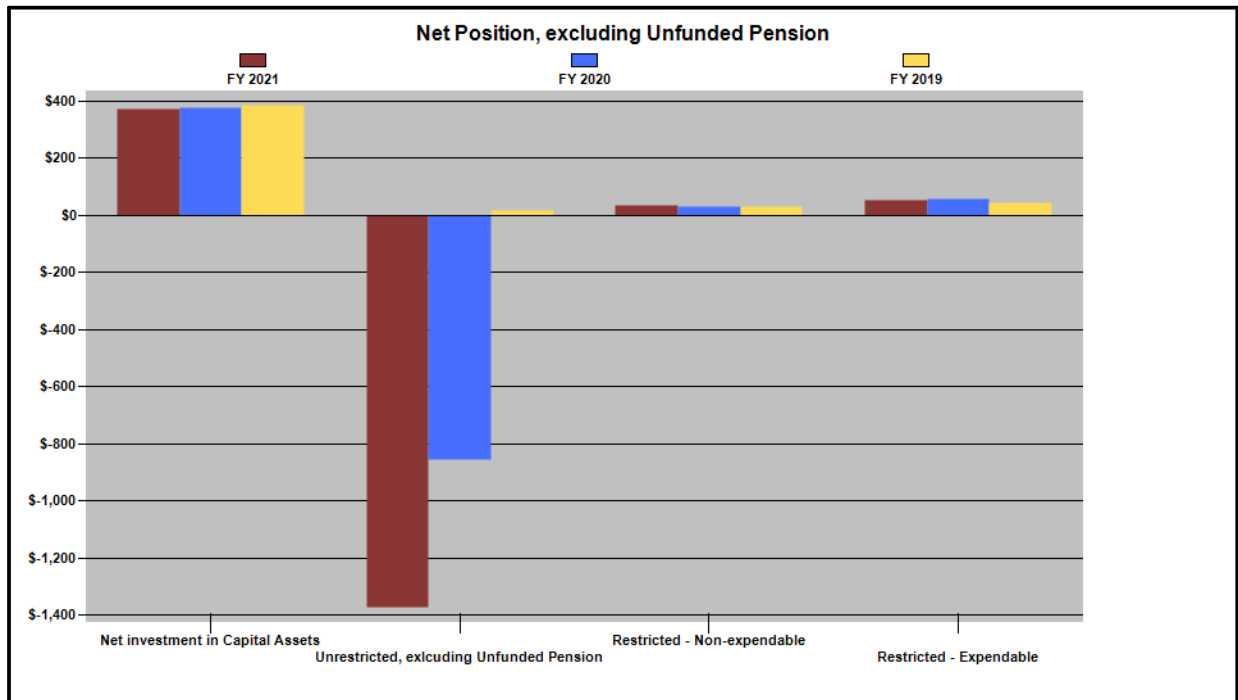
The operations discussed below contributed to the decrease in net position. Additional information related to these changes is discussed in more detail later in this section.

Primary components that added to the \$203 million net decrease in net position from the prior year include:

- A decrease in operating expense of \$244 million after the allocation of pension expense.
- An increase in state appropriations of \$12 million.
- An increase in federal appropriations, grants and contracts of \$2 million.
- An increase in other non-operating revenue of \$6 million.
- The increase were offset in part by the following:
  - An decrease in investment income of \$3.5 million.

The Statement of Cash Flows shows a net increase in cash. The largest source of cash from operating activities was from grant and contract revenues, followed by tuition and fees, while the largest source of cash from non-capital financing activities was from state appropriations. The most significant uses of cash were for payments to employees and for employee benefits and payments to suppliers.

The following graph illustrates the comparison of net position (in millions) by category for fiscal years 2021, 2020 and 2019. The effect of the implementation of GASB 68 related to the net unfunded pension liability has been excluded from the graph to provide a clearer picture of the unrestricted net position.



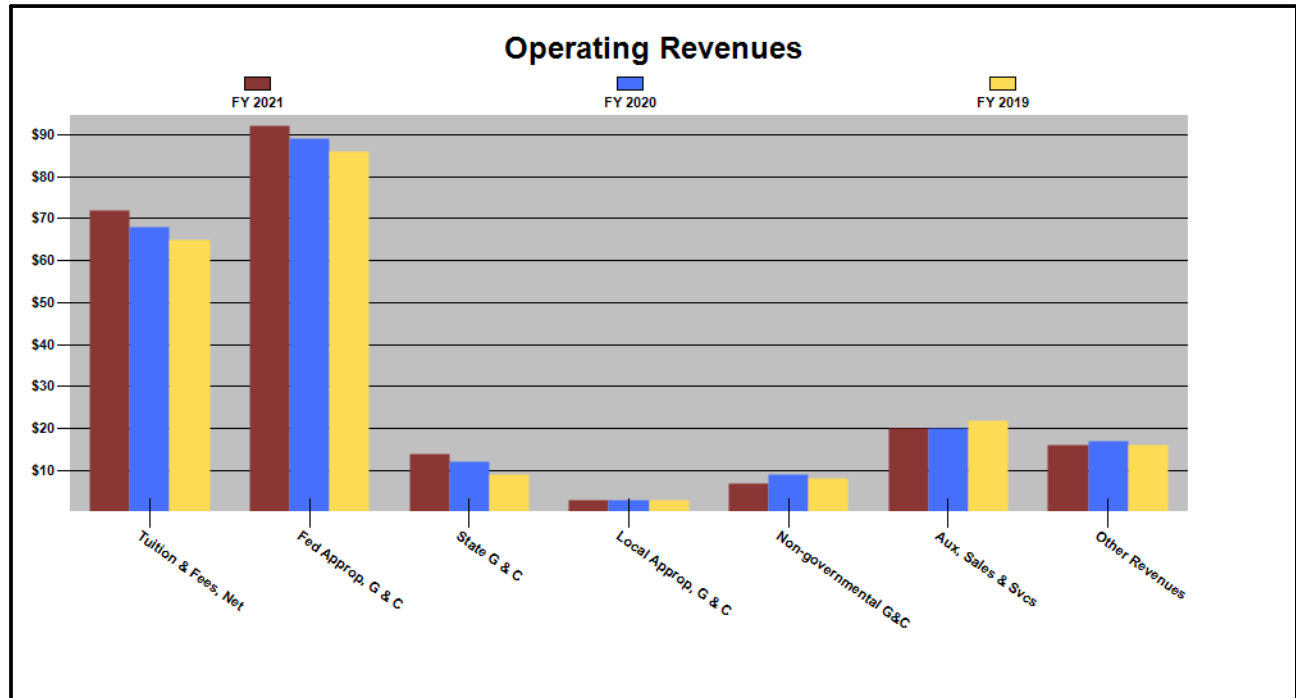
### Operating Revenues for 2021 and 2020

Net operating revenues increased by \$5 million in fiscal year 2021 compared to 2020. Tuition and fees contributed a \$3 million increase and federal and state grants and contracts contributed \$3 million and \$2 million increases, respectively. Non-government grants and contracts decreased \$2 million and sales and services experienced a \$1 million decrease.

### Operating Revenues for 2020 and 2019

Net operating revenues increased by \$8 million in fiscal year 2020 compared to 2019. A main contributor to the increase was related to federal appropriations, grants and contracts one of the larger operating revenue sources, which increased by approximately \$2 million from prior year, followed by student tuition and fees net of scholarship allowances of \$3 million and state grants and contracts of \$2.5 million.

The following graph illustrates a comparison of operating revenues (in millions) by type for fiscal years 2021, 2020 and 2019.



### Operating Expenses for 2021 and 2020

Operating expenses increased by \$457 million in fiscal year 2021 from the prior year. This was due to the non-cash increase to operating expenses of \$266 million in 2021 and a non-cash decrease of \$169 million in 2020 for a total change of \$435 million from the pension liability adjustments. Other items impacting the change in operating expenses were as follows:

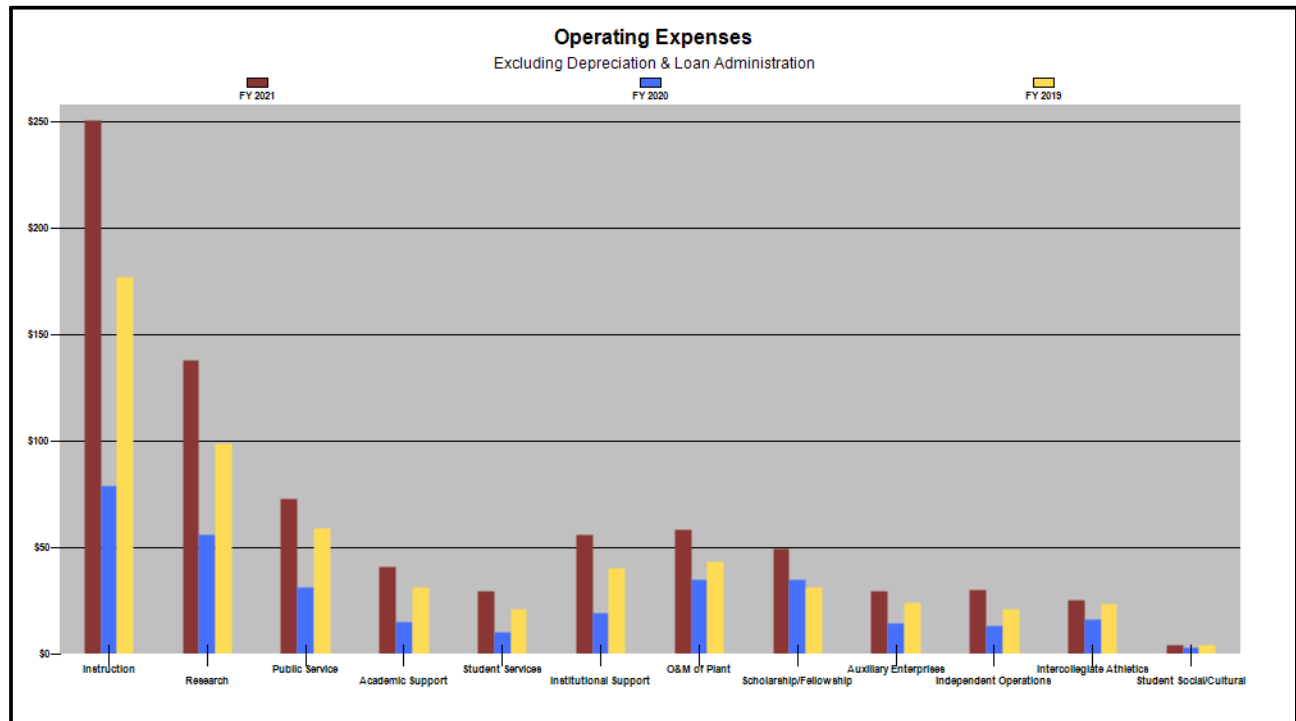
- An increase in scholarships and fellowships of \$11 million due to increased student payments from HEERF funds.
- An increase in professional fees of \$3 million.
- Decreases in travel of \$7 million and a decrease in supplies and services of \$8 million due to changes in employee activities from pandemic.

### Operating Expenses for 2020 and 2019

Operating expenses decreased by \$244 million in fiscal year 2020 from the prior year. The decrease in pension expense \$286 million over the prior year is a significant change in overall operating expenses. Although pension expense is allocated to the various expense functions based on salary expense, for purposes of this analysis, it has been removed in order to analyze the remaining expenses. After removing the pension expense allocation for both years, operating expenses increased by \$42 million. The largest dollar changes in operating expense, excluding pension expense, were as follows:

- An increase in instruction expense of \$10 million, primarily related to salary and fringe expense.
- An increase in scholarships and fellowships of \$6.2 million, partially due to CARES Act payments made to students.
- An increase in research expense of \$4.7 million.
- An increase in operation and maintenance of \$3.9 million.

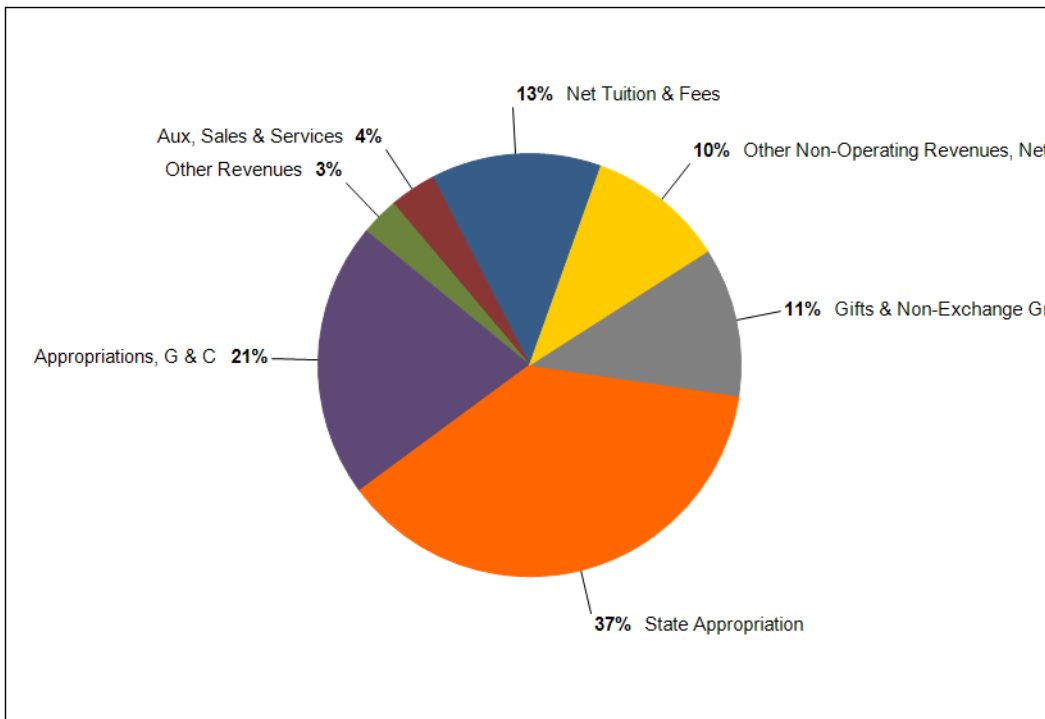
The following graph illustrates a comparison of operating expense (in millions) by function, excluding depreciation and loan administration but including the impact of pension and OPEB adjustments, for fiscal years 2021, 2020 and 2019.



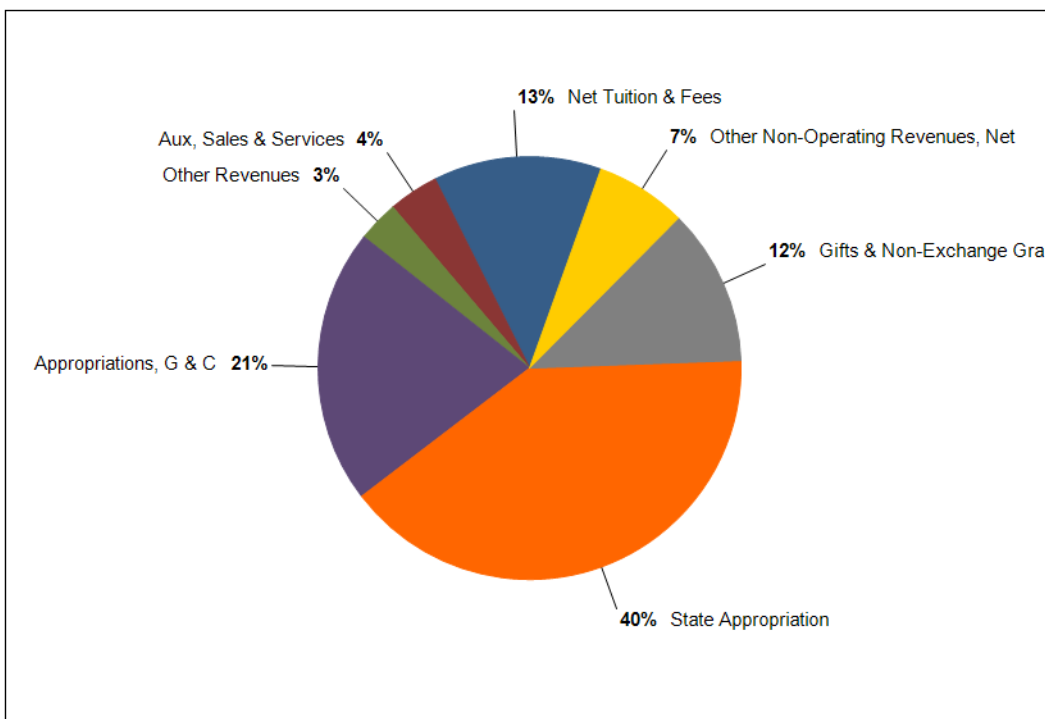
The Statement of Revenues, Expenses, and Changes in Net Position reflects a net loss before other revenues of \$272 million in fiscal year 2021 and a net income before other revenues of \$168 million in fiscal year 2020 and a net loss \$102 million in fiscal year 2019.

The following graphs reflect the University's sources of revenue available to meet current operating costs for fiscal years 2021, 2020 and 2019.

### 2021 Revenues

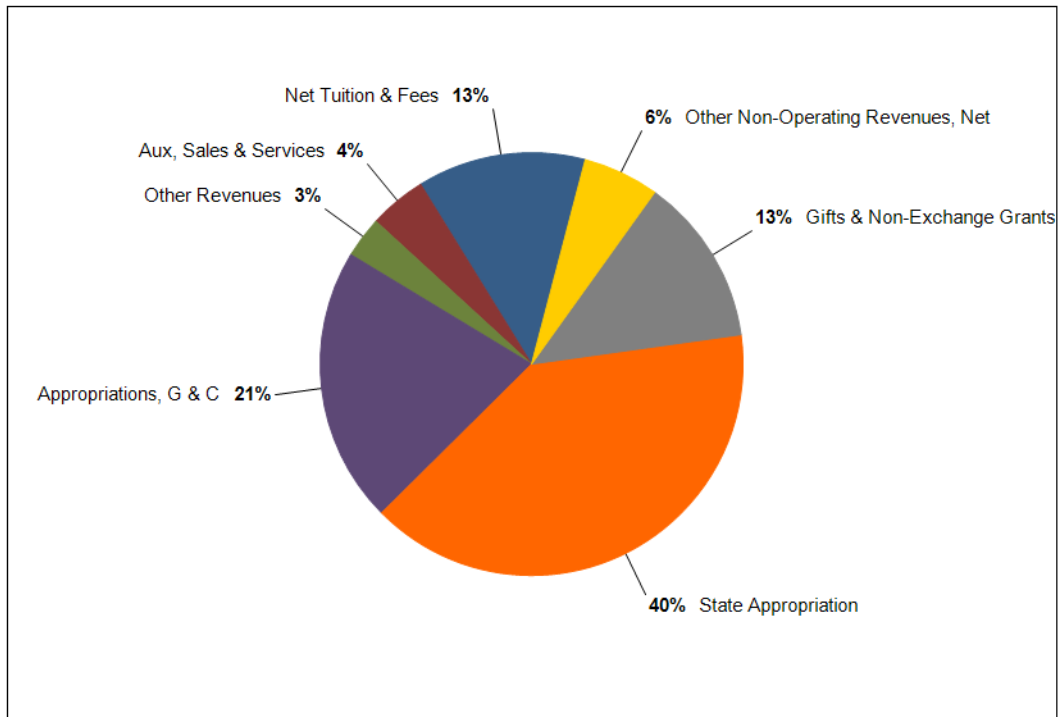


### 2020 Revenues





### 2019 Revenues



#### Capital Asset and Debt Administration

During fiscal year 2021, net capital assets decreased by \$15 million due to lower levels of construction and renovation activities. Projects that increased capital assets included current period expenditures for NMDA of \$1.5 million, the Agriculture modernization facility of \$1 million, the DACC Gadsden expansion of \$2 million, and DACC roof renovations of \$1 million. In addition to construction costs, there were increases in capital assets related to capital equipment purchases of \$4.8 million and capital library purchases of \$2.8 million, which were offset by total depreciation and amortization expense of \$34.2 million. Debt from bonds decreased by \$9 million in fiscal year 2021.

During fiscal year 2020, net capital assets decreased (1.5%), due to lower levels of construction and renovation activities. Projects that increased capital assets included current period expenditures for the new art building, Devasthali Hall of \$4 million, the DACC Gadsden Expansion of \$4 million, and the new housing facility, Juniper Hall of \$3 million. In addition to construction costs, there were increases in capital assets related to capital equipment purchases of \$5.8 million and capital library purchases of \$3.6 million, which were offset by total depreciation expense of \$34.7 million. Debt from bonds decreased by \$22.5 million and contracts decreased by \$294,557 in 2020.

#### Budget Comparison

In comparing the total original budgeted revenue to the revised budgeted revenue for fiscal year 2021, there was a net increase of approximately \$57.4 million, and an increase of approximately \$65.7 million in revised budgeted expenditures. Revenue budgets changed significantly due to the impact of the COVID-19 pandemic. The significant increases to the revenue budget were: federal government sources of \$55 million, state grants and contracts of \$4.9 million, local government appropriations of \$4.8 million, and other sources of \$21.6 million. The increases were offset by significant revenue budget decreases in: state government appropriations of \$19.9 million, sales and services of \$5 million, and tuition and fees of \$3.4 million.

The increase in federal government revenue sources is due in part to federal HEERF funding awards totaling \$28.8 million, which includes \$11 million for student emergency financial aid grants and \$17.7 million for institutional costs associated with significant changes due to the coronavirus. The budgeted increase in local appropriations is a result of an increase in local tax levies, primarily in Carlsbad. The increase in projected revenues for other sources was a result of projected increases in indirect cost recovery and also to provide budget expenditure authority in several areas including research, public service, auxiliary enterprises, athletics, and independent operations. Decreases in state government appropriations were a result of a legislated reduction in funding in response to an anticipated economic downturn due to the pandemic. Declines in revenue projections for tuition and fees as well as sales and services were due to projected decreases as a result of the pandemic.

Expenditure budgets increased more than usual for instruction (\$26.6 million) as well as student aid grants and stipends (\$21.8 million) to allow for expenditure authority contingencies in anticipation of the federal HEERF funding. In addition, the research budget was increased by \$8.2 million to allow for expenditure authority and capital outlay expenditures increased \$2.6 million based on scheduled projects. Actual revenues earned in fiscal year 2021 were lower than the revised budget by \$85.9 million and actual expenditures were lower than the revised budget by \$125.6 million.

The main contributors to the revenue budget variance were: federal grants and contracts revenue of \$49 million, other sources for \$21 million, and capital outlay revenue of \$17 million, offset by sales and services.

The main contributors to the expense budget variance were in instruction \$37.9 million, research \$13.6 million, public service \$9.9 million, student aid \$16.3 million, and capital outlay \$20.6 million, (62% of the variance). Because the University budgets capital projects in their entirety, multi-year projects may result in mismatches of budget to actual revenues and expenses in any one year. In addition, the University budgeted the HEERF available funding in its entirety within instruction and student aid in order to provide spending authority.

Total expenditures were less than revenues, resulting in an increase in the overall fund balance of \$17.7 million. The current funds contributed \$7.6 million, renewal and replacement contributed \$5.9 million, and capital outlay contributed \$4.2 million.

### Factors Impacting Future Periods

Subsequent to the economic decline the state endured in 2021, due to the COVID-19 pandemic, the state provided an overall increase in appropriates for the fiscal year 2022. Among the highlights: a 2.7% increase (about \$5.4 million) in recurring funding for the NMSU System in the general appropriations act, a 1.5% average compensation increase for NMSU employees, more than \$33 million in new financial aid for students, and a restoration of federal funding that was swapped out during the previous session.

The NMSU system experienced a 3 percent decline in enrollment for fall 2021. The University main campus enrollment dropped 2.3% while changes in enrollment at branch community college campuses varied significantly. A bright spot was enrollment growth of about ten percent in NMSU-O, our online campus. Though tuition and fee revenue will decrease from this result, the state revenue picture now and in the future is promising.

The outlook for state appropriations is promising. In August 2021, the New Mexico Legislative Finance Committee General Fund Recurring Revenue Outlook indicated a stronger than expected revenue projections for the state of New Mexico. The state is projecting recurring revenues fiscal year 2022 at approximately \$8.109 billion, up \$632.8 million from the February 2021 estimate, and FY23 recurring revenues are estimated at \$8.842 billion. This would result in an increase in recurring revenues estimated at \$1.392 billion for FY23, or 18.7% growth from the FY22 recurring budget.

The NMSU system has received \$96.5 million in HEERF federal stimulus funding to help support our students and help cover expenses related to the COVID-19 pandemic. A minimum of \$39.1 million is

being used for emergency financial aid grants to students with at least \$24.6 remaining to be spent for fiscal year 2022. The additional institutional and MSI HEERF funds to be spent approximate \$36.1 million. These funds will be spent to defray expenses due to the coronavirus including significant changes in the delivery of instruction, carrying out student support activities, meeting IT capacity needs, covering any lost revenue, and following COVID safe protocols.

The Carlsbad campus will become a stand-alone community college in fiscal year 2022 based on 2021 legislative approval.

**New Mexico State University**  
**Statements of Net Position - Proprietary Funds**  
**As of June 30, 2021**

	University	Discrete Component Unit
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 86,256,680	\$ 28,290,420
Restricted cash and cash equivalents	8,979,547	-
Cash and cash equivalents held in trust by component unit for NMSU	2,717,427	2,717,427
Short-term investments	40,117,743	414,516
Accounts receivable, net	47,433,610	5,817,793
Due from component unit	1,534,251	-
Inventories	2,640,265	-
Prepaid expenses and other assets	458,059	3,049,094
Long-term receivable - current portion	1,054,659	-
Total current assets	191,192,241	40,289,250
Non-current assets		
Unrestricted cash and cash equivalents	59,353,535	2,585,836
Restricted cash and cash equivalents	33,962,158	-
Investments held by others	-	162,644
Investments held in trust by component unit for NMSU	51,851,418	51,851,418
Other long-term investments	24,526,077	260,427,368
Long-term receivable	21,741,551	-
Capital assets, net	484,626,352	31,911
Total non-current assets	676,061,091	315,059,177
Total assets	867,253,332	355,348,427
DEFERRED OUTFLOWS OF RESOURCES	600,613,732	-
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	13,271,214	439,062
Due to NMSU	-	1,534,251
Other accrued liabilities	17,158,652	-
Accrued interest payable	1,223,652	-
Held in trust for NMSU	-	2,717,427
Unearned revenue	23,391,222	366,402
Long-term liabilities - current portion	18,225,958	210,215
Total current liabilities	73,270,698	5,267,357
Non-current liabilities		
Accrued benefit reserves	659,630	-
Held in trust for NMSU	-	51,851,418
Other long-term liabilities	130,245,609	2,071,021
Net pension liability	1,257,204,608	-
Other post-employment benefit liability	165,975,793	-
Total non-current liabilities	1,554,085,640	53,922,439
Total liabilities	1,627,356,338	59,189,796
DEFERRED INFLOWS OF RESOURCES	50,933,563	-
<b>NET POSITION</b>		
Net investment in capital assets	371,206,501	31,911
Restricted for:		
Donor	-	280,791,049
Non-expendable:		
Endowments	35,997,474	-
Expendable:		
Endowments	1,171,317	-
General activities	6,535,854	-
Federal student loans	8,661,704	-
Capital projects	31,043,550	-
Related entity activities	3,725,143	-
Unrestricted	(668,764,380)	15,335,671
Total net position	\$ (210,422,837)	\$ 296,158,631

**New Mexico State University**  
**Statements of Net Position - Proprietary Funds**  
**As of June 30, 2020, as restated**

	University	Discrete Component Unit
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 77,759,008	\$ 27,680,094
Restricted cash and cash equivalents	8,714,140	-
Cash and cash equivalents held in trust by component unit for NMSU	5,847,476	5,847,476
Cash and cash equivalents held in trust by others	-	-
Short-term investments	15,764,162	300,964
Accounts receivable, net	51,188,601	11,291,316
Due from component unit	1,554,371	-
Inventories	3,273,358	-
Prepaid expenses	1,721,668	585,143
Long-term receivable - current portion	1,227,273	-
Total current assets	167,050,057	45,704,993
Non-current assets		
Unrestricted cash and cash equivalents	51,811,151	4,566,822
Restricted cash and cash equivalents	35,767,380	-
Investments held by others	-	3,115,445
Investments held in trust by component unit for NMSU	39,853,338	39,853,338
Other long-term investments	29,989,525	133,190,747
Long-term receivable	23,196,344	-
Capital assets, net	499,866,326	49,585
Total non-current assets	680,484,064	180,775,937
Total assets	847,534,121	226,480,930
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
	123,557,926	-
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	12,274,431	1,770,446
Due to NMSU	-	1,554,371
Other accrued liabilities	17,008,281	-
Accrued interest payable	1,313,101	-
Held in trust for NMSU	-	5,847,476
Unearned revenue	14,664,114	464,575
Long-term liabilities - current portion	17,846,415	242,242
Total current liabilities	63,106,342	9,879,110
Non-current liabilities		
Accrued benefit reserves	659,630	-
Held in trust for NMSU	-	39,853,338
Other long-term liabilities	139,689,206	2,407,444
Net pension liability	487,324,359	-
Other post-employment benefit liability	160,555,023	-
Total non-current liabilities	788,228,218	42,260,782
Total liabilities	851,334,560	52,139,892
<b>DEFERRED INFLOWS OF RESOURCES</b>		
	75,302,108	-
<b>NET POSITION</b>		
Net investment in capital assets	377,482,678	49,585
Restricted for:		
Donor	-	162,499,035
Non-expendable:		
Endowments	28,902,450	-
Expendable:		
Endowments	1,979,513	-
General activities	6,548,114	-
Federal student loans	10,131,040	-
Capital projects	34,588,036	-
Related entity activities	3,238,926	-
Unrestricted	(418,415,378)	11,792,418
Total net position	\$ 44,455,379	\$ 174,341,038

**New Mexico State University**  
**Statements of Revenues, Expenses and Changes in Net Position - Proprietary Funds**  
**For the Year Ended June 30, 2021**

	University	Discrete Component Unit
<b>REVENUES</b>		
Operating revenues:		
Student tuition and fees (gross)	\$ 118,261,471	\$ -
Less: scholarship allowances	(46,669,518)	-
Student tuition and fees (net)	71,591,953	-
Federal appropriations, grants and contracts	91,596,098	-
State grants and contracts	14,189,325	-
Local appropriations, grants and contracts	2,745,202	-
Non-governmental grants, contracts and gifts	6,712,096	16,906,918
Sales and services	5,169,867	-
Auxiliary enterprises (net of scholarship allowances)	14,389,685	-
Other operating revenues	16,345,711	-
Total operating revenues	222,739,937	16,906,918
<b>EXPENSES</b>		
Operating expenses:		
Instruction	250,869,068	-
Research	138,463,482	-
Public service	72,528,063	-
Academic support	41,339,322	-
Student services	29,427,148	-
Institutional support	55,658,721	-
Operation and maintenance of plant	58,377,469	-
Scholarships and fellowships	49,150,395	-
Auxiliary enterprises	28,635,656	-
Independent operations	30,153,164	-
Intercollegiate athletics	25,450,453	-
Student social and cultural	3,861,756	-
Loan administration (net)	1,071,777	-
Depreciation	34,201,108	17,673
Other operating expenses	-	15,349,366
Total operating expenses	819,187,582	15,367,039
Net operating income (loss)	(596,447,645)	1,539,879
Non-operating revenues (expenses):		
State appropriations	205,099,182	-
Federal Pell grants	38,749,599	-
State lottery scholarship	14,992,738	-
Local tax levy revenue	22,209,029	-
Gifts and non-exchange grants	8,234,619	-
Investment income	12,080,739	121,240,517
Land lease and permanent fund revenue	3,765,317	-
Building fees	4,222,488	-
Loss on disposal of plant	(70,934)	-
Additions to quasi endowments	53,045	-
Interest and other expenses on capital asset-related debt	(3,898,429)	-
Other non-operating revenues (expenses)	18,780,564	(962,803)
Net non-operating revenues	324,217,957	120,277,714
Income before other revenues	(272,229,688)	121,817,593
Capital appropriations	14,815,082	-
Capital grants, gifts, and other income	1,848,041	-
Additions to permanent endowments	688,349	-
Increase (decrease) in net position	(254,878,216)	121,817,593
<b>NET POSITION</b>		
Beginning of year	44,455,379	174,341,038
End of year	\$ (210,422,837)	\$ 296,158,631

**New Mexico State University**  
**Statements of Revenues, Expenses and Changes in Net Position - Proprietary Funds**  
**For the Year Ended June 30, 2020, as restated**

	University	Discrete Component Unit
<b>REVENUES</b>		
Operating revenues:		
Student tuition and fees (gross)	\$ 115,994,019	\$ -
Less: scholarship allowances	(47,542,989)	-
Student tuition and fees (net)	68,451,030	-
Federal appropriations, grants and contracts	88,589,399	-
State grants and contracts	11,947,929	-
Local appropriations, grants and contracts	2,819,166	-
Non-governmental grants, contracts and gifts	8,556,640	14,647,989
Sales and services	6,639,775	-
Auxiliary enterprises (net of scholarship allowances)	13,646,408	-
Other operating revenues	16,763,269	-
Total operating revenues	217,413,616	14,647,989
<b>EXPENSES</b>		
Operating expenses:		
Instruction	78,534,441	-
Research	56,164,075	-
Public service	31,113,580	-
Academic support	14,852,601	-
Student services	10,411,755	-
Institutional support	18,659,483	-
Operation and maintenance of plant	34,720,990	-
Scholarships and fellowships	34,668,003	-
Auxiliary enterprises	13,790,426	-
Independent operations	13,185,507	-
Intercollegiate athletics	16,237,171	-
Student social and cultural	2,579,152	-
Loan administration (net)	2,009,009	-
Depreciation	35,087,794	26,962
Other operating expenses	-	15,061,319
Total operating expenses	362,013,987	15,088,281
Net operating loss	(144,600,371)	(440,292)
Non-operating revenues (expenses):		
State appropriations	212,257,252	-
Federal Pell grants	41,979,051	-
State lottery scholarship	14,150,345	-
Local tax levy revenue	20,825,560	-
Gifts and non-exchange grants	7,209,179	-
Investment income (loss)	4,767,715	4,332,861
Land lease and permanent fund revenue	4,370,598	-
Building fees	4,401,547	-
Loss on disposal of plant	(106,532)	-
Gain on sale of land	148,880	-
Additions to quasi endowments	82,323	-
Interest and other expenses on capital asset-related debt	(4,685,137)	-
Other non-operating expenses	6,997,942	1,089,191
Net non-operating revenues (expenses)	312,398,723	5,422,052
Loss before other revenues	167,798,352	4,981,760
Capital appropriations	30,976,801	-
Capital grants, gifts, and other income	2,203,248	-
Additions to permanent endowments	2,002,530	-
Increase (decrease) in net position	202,980,931	4,981,760
<b>NET POSITION</b>		
Beginning of year	(158,525,552)	169,359,278
End of year	\$ 44,455,379	\$ 174,341,038

**New Mexico State University**  
**Statement of Cash Flows - Proprietary Funds**  
**For the Year Ended June 30, 2021**

	University
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Tuition and fees and other student payments received	\$ 74,451,336
Grants and contracts received	121,913,556
Payments to suppliers	(94,610,961)
Payments for travel	(3,423,194)
Payments to employees and for employee benefits	(353,734,102)
Disbursement of net aid to students	(53,888,775)
Receipts from sales, services, and auxiliary enterprises	22,511,433
Other operating revenues	16,365,831
Net cash used by operating activities	<u>(270,414,876)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
State appropriations	205,099,182
Gifts and grants for other than capital purposes	61,976,956
Tax levy revenue	22,209,029
Private gifts for endowment	(4,829,832)
Other non-operating revenues	18,780,570
Net cash provided by non-capital financing activities	<u>303,235,905</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Proceeds from capital debt and leases	323,147
Capital gifts, grants and contracts	16,716,168
Purchases/construction/renovation of capital assets	(19,032,068)
Principal paid on capital debt and leases	(10,168,715)
Interest and fees paid on capital debt and leases	(3,987,883)
Building fees received from students	4,222,488
Net cash used by capital and related financing activities	<u>(11,926,863)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from sales and maturities of investments	65,764,181
Proceeds held in trust by NMSU Foundation	(3,130,049)
Interest on investments	12,836,189
Purchase of investments	(84,994,295)
Net cash provided by investing activities	<u>(9,523,974)</u>
Net increase in cash and cash equivalents	11,370,192
Cash and cash equivalents - beginning of year	179,899,155
Cash and cash equivalents - end of year	<u>\$ 191,269,347</u>
<b>Reconciliation of operating loss to net cash used by operating activities:</b>	
Operating loss	\$ (596,447,645)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	34,201,108
Change in assets and liabilities:	
Decrease in accounts receivable	3,775,111
Decrease in prepaid expenses	1,263,609
Decrease in inventory	633,093
Decrease in loans receivable	1,647,517
Increase in accounts payable and other accrued liabilities	1,485,667
Increase in unearned revenue	8,727,108
Increase in net pension/OPEB liability and related deferred inflows/outflows of resources	274,299,556
Net cash used by operating activities	<u>\$ (270,414,876)</u>



**New Mexico State University**  
**Statement of Cash Flows - Proprietary Funds**  
**For the Year Ended June 30, 2020, as restated**

	University
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Tuition and fees and other student payments received	\$ 68,138,095
Grants and contracts received	108,452,840
Payments to suppliers	(123,960,734)
Payments for travel	(10,222,758)
Payments to employees and for employee benefits	(335,616,438)
Disbursement of net aid to students	(42,741,453)
Receipts from sales, services, and auxiliary enterprises	27,287,498
Other operating revenues	17,359,595
Net cash used by operating activities	<u>(291,303,355)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
State appropriations	212,257,252
Gifts and grants for other than capital purposes	63,338,575
Tax levy revenue	20,825,560
Private gifts for endowment	6,530,014
Other non-operating expense	6,874,657
Net cash provided by non-capital financing activities	<u>309,826,058</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Proceeds from capital debt and leases	28,095,614
Proceeds from sale of capital assets	150,000
Capital gifts, grants and contracts	33,262,372
Purchases/construction/renovation of capital assets	(26,177,915)
Principal paid on capital debt and leases	(50,900,326)
Interest and fees paid on capital debt and leases	(6,259,343)
Building fees received from students	4,401,547
Net cash used by capital and related financing activities	<u>(17,428,051)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from sales and maturities of investments	131,569,798
Proceeds held in trust by NMSU Foundation	534,185
Interest on investments	6,451,557
Purchase of investments	(62,256,148)
Net cash provided by investing activities	<u>76,299,392</u>
Net increase in cash and cash equivalents	77,394,044
Cash and cash equivalents - beginning of year	102,505,111
Cash and cash equivalents - end of year	<u>\$ 179,899,155</u>
<b>Reconciliation of operating loss to net cash used by operating activities:</b>	
Operating loss	\$ (144,600,371)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	35,087,794
Change in assets and liabilities:	
Increase in accounts receivable	(551,925)
Decrease in prepaid expenses	708,485
Increase in inventory	(738,234)
Decrease in loans receivable	1,504,045
Increase in accounts payable and other accrued liabilities	1,177,002
Increase in unearned revenue	4,376,337
Decrease in net pension liability and related deferred inflows and outflows of resources	(188,266,488)
Net cash used by operating activities	<u>\$ (291,303,355)</u>

**New Mexico State University**  
**Statement of Fiduciary Net Position**  
**As of June 30, 2021 and 2020**

	Custodial Funds 2021	Custodial Funds 2020
	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 7,058,708	\$ 5,685,384
Accounts receivable	45,113	26,497
Total assets	<u>7,103,821</u>	<u>5,711,881</u>
<b>LIABILITIES</b>		
Accounts payable	8,071	45,045
Unearned revenue	-	3,038
Total liabilities	<u>8,071</u>	<u>48,083</u>
<b>NET POSITION</b>		
Restricted for:		
Individuals, organizations, and other governments	<u>7,095,750</u>	<u>5,663,798</u>
Total net position	<u>\$ 7,095,750</u>	<u>\$ 5,663,798</u>

**New Mexico State University**  
**Statement of Changes in Fiduciary Net Position**  
**For the Years Ended June 30, 2021 and 2020**

	Custodial Funds 2021	Custodial Funds 2020
	<u>2021</u>	<u>2020</u>
<b>ADDITIONS</b>		
Tax remittance from other governments	\$ 4,740,241	4,560,102
Miscellaneous	302,741	472,571
Total additions	<u>5,042,982</u>	<u>5,032,673</u>
<b>DEDUCTIONS</b>		
Debt payments for other governments	3,311,364	4,118,570
Other expense	299,666	419,574
Total deductions	<u>3,611,030</u>	<u>4,538,144</u>
Net increase in fiduciary net position	1,431,952	494,529
<b>NET POSITION</b>		
Beginning of year	5,663,798	5,169,269
End of year	<u>\$ 7,095,750</u>	<u>\$ 5,663,798</u>

## Note 1 – Organization

New Mexico State University (the University) was created under Section 21-8-1 New Mexico Statutes Annotated (NMSA), Article XII, Section 11, of the New Mexico State Constitution (Constitution). Under Article XII, Section 13 of the Constitution, the University is governed by the Board of Regents, a group of five members, one of whom is a student, appointed by the Governor of New Mexico. Members may serve more than one term. The Chancellor of the University acts as Chief Executive Officer.

The University was founded in 1888, and in 1889 was established as a land-grant college, in accordance with the provisions of the Morrill Act of 1862. As such, the University provides a liberal and practical education for students and sustains programs of research, extension education, and public service. The University offers a broad program of instruction at the undergraduate and advanced degree levels in Agricultural, Consumer and Environmental Sciences, Arts and Sciences, Business, Education, Engineering, and Health and Social Services. Other programs include Intercollegiate Athletics, the Agricultural Experiment Stations, the Physical Science Laboratory for contract research, the Cooperative Extension Service, the New Mexico Department of Agriculture, and community colleges at Alamogordo, Carlsbad, Doña Ana County, and Grants.

New Mexico State University Foundation, Inc. (Foundation), is the “Discrete Component Unit” referred to throughout this document. The Foundation is a not-for-profit corporation established to acquire and manage charitable gifts, including endowed funds, to be used solely for the benefit of the University.

## Note 2 – Summary of Significant Accounting Policies

**Reporting Entity.** The Governmental Accounting Standards Board’s (GASB) Statement No. 39, Determining Whether Certain Organizations are Component Units, GASB Statement No. 61, Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34 and GASB Statements No. 80, Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14, provide additional guidance to determine whether certain organizations, for which the primary government is not financially accountable, should be reported as component units, based on the nature and significance of their relationship with the primary government.

Under GASB 39 and GASB 61 criteria, the Foundation meets the criteria for discrete component unit presentation. The Foundation is a nonprofit corporation which provides financial benefit to the University by acquiring and managing charitable gifts, including endowed funds, to be used solely for the benefit of the University. Under GASB 39 and GASB 80 criteria, Arrowhead Center, Inc. meets the criteria for blended presentation. Arrowhead Center Inc. provides a financial benefit to the University and was established to foster economic development within the State through the development of research parks and University real property as well as to protect, license, and market intellectual property developed by faculty, staff and students of the University, as well as members of the community. The University and its blended component unit are shown as the University column in the financial statements. The component units have separately audited financial statements, which can be obtained at their administrative offices. Aggie Development Inc. is a blended component unit that did not require audited financial statements and therefore its activity is included in the NMSU audited financial statements, but its information is not included in Note 11 - Component Units. The mailing addresses for each of the component units are included in Note 11.

GASB Statement 84, *Fiduciary Activities*, was adopted in fiscal year 2020 and requires that funds held for the benefit of others be separately reported as fiduciary funds. The University holds funds for the benefit of student and departmental groups, as well as deposits from local taxing authorities. All holdings are considered custodial funds. Certain external deposits are excluded from the fiduciary fund statements as they were short-term in nature.

Implementation of GASB 84 impacted the previously reported University balances as well as the current year balances. A reconciliation of the original balances with the fiduciary adjustments are shown below:

Line Item	2020		
	Original Amount	Fiduciary Adjustment	Revised Amount
<b>Assets</b>			
Restricted cash and cash equivalents	\$ 14,399,524	\$ 5,685,384	\$ 8,714,140
Accounts receivable	\$ 51,215,098	\$ 26,497	\$ 51,188,601
<b>Liabilities</b>			
Accounts payable	\$ 12,319,476	\$ 45,045	\$ 12,274,431
Unearned revenue	\$ 14,667,152	\$ 3,038	\$ 14,664,114
<b>Fiduciary net position (Fiduciary Statement Only)</b>	\$ -	\$ 5,663,798	\$ 5,663,798

GASB Statement 87, *Leases*, was adopted in fiscal year 2021 and requires recognition of lease assets and liabilities for non-cancellable agreements greater than one year in duration. The University has entered into lease agreements as both the lessor and lessee, and as such has recognized the corresponding receivables, payables, intangible assets, and deferred outflows required under this statement. Implementation of GASB 87 impacted previously reported fiscal year 2020 balances. A reconciliation of the previous balances with the GASB 87 adjustments are shown below:

Line Item	2020		
	Original Amount	Lease Adjustment	Revised Amount
<b>Assets</b>			
Long-term receivable	\$ 7,480,556	\$ 16,943,061	\$ 24,423,617
Capital assets, net	\$ 499,188,132	\$ 678,194	\$ 499,866,326
<b>Liabilities</b>			
Long-term liabilities	\$ 156,684,138	\$ 851,483	\$ 157,535,621
Deferred inflows of resources	\$ 58,359,047	\$ 16,943,061	\$ 75,302,108
<b>Net Position</b>	\$ 44,628,668	\$ (173,289)	\$ 44,455,379
<b>Expenses</b>			
Instruction	\$ 78,630,132	\$ (95,691)	\$ 78,534,441
Operation and maintenance of plant	\$ 34,744,133	\$ (23,143)	\$ 34,720,990
Depreciation	\$ 34,791,220	\$ 296,574	\$ 35,087,794
Loss of disposal	\$ 110,983	\$ (4,451)	\$ 106,532
<b>Net increase to expense</b>		\$ 173,289	

**Basis of Accounting.** The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as prescribed by the GASB and the American Institute of Certified Public Accountants' (AICPA) guide.

For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's financial statements have been presented in a single column using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are

recorded when an obligation has been incurred. Eliminations are not performed between the University and the Foundation. The University is an enterprise fund of the State of New Mexico and, as such, is included in the State of New Mexico's Annual Comprehensive Financial Report. The University's financial statements are intended to present the financial position, the changes in financial position and, where applicable, cash flows of only that portion of the business-type activities of the State of New Mexico that is attributable to the transactions of the University.

**Current Assets.** Current assets consist of unrestricted assets which are available for current operations or which will be available within one year and restricted assets that will be used in current operations. All other assets are classified as non-current assets.

**Cash and Investments.** Cash and cash equivalents consist of cash on hand and current investments, which are defined as investments that are readily convertible to cash or which have an original maturity date of three months or less.

The University accounts for its investments at fair value in accordance with GASB Statement No.72 (Fair Value Measurement and Application). Changes in the unrealized gain (loss) on the carrying value of investments are reported as a component of investment income (loss) in the Statement of Revenues, Expenses, and Changes in Net Position.

The University and the Foundation record purchased marketable securities at cost and marketable securities received by gift at estimated fair value on the date of donation. Marketable securities are carried at fair value based on quoted market prices, except for certain alternative investments for which quoted market prices are not available. The estimated fair value of these alternative investments is based on the most recent valuations provided by the external investment managers. The University and the Foundation believe the carrying amount of these financial instruments is a reasonable estimate of the fair value. Because alternative investments are not readily marketable, their estimated value is subject to uncertainty and therefore may differ from the value that would have been used had a ready market for such investments existed. Third-party investment managers administer substantially all marketable securities. Gains and losses resulting from securities transactions are recorded in investment income.

The Foundation manages a Common Endowment Pool (Pool), consisting of assets invested to support programs of the University. A portion of these assets belongs to the University and is shown in the University's Statements of Net Position as Investments held in trust by Component Unit for NMSU. The Foundation owns the remainder, which consists of endowments and charitable gift annuities. These are included in other long-term investments in the Foundation's financial statements. The liabilities related to the charitable gift annuities are included in the Foundation's other long-term liabilities.

Disbursements of the net appreciation of investments in donor restricted endowments are permitted in accordance with the New Mexico Uniform Prudent Management of Institutional Funds Act (UPMIFA), except where a donor has specified otherwise. The Investment Committee of the Foundation establishes a target investment allocation designed to support distributions from the Pool and to protect the purchasing power of the endowment principal. The Foundation Investment Committee sets the annual distribution rate. Actual distributions may be adjusted as directed by some of the individual endowment agreements. The amount of funds available for distribution from the Pool to the individual endowments participating in the fund that benefit colleges, departments, units and programs during each fiscal year is determined using a weighted average of two numbers: 1) The target spending based on the current endowment value, and 2) last year's spending adjusted for inflation. A 20-percent weighting is given to the policy rate applied to the Pool's market value at the end of each fiscal quarter, and an 80-percent weighting is given to the last year's spending adjusted for inflation as measured by the most recent published Higher Education Price Index. This amount is then distributed at the end of each fiscal year. The distribution of the annual calculation is based on the unitized system ownership of each fund.

**Accounts Receivable.** Accounts receivable primary categories are: 1) Tuition and fees; 2) Amounts due for auxiliary enterprise services provided to students, faculty and staff; and, 3) Amounts due from federal, state, local governments, and others in connection with reimbursement of allowable expenditures made pursuant to the University's sponsored awards. Accounts receivable are recorded net of estimated uncollectible amounts.

**Inventories.** Inventories are generally stated at the lower of cost or market. Cost is determined by the average cost method, which approximates the first-in-first-out method. Inventories consist of items that are available for resale to individuals and/or other University departments, including research supplies and livestock items. Departmental inventories comprised of items such as classroom and laboratory supplies, teaching materials, and office supply items, which are consumed in the teaching and administrative process, are expensed when purchased.

**Long-term receivables.** Long-term receivables primary categories are: 1) Perkins student loans; 2) Finance building sale; and, 3) Receivable from leases.

	2021	2020
Perkins student loans	\$ 5,499,866	\$ 6,555,556
Finance building sale	925,000	925,000
Lease receivable	16,371,344	18,067,411
Long-term receivable	<u>\$ 22,796,210</u>	<u>\$ 25,547,967</u>

**Investments Held in Trust.** Trust assets held by the Foundation are measured at fair value as of the date of receipt. The corresponding trust liability, included in other long-term liabilities, is measured at the present value of expected future cash flows to be paid to the beneficiary. Upon death of the income beneficiary, substantially all of the principal balance passes to the Foundation to be used in accordance with the donor's wishes.

The Foundation holds several irrevocable charitable remainder trusts and a pooled income fund; these instruments are shown in the accompanying financial statements as investments held in trust for others. Charitable remainder trusts designate the Foundation as both trustee and remainder beneficiary. The Foundation is required to pay to the donor, or another donor-designated income beneficiary, either a fixed amount or the lesser of a fixed percentage of the fair market value of the trust's assets or the trust's income during the beneficiary's life.

The Pool was formed with contributions from several donors. The contributed assets are invested and managed by the Foundation. Each donor, or designated beneficiary, periodically receives, during his or her life, a share of the income earned on the fund proportionate to the value of the contribution to the fund. Upon death of the income beneficiary, substantially all of the principal balance passes to the Foundation to be used in accordance with the donor's wishes. Contribution revenue is measured at the fair value of the assets received, discounted for a term equal to the life expectancy of the beneficiary.

**Capital Assets.** Capital assets are recorded at cost as of the date of acquisition, or in the case of gifts, acquisition value as of the date of donation. The University's capitalization threshold for equipment and software is \$5,000. Infrastructure and land improvements that significantly increase the value, productivity, or extend the useful life of the structure are capitalized at \$50,000. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

The University's depreciation is computed using the straight-line method. Land and land improvements are not depreciated. Estimated useful lives for major asset classes are as follows:

<u>Category</u>	<u>Useful Life</u>
Software	5 or 10 years
Equipment	6 or 15 years
Infrastructure	10 to 20 years
Componentized buildings	12 to 50 years
Library books	15 years
Non-componentized buildings	25 or 40 years

As an institute of higher education in existence for over 100 years, New Mexico State University has acquired significant collections of art, rare books, historical treasures and other special collections. The purpose of these collections is for public exhibition, education or research in furtherance of public service rather than financial gain. They are protected and preserved, and subject to the Regents' policies regarding accessioning and de-accessioning. However, because of their invaluable and irreplaceable nature, these collections have not been capitalized and are therefore not presented in the accompanying Statement of Net Position.

The Foundation's capital assets are stated at cost, except for works of art that the Foundation intends to hold indefinitely, which are recorded at fair value on the date of donation. Additions and major improvements are capitalized and repairs and maintenance are charged to expense as incurred.

**Current Liabilities.** Current liabilities include accounts payable, other accrued liabilities and accrued interest payable. Other accrued liabilities include accrued current payroll and fringe benefits and current portion of unclaimed property. The benefits included consist of the employee and employer portions of taxes, insurance, retirement and other compensation related withholdings. Also included in current liabilities is the current portion of long-term debt and unearned revenue. Unearned revenue represents revenue collected but not earned as of June 30, 2021 and 2020. This amount is primarily composed of revenue for grants and contracts, prepaid student tuition and fees and special events. The University did not have any outstanding short-term debt for the years ended June 30, 2021 and 2020.

**Non-Current Liabilities.** Non-current liabilities, within other long-term liabilities, includes principal amounts of revenue bonds payable, lease liabilities, other post employment benefits, the non-current portion of accrued compensated absences and unclaimed property, and other liabilities. Also included is pension liability.

The Foundation's other long-term liabilities consist of the liabilities related to charitable gift annuities and charitable remainder unitrusts for which the Foundation serves as trustee. These liabilities are recorded at the present value of anticipated payments to the income beneficiaries. These are computed using the estimated life of each income beneficiary at June 30 each year and the applicable IRS discount interest rates.

#### **Annual and Sick Leave Policies.**

*Annual leave:* Regular full-time exempt and non-exempt employees will earn annual leave at a rate of 21 working days per year. Leave is prorated for regular employees working at least half-time. University policy allows employees to accumulate a maximum of 30 unused annual leave days. Up to 240 hours accumulated annual leave may be carried forward each July 1st, and may be paid upon termination of employment for regular employees only. Due to the COVID-19 pandemic, employees may carry forward up to 280 hours of annual leave after June 30, 2020. This annual leave balance can be used throughout fiscal year 2021, July 1, 2020 to June 30, 2021. This is 40 hours over the standard amount that can be carried forward. This is a temporary exception and will not alter the set payout maximum of 240 hours. The maximum annual leave balance will return to 240 hours at the end of June 2021. Accumulated annual leave is paid upon termination for regular employees only. Effective June 30, 2017, leave accrued in excess of 30 working days at the close of business on June 30 of each year shall be forfeited.



*Sick leave:* Regular full-time exempt and non-exempt employees earn sick leave at a rate of 12 working days per year. Employees may carry forward up to 100 days (800 hours) of sick leave. Prior to July 1, 2016, employees were paid for earned sick leave over 600 hours (not to exceed 200 hours) upon termination. Effective July 1, 2016, the sick leave payout benefit upon termination was discontinued; however, employees with sick leave balances of greater than 600 hours on that date will receive a grandfathered benefit. Upon termination, they will be paid for the number hours over 600 (not to exceed 200 hours) that they had on July 1, 2016 or the number that they have upon termination, whichever is less. The sick leave payment is made at a rate of 50 percent of the employee's straight-time hourly salary.

*Faculty care leave:* The University provides regular nine-month faculty with a paid leave benefit that can be used for any qualifying event under the federal Family and Medical Leave Act (FMLA). This benefit is referred to as "Faculty Care Leave". All regular nine-month faculty are eligible to participate in the benefit. No payment will be provided for accrued Faculty Care Leave balances upon separation from the University nor upon death.

**Net Position.** The University's net position is classified as follows:

*Net investment in capital assets* – Represents the University's total capital assets, net of accumulated depreciation, outstanding debt obligations related to those capital assets and debt related deferred inflows and outflows. Debt that has been incurred but not yet expended for capital assets is not included as a component of net investment in capital assets.

*Restricted net position, non-expendable* – Consists of endowment and similar type assets for which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income.

*Restricted net position, expendable* – Includes resources which the University is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

*Unrestricted net position* – Represents all other resources, including those derived from student tuition and fees, state appropriations, sales and services, unexpended plant, renewal and replacement and quasi endowments. These resources are used for transactions relating to the educational and general operations of the University and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty, and staff. Unrestricted net position of the Discrete Component Unit represents resources that may be used at the discretion of the governing board of the Discrete Component Unit to meet current expenses for any purpose.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the University's policy is to first apply the expense towards restricted resources, and then towards unrestricted resources.

**Elimination Entries.** Eliminations have been made in the Statement of Revenues, Expenses, and Changes in Net Position to remove the effect of internal charges incurred for service activities in excess of the cost of providing those services and for revenue recognized by the Auxiliary Service departments for sales to other University departments. Elimination entries are not recorded between the University and the Discrete Component Unit.

**Income Taxes.** The income generated by the University as an instrumentality of the State of New Mexico is generally excluded from federal income taxes under section 115(a) of the Internal Revenue Code. However, the University is subject to taxation on income derived from business activities not substantially related to the University's exempt function (unrelated business income under Internal

Revenue Code Section 511); such income is taxed at the normal corporate rate. Contributions to the University are deductible by donors as provided under Section 170 of the Internal Revenue Code.

The Foundation is exempt from federal income taxes under Internal Revenue Code section 501 (a) as an organization described in section 501(c)(3).

**Classification of Revenues.** The University classifies its revenues as either operating or non-operating revenues according to the following criteria:

*Operating revenues:* Operating revenues of the University include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances; (2) sales and services of auxiliary enterprises; (3) certain federal, state and local grants and contracts and federal appropriations; and (4) non-governmental grants, contracts and gifts. Operating revenues of the Discrete Component Unit consist of gifts, grants, and fundraising activities in support of Foundation and University programs.

*Non-operating revenues:* Non-operating revenues of the University include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, state appropriations, certain grants, tax levy revenue, investment income, and other revenue sources that are defined as non-operating revenues by GASB 9, Reporting Cash Flows Proprietary and Non-expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting, and GASB 34, Basic Financial Statements – And Management’s Discussion and Analysis – For State and Local Governments. These revenue streams are recognized under GASB 33, Accounting and Financial Reporting for Non-exchange Transactions. Revenues are recognized when all applicable eligibility requirements have been met. Non-operating revenues of the Discrete Component Unit consists of investment income.

**Classification of Expenses.** The University classifies its expenses as either operating or non-operating expenses according to the following criteria:

*Operating expenses:* Operating expenses include activities such as (1) employee salaries, benefits, and related expenses; (2) scholarships and fellowships, net of scholarship discounts and allowances; (3) utilities, supplies, and other services; (4) professional fees; and (5) depreciation expenses related to property, plant, and equipment.

*Non-operating expenses:* Non-operating expenses include activities such as interest on capital asset-related debt and other expenses that are defined as non-operating expenses by GASB 9 and GASB 34.

**Scholarship Discounts and Allowances.** Student tuition and fee revenues and certain other revenues from students are reported net of scholarship discounts and allowances in the Statements of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University and the amount that is paid by students and/or third parties making payments on the student’s behalf. To the extent that revenues such as federal Pell grants and state lottery scholarships are used to satisfy tuition and fees and other student charges, the University has recorded scholarship discount and allowance as a contra-revenue. A pro rata share of the discounts and allowances are allocated to Auxiliary Enterprises.

**Budgetary Process.** Operating budgets are submitted annually for approval to the Board of Regents, the New Mexico Higher Education Department (HED), and the New Mexico Department of Finance and Administration - State Budget Division (DFA). These state agencies develop consolidated funding recommendations for all higher education institutions which are considered for appropriation during the annual legislative sessions. In accordance with House Bill 2, in general, unexpended state

appropriations to the University do not revert at the end of each fiscal year. All state appropriations are accounted for separately in the accounting system.

The legal level of budgetary control is at the fund type and functional level, in accordance with NMAC 5.3.4.10. The modified accrual basis of accounting is used for budgetary comparison. If expenditures by budgetary control line by campus are expected to exceed the approved budget, the University is required to submit a budget adjustment request which has been approved by the Board of Regents to the HED which is subsequently forwarded to the DFA.

**Use of Estimates.** The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Pensions.** For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Educational Retirement Board (ERB) and additions to/deductions from ERB's fiduciary net position have been determined on the same basis as they are reported by ERB, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Other Post-Employment Benefits (OPEB).** For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, the University contracts with external actuaries utilizing the economic resource measurement focus. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

**Deferred Outflow of Resources.** Consumption of net assets by the University that is applicable to a future reporting period.

**Deferred Inflow of Resources.** Acquisition of net assets by the University that is applicable to a future reporting period.

Amounts reported as deferred outflows of resources and deferred inflows of resources are as follows:

	2021	2020
<b>Deferred Outflows of Resources</b>		
Related to net pension liability	\$ 581,951,694	\$ 96,853,438
Related to net OPEB liability	17,290,742	25,118,426
Net loss on defeasance	1,371,296	1,586,062
Total deferred outflows of resources	<u>600,613,732</u>	<u>123,557,926</u>
<b>Deferred Inflows of Resources</b>		
Related to net pension liability	\$ 26,819,944	\$ 45,947,193
Related to net OPEB liability	7,722,602	12,377,396
Related to leases	16,371,344	16,943,061
Unamortized bond premiums	19,673	34,458
Total deferred inflows of resources	<u>\$ 50,933,563</u>	<u>\$ 75,302,108</u>

**Reclassifications.** Certain amounts in the 2020 financial statements and notes thereto have been reclassified to conform to 2021 financial statement presentation.

**Other Significant Accounting Policies.** Other significant accounting policies are set forth in the following notes.

### Note 3 - Cash and Investments

The University is authorized by the Board of Regents to invest all available University cash in short-term investments and other long-term investments. The classification "Cash and cash equivalents" includes cash in banks (deposits), cash on hand, petty cash change funds, and money market funds.

The Foundation (see Note 11) invests endowment and similar funds for the benefit of the University under the terms of a revocable agreement. These assets are invested in the Pool and as of June 30, 2021 and 2020, the University owned 271,325 and 281,427 shares which represented 23.12% and 23.99% of the total shares in the pool, respectively. The fair value per share as of June 30, 2021 and 2020 was \$195.89 and \$149.58, respectively.

**Cash.** The University's deposits are in demand and time deposit accounts at local financial institutions. The University requires a minimum of 50 percent collateralization of all uninsured funds deposited with a financial institution, with the exception of overnight repurchase agreements, which require 102 percent collateralization. All collateral is held in third-party safekeeping in the name of the University. The majority of the total deposits were invested in interest bearing accounts at June 30, 2021 and 2020.

For cash flow purposes the net change in cash does not include cash and cash equivalents held in trust by the component unit and others.

**Investments.** The Senior Vice President for Administration and Finance, the Controller, the Associate Controller, and the Banking, Investment and Tax Manager are authorized to purchase and to sell investments of the University. Investments are required to be made in a prudent manner so as to ensure an acceptable yield with a minimum risk within the guidelines of the University's investment policy, which requires investment in securities or other financial instruments which are not contrary to Section 6-10-10 and 46-9A-1 through 46-9A-10 NMSA 1978, existing bond covenants, or other externally placed restrictions. At June 30, 2021 and 2020, all investments are either held in the name of the University by its agent, or held by the University. Investments that will mature in less than one year are considered short-term. The investments not held by the Foundation consisted of U.S. agency securities, U.S. treasury notes, municipal securities, brokered negotiable certificates of deposit with an original maturity of two to five years, and corporate stocks and bonds at June 30, 2021 and 2020. The Foundation's short-term investments in marketable securities consisted entirely of U.S Government and Agency securities at June 30, 2021 and 2020.

Endowment investments were \$51,851,418 and \$39,853,338 at June 30, 2021 and 2020, respectively, and represent longer term investments in debt and equity securities, including, but not limited to, pooled or common trust funds holding such types of securities, subject to any specific limitation set forth in the applicable gift instrument.

At June 30, 2021 and 2020, the investments of the University and its Discrete Component Unit consisted of the following:

	2021 Fair Value	2020 Fair Value
<b>University</b>		
U.S. Agency Securities	\$ 6,076,340	\$ 6,171,372
U.S. Treasury Securities	41,223,439	6,380,058
Certificates of Deposit	-	6,558,966
Domestic Equity Securities and Corporate Bonds	17,344,041	26,643,291
Pooled Investments Held by Others		
Corporate Stocks and Bonds	36,590,929	26,142,965
U.S. Government and Agency Securities	386,243	249,493
Mortgage Backed Securities	1,209,081	1,104,054
Limited Partnerships - Alternative	12,619,562	11,318,659
Real Estate Holdings	1,045,603	1,038,167
Total Investments	<u>\$ 116,495,238</u>	<u>\$ 85,607,025</u>
<b>Foundation</b>		
Corporate Stocks and Bonds	\$ 132,142,709	\$ 89,750,753
U.S. Government and Agency Securities	2,079,124	776,876
Certificates of Deposit	105,264	104,170
Other Time Deposits	309,252	196,794
Mortgage Backed Securities	4,754,375	3,498,088
Limited Partnerships - Alternative	41,963,319	35,862,078
Other Investments	79,487,841	3,302,952
Total Investments	<u>\$ 260,841,884</u>	<u>\$ 133,491,711</u>

Investments held in trust by the Foundation for the University are shown in the University section of the table above. Investments held in trust for others by the Foundation are not included in this note.

**Beneficial Interest.** The New Mexico Land Grant Permanent Fund (LGPF) was originally established pursuant to the Enabling Act for New Mexico passed by the U.S. Congress on June 20, 1910 (which encompassed the Ferguson Act of 1898) and was made the law of New Mexico by its reference in the New Mexico Constitution. The Enabling Act (and its acceptance in the New Mexico Constitution) set forth certain parcels of land granted by the United States in trust to the State for the purposes of establishing a permanent fund which could only be used for the purposes set out in the Enabling Act, namely, the funding of schools and state institutions throughout New Mexico. Highly restrictive criteria governing permitted uses of the assets of the LGPF are specifically prescribed in the New Mexico Constitution. The beneficiaries of the LGPF are also specifically prescribed in the New Mexico Constitution and in state statute. The University is one of the specific entities identified that has a beneficial interest in the LGPF. However, with the adoption of the State's new policy on July 1, 2016, the University's beneficial interest in the LGPF will now be presented within a special revenue fund in the State ACFR and will no longer be presented in the educational institution enterprise fund.

As an entity with a beneficial interest, the University receives monthly distributions of income from the LGPF as required by law. The University's beneficial interest and income received from this beneficial interest as of and for the years ending June 30, 2021 and 2020 are as follows:

	2021	2020
Balance of the University's beneficial interest as of June 30	\$85,049,056	\$70,031,543
Income received from the University's beneficial interest in the LGPF for the period ending June 30	\$ 3,041,633	\$ 2,979,812

**Assets held by the Foundation for the University.** The following is a schedule of the makeup of pooled cash and investments held by the Discrete Component Unit for the University at June 30, 2021 and 2020.

	2021	2020
Equities	60 %	77 %
Fixed income	2 %	3 %
Cash and cash equivalents	11 %	18 %
Investments not securities	27 %	2 %
	<u>100 %</u>	<u>100 %</u>

**Collateralization of Deposits.** At June 30, 2021 and 2020, the recorded values of the University's cash and time deposits with financial institutions were \$57,216,596 and \$48,212,856, respectively. Bank balances, which differ from the reported values due to reconciling items, are categorized and presented in the following table:

	2021	2020
<b>University and Fiduciary Fund</b>		
Amount insured by the Federal Deposit Insurance Corporation (FDIC)	\$ 534,629	\$ 551,093
Amount collateralized with securities held by the pledging financial institution	63,818,563	51,885,989
Uncollateralized	47,248	60,725
Total cash and time deposit bank balances	<u>64,400,440</u>	<u>52,497,807</u>
Reconciling Items:		
Add: cash equivalents	138,394,032	131,524,207
Add: cash equivalents held by others	2,717,427	5,847,476
Less: other reconciling items	<u>(7,183,844)</u>	<u>(4,284,951)</u>
Total reported cash balance	<u>\$198,328,055</u>	<u>\$185,584,539</u>
<b>Foundation</b>		
Amount insured by the FDIC	\$ 500,000	\$ 500,000
Amount in excess of FDIC, Lloyd's of London and Security Investor Protection Corporation (SIPC)	27,876,256	29,246,916
Amount at Merrill Lynch insured by SIPC, Lloyd's of London and the FDIC	2,500,000	2,500,000
Total reported cash balance	<u>\$ 30,876,256</u>	<u>\$ 32,246,916</u>

The following table provides information on the University's cash and cash equivalents at June 30, 2021:

Account	Type of Account	Financial Institution Balance	Reconciling Items	Book Balance
<b>Fiduciary Fund Accounts</b>				
<b>First National Bank of Alamogordo</b>				
Operational	Debt Service	\$ 595,955	\$ -	\$ 595,955
<b>Wells Fargo Bank of New Mexico</b>				
Operational	Debt Service	6,110,793	-	6,110,793
Operational	Cash Management	351,960	-	351,960
<b>Total Cash and Cash Equivalents - Fiduciary Funds</b>		<u>\$ 7,058,708</u>	<u>\$ -</u>	<u>\$ 7,058,708</u>
<b>Wells Fargo Bank of New Mexico</b>				
Operational	Checking	-	(2,164,077)	(2,164,077)
Operational	Student ACH	-	8,346	8,346
Operational	General	-	(4,688,964)	(4,688,964)
Operational	Payroll	-	(452,053)	(452,053)
Operational	Credit Card	-	110,983	110,983
Operational	Deposit	-	15	15
Operational	Money Market (WFS)	123,410,531	-	123,410,531
Operational	Cash Management	57,259,855	-	57,259,855
Operational	Money Market (Trust)	2,007,591	-	2,007,591
<b>Wells Fargo Advisors</b>				
Operational	Money Market	301	-	301
<b>Western Commerce Bank of Carlsbad</b>				
Operational	Deposit	3,500	1,905	5,405
<b>Cash on Hand</b>				
Cash on hand	Cash	47,248	-	47,248
<b>Citizen's Bank of Las Cruces</b>				
Certificate of deposit	Time Deposit	31,129	-	31,129
<b>Federated Investment Manager</b>				
Dividend reinvestment	Money Market	12,975,610	-	12,975,610
<b>New Mexico State University Foundation, Inc.</b>				
NMSU endowments	Cash	2,717,427	-	2,717,427
<b>Total Cash and Cash Equivalents - University</b>		<u>\$ 198,453,192</u>	<u>\$ (7,183,845)</u>	<u>\$ 191,269,347</u>
<b>Total Cash and Cash Equivalents</b>		<u>\$ 205,511,900</u>	<u>\$ (7,183,845)</u>	<u>\$ 198,328,055</u>

The following table provides information on the University's cash and cash equivalents at June 30, 2020:

Account	Type of Account	Financial Institution Balance	Reconciling Items	Book Balance
<b>Fiduciary Fund Accounts</b>				
<b>First National Bank of Alamogordo</b>				
Operational	Debt Service	\$ 539,140	\$ -	\$ 539,140
<b>Wells Fargo Bank of New Mexico</b>				
Operational	Debt Service	4,740,356	-	4,740,356
Operational	Cash Management	405,888	-	405,888
<b>Total Cash and Cash Equivalents - Fiduciary Funds</b>		<u>\$ 5,685,384</u>	<u>\$ -</u>	<u>\$ 5,685,384</u>
<b>Wells Fargo Bank of New Mexico</b>				
Operational	Checking	-	(4,203,791)	(4,203,791)
Operational	Student ACH	-	29,452	29,452
Operational	General	-	49,150	49,150
Operational	Payroll	-	(305,207)	(305,207)
Operational	Credit Card	-	93,631	93,631
Operational	Money Market (WFS)	121,397,836	-	121,397,836
Operational	Cash Management	46,761,331	-	46,761,331
Operational	Money Market (Trust)	2,014,882	-	2,014,882
<b>Western Commerce Bank of Carlsbad</b>				
Operational	Deposit	19,972	467	20,439
<b>Cash on Hand</b>				
Cash on hand	Cash	-	51,347	51,347
<b>Citizen's Bank of Las Cruces</b>				
Certificate of deposit	Time Deposit	31,121	-	31,121
<b>Federated Investment Manager</b>				
Dividend reinvestment	Money Market	8,111,488	-	8,111,488
<b>New Mexico State University Foundation, Inc.</b>				
NMSU endowments	Cash	5,847,476	-	5,847,476
<b>Total Cash and Cash Equivalents- University</b>		<u>\$ 184,184,106</u>	<u>\$ (4,284,951)</u>	<u>\$ 179,899,155</u>
<b>Total Cash and Cash Equivalents</b>		<u>\$ 189,869,490</u>	<u>\$ (4,284,951)</u>	<u>\$ 185,584,539</u>



The following table provides information on the the University's investments, including reconciling items, at June 30, 2021.

Account	Type of Account	Financial Institution Balance	Reconciling Items	Book Balance
<b>FHN Financial</b>				
Domestic corporate bonds	Investment	2,066,672	-	2,066,672
<b>Wells Fargo Advisors</b>				
Domestic equity securities	Investment	251,928	-	251,928
<b>Raymond James</b>				
U.S. agency securities	Investment	4,062,848	-	4,062,848
<b>Raymond James</b>				
Domestic corporate bonds	Investment	14,489,636	-	14,489,636
<b>Wells Fargo Securities</b>				
U.S. agency securities	Investment	2,013,492	-	2,013,492
<b>Wells Fargo Trust</b>				
U.S. treasury securities	Investment	41,223,439	-	41,223,439
<b>Sandia Motorsports Park, Inc.</b>				
Domestic equity securities	Investment	32,427	-	32,427
<b>Principal Funds</b>				
Domestic equity securities	Investment	390,769	-	390,769
<b>Franklin Templeton</b>				
Domestic equity securities	Investment	39,081	-	39,081
<b>Innovation</b>				
Domestic equity securities	Investment	73,528	-	73,528
<b>New Mexico State University Foundation, Inc.</b>				
NMSU endowments	Investment	51,851,418	-	51,851,418
<b>Total Investments</b>		<u>\$ 116,495,238</u>	<u>\$ -</u>	<u>\$ 116,495,238</u>

The following table provide information on the the University's investments, including reconciling items, at June 30, 2020.

Account	Type of Account	Financial Institution Balance	Reconciling Items	Book Balance
<b>FHN Financial</b>				
Domestic corporate bonds	Investment	4,144,950	-	4,144,950
<b>FHN Financial</b>				
Certificate of deposit	Investment	4,794,264	-	4,794,264
<b>FTN Financial</b>				
U.S. treasury notes	Investment	-	-	-
<b>Wells Fargo Advisors</b>				
Domestic equity securities	Investment	227,234	-	227,234
<b>Raymond James</b>				
U.S. agency securities	Investment	4,131,556	-	4,131,556
<b>Raymond James</b>				
Domestic corporate bonds	Investment	19,837,945	-	19,837,945
<b>Wells Fargo Securities</b>				
Certificate of deposit	Investment	1,764,702	-	1,764,702
<b>Wells Fargo Securities</b>				
U.S. agency securities	Investment	2,039,816	-	2,039,816
<b>Wells Fargo Trust</b>				
U.S. treasury securities	Investment	6,364,922	-	6,364,922
<b>Wells Fargo Trust</b>				
Domestic corporate bonds	Investment	2,013,622	-	2,013,622
<b>Sandia Motorsports Park, Inc.</b>				
Domestic equity securities	Investment	32,427	-	32,427
<b>Eberhardt Memorial</b>				
Domestic equity securities	Investment	2,464	-	2,464
<b>Principal Funds</b>				
Domestic equity securities	Investment	278,919	-	278,919
<b>Franklin Templeton</b>				
Domestic equity securities	Investment	32,202	-	32,202
<b>Legacy Treasury Direct</b>				
U.S. treasury Securities	Investment	15,136	-	15,136
<b>Innovation</b>				
Domestic equity securities	Investment	73,528	-	73,528
<b>New Mexico State University Foundation, Inc.</b>				
NMSU endowments	Investment	39,853,338	-	39,853,338
<b>Total Investments</b>		<u>\$ 85,607,025</u>	<u>\$ -</u>	<u>\$ 85,607,025</u>

Information on the Foundation's cash and cash equivalents and deposit accounts and investments, including reconciling items, at June 30, 2021, is provided below:

Account	Type of Account	Financial Institution Balance	Reconciling Items	Book Balance
<b>Wells Fargo Bank of New Mexico</b>				
Operations	Checking	\$ 1,345,692	\$ 10,382	\$ 1,356,074
Program	ACH	310,503	-	310,503
Program	Wire	1,880,742	(18,644)	1,862,098
Program	Checking	1,570,581	-	1,570,581
Program	Transfer	101,043	-	101,043
<b>Citizens Bank of Las Cruces</b>				
Program	Money Market	1,057,063	-	1,057,063
<b>Merrill Lynch</b>				
Operations	Checking	2,215,882	(48,000)	2,167,882
Program	Money Market	18,271,588	(36,095)	18,235,493
Program-Cash Gift Annuity	Checking & Money Market	19,268	(7,625)	11,643
Program-NMSU Business College	Money Market	13,739	-	13,739
OWH II LLC	Money Market	2,545,567	-	2,545,567
OWH II LLC- Account 2	Money Market	124,024	-	124,024
Short Term	Money Market	106,026	-	106,026
Less Cash Allocated to NMSU for AHIT (Program)	Held in Trust	(1,171,317)	-	(1,171,317)
Investment cash - Merrill Lynch Managers:				
Private Equity	Money Market	564,657	-	564,657
WCMA	Money Market	841,037	-	841,037
Cambiar Intl Value	Money Market	827,723	-	827,723
Earnest SCV	Money Market	309,169	-	309,169
Tag - Emerging	Money Market	221,648	-	221,648
Eagle SCG	Money Market	134,305	-	134,305
Short Term Investment Fund	Money Market	95,250	-	95,250
Eagle LCV	Money Market	238,397	-	238,397
Armstrong	Money Market	77,347	-	77,347
Western	Money Market	51,885	-	51,885
Title V	Money Market	20,261	-	20,261
Cohen and Steers	Money Market	47,125	-	47,125
ALT Investments	Money Market	397	-	397
Santa Barbara	Money Market	222,667	-	222,667
Loomis - TMA	Money Market	480,079	-	480,079
Less Cash Allocated to NMSU for AHIT	Held in Trust	(1,546,110)	-	(1,546,110)
<b>Total Cash and Cash Equivalents</b>		<u>\$ 30,976,238</u>	<u>\$ (99,982)</u>	<u>\$ 30,876,256</u>
Corporate Stocks and Bonds	Investment	\$ 76,809,695	-	\$ 76,809,695
U.S. Government and Agency Securities	Investment	2,079,124	-	2,079,124
Mortgage Backed Securities	Investment	3,653,694	-	3,653,694
Mortgage Backed Securities - Foreign	Investment	1,100,681	-	1,100,681
Limited Partnerships - Alternative	Investment	41,963,319	-	41,963,319
Mutual Funds	Investment	55,333,014	-	55,333,014
Non-marketable Equity Investment	Investment	75,990,000	-	75,990,000
<b>Real Estate Holdings</b>				
Real Estate Holdings	Investment	3,476,898	-	3,476,898
Short-term Investments	Investment	414,516	-	414,516
Accrued Investment Interest	Investment	20,943	-	20,943
<b>Total Investments</b>		<u>\$ 260,841,884</u>	<u>\$ -</u>	<u>\$ 260,841,884</u>

Information on the Foundation's cash and cash equivalents and deposit accounts and investments, including reconciling items, at June 30, 2020, is provided below:

Account	Type of Account	Financial Institution Balance	Reconciling Items	Book Balance
<b>Wells Fargo Bank of New Mexico</b>				
Operations	Checking	\$ 1,346,916	\$ (1,162)	\$ 1,345,754
Program	ACH	2,336,149	-	2,336,149
Program	Wire	228,082	-	228,082
Program	Checking	4,130,229	(951)	4,129,278
Program	Transfer	2,678,117	-	2,678,117
<b>Citizens Bank of Las Cruces</b>				
Program	Money Market	1,048,133	-	1,048,133
<b>Merrill Lynch</b>				
Operations	Checking	1,605,694	-	1,605,694
Program	Money Market	12,946,551	-	12,946,551
Program-Cash Gift Annuity	Checking & Money Market	70,010	(31,859)	38,151
Program-NMSU Business College	Money Market	11,039	-	11,039
OWH II LLC	Money Market	3,292,658	-	3,292,658
Less Cash Allocated to NMSU for AHIT (Program)	Held in Trust	(1,979,513)	-	(1,979,513)
Investment cash - Merrill Lynch				
Managers:				
Tortoise MLP	Money Market	690	-	690
Private Equity	Money Market	69,875	-	69,875
WCMA	Money Market	567,810	-	567,810
Cambiar Intl Value	Money Market	1,217,239	-	1,217,239
Earnest SCV	Money Market	49,014	-	49,014
Tag - Emerging	Money Market	228,733	-	228,733
Eagle SCG	Money Market	222,602	-	222,602
Invesco	Money Market	8,506	-	8,506
Short Term Investment Fund	Money Market	732,320	-	732,320
Eagle LCV	Money Market	1,058,143	-	1,058,143
Armstrong	Money Market	3,347,168	-	3,347,168
Western	Money Market	104,714	-	104,714
Title V	Money Market	27,678	-	27,678
Cohen and Steers	Money Market	62,648	-	62,648
ALT Investments	Money Market	434,601	-	434,601
Santa Barbara	Money Market	185,597	-	185,597
Loomis - TMA	Money Market	117,448	-	117,448
Less Cash Allocated to NMSU for AHIT	Held in Trust	(3,867,963)	-	(3,867,963)
<b>Total Cash and Cash Equivalents</b>		<u>\$ 32,280,888</u>	<u>\$ (33,972)</u>	<u>\$ 32,246,916</u>
Corporate Stocks and Bonds	Investment	\$ 51,802,752	-	\$ 51,802,752
U.S. Government and Agency Securities	Investment	776,876	-	776,876
Mortgage Backed Securities	Investment	2,746,071	-	2,746,071
Mortgage Backed Securities - Foreign	Investment	752,017	-	752,017
Limited Partnerships - Alternative	Investment	35,862,078	-	35,862,078
Mutual Funds	Investment	37,948,001	-	37,948,001
<b>Real Estate Holdings</b>				
Real Estate Holdings	Investment	3,289,333	-	3,289,333
Short-term Investments	Investment	300,964	-	300,964
Accrued Investment Interest	Investment	13,619	-	13,619
<b>Total Investments</b>		<u>\$ 133,491,711</u>	<u>\$ -</u>	<u>\$ 133,491,711</u>

**Interest Rate Risk.** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the University's investment policy, investment maturities are scheduled to coincide with the University's projected cash requirements. The University does not commit any discretionary funds to financial instruments with maturities longer than ten years from the date of purchase. Funds are only committed to maturities longer than five years from date of purchase if directly related to a specific capital or other long-term project. The maturity dates on non-discretionary fund investments do not exceed the final maturity dates established within the funds' restrictive purposes. At least 50% of all cash and investment balances are invested in instruments with maturities less than two years.

A summary of the investments at June 30, 2021, and their exposure to interest rate risk based on the length of the investment follows:

	Fair Value	Less than 1 Year	1 - 5 Years	6 - 10 Years	Greater than 10 Years
<b>University</b>					
U.S. agency securities	\$ 6,076,340	\$ 6,076,340	\$ -	\$ -	\$ -
Domestic corporate bonds	16,556,308	4,041,908	12,514,400	-	-
U.S. treasury securities	41,223,439	29,999,495	11,223,944	-	-
Pooled Investments					
Mortgage-backed securities	1,209,081	-	1,209,081	-	-
Domestic corporate bonds	226,244	-	20,190	177,321	28,733
US government and agency securities	382,444	-	194,998	39,907	147,539
	<u>65,673,856</u>	<u>\$ 40,117,743</u>	<u>\$ 25,162,613</u>	<u>\$ 217,228</u>	<u>\$ 176,272</u>
<b>Items not subject to interest rate risk:</b>					
Equity securities	787,733				
Pooled Investments					
Accrued interest	3,799				
Corporate stocks	36,364,685				
Limited partnerships - Alternative	12,619,562				
Real estate holdings (Investments not securities)	1,045,603				
Total Investments	<u>\$116,495,238</u>				
<b>Foundation</b>					
U.S. government and agency securities	\$ 2,079,124	\$ -	\$ 1,455,817	\$ 132,703	\$ 490,604
Certificates of deposit	105,264	105,264	-	-	-
Other time deposits	309,252	309,252	-	-	-
Corporate bonds	1,618,849	-	933,662	589,638	95,549
Mortgage-backed securities	4,754,375	-	4,754,375	-	-
		<u>\$ 414,516</u>	<u>\$ 7,143,854</u>	<u>\$ 722,341</u>	<u>\$ 586,153</u>
<b>Items not subject to interest rate risk:</b>					
Corporate stocks	130,523,860				
Limited partnerships - Alternative	41,963,319				
Other investments	79,487,841				
Total Investments	<u>\$260,841,884</u>				

A summary of the investments at June 30, 2020, and their exposure to interest rate risk based on the length of the investment follows:

	Fair Value	Less than 1 Year	1 - 5 Years	6 - 10 Years	Greater than 10 Years
<b>University</b>					
U.S. agency securities	\$ 6,171,372	\$ -	\$ 6,171,372	\$ -	\$ -
Domestic corporate bonds	25,996,516	9,190,060	16,806,456	-	-
U.S. treasury securities	6,380,058	15,136	6,364,922	-	-
Certificates of deposit	6,558,966	6,558,966	-	-	-
Pooled Investments					
Mortgage-backed securities	1,104,054	-	1,104,054	-	-
Domestic corporate bonds	252,954	-	33,420	162,518	57,016
US government and agency securities	245,195	-	42,655	49,031	153,509
	<u>46,709,115</u>	<u>\$ 15,764,162</u>	<u>\$ 30,522,879</u>	<u>\$ 211,549</u>	<u>\$ 210,525</u>
<b>Items not subject to interest rate risk:</b>					
Equity securities	646,774				
Pooled Investments					
Accrued interest	4,298				
Corporate stocks	25,890,012				
Limited partnerships - Alternative	11,318,659				
Real estate holdings (Investments not securities)	1,038,167				
Total Investments	<u>\$ 85,607,025</u>				
<b>Foundation</b>					
U.S. government and agency securities	\$ 776,876	\$ -	\$ 135,147	\$ 155,351	\$ 486,378
Certificates of deposit	104,170	104,170	-	-	-
Other time deposits	196,794	196,794	-	-	-
Corporate bonds	801,452	-	105,886	514,914	180,652
Mortgage-backed securities	3,498,088	-	3,498,088	-	-
		<u>\$ 300,964</u>	<u>\$ 3,739,121</u>	<u>\$ 670,265</u>	<u>\$ 667,030</u>
<b>Items not subject to interest rate risk:</b>					
Corporate stocks	88,949,301				
Limited partnerships - Alternative	35,862,078				
Other investments	3,302,952				
Total Investments	<u>\$133,491,711</u>				

**Credit Risk.** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University's investment policy limits investment in money market instruments and other securities of commercial banks, broker-dealers, or recognized financial institutions to those rated in the highest rating category by a nationally recognized statistical rating organization (NRSRO) or which are guaranteed by a person or entity whose long-term debt obligations are rated in the highest rating category by a NRSRO. This includes without limitation, securities of, or other interests in, any open-end or closed-end management type investment company or investment trust registered under the provisions of 15 USC Sections 80(a)-1 et. seq., which invest only in obligations of the government of the United States of America or securities that are secured by obligations of the government of the United States of America.

A summary of the investments at June 30, 2021, and their exposure to credit risk follows:

	Rating	Fair Value
<b>University</b>		
U.S. agency securities	S&P/Moody's - AA+/Aaa	\$ 6,076,340
U.S. treasury securities	Not rated	41,223,439
Corporate bonds	S&P/Moody's - AA+/Aaa	16,556,308
Domestic equity securities	Not rated	787,733
Pooled Investments		
U.S. government and agency securities	Aaa	386,243
Mortgage-backed securities	Not rated	1,209,081
Domestic equity securities	Not rated	31,914,089
Corporate bonds	A1 to BAA1	226,244
Foreign equity securities	Not rated	4,450,596
Limited partnerships - Alternative	Not rated	12,619,562
Real estate holdings (investments not securities)	Not rated	1,045,603
<b>Total Investments</b>		<u>\$ 116,495,238</u>
<b>Foundation</b>		
U.S. government and agency securities	Moody's---Aaa	\$ 2,079,124
Certificates of deposit	Federally insured	105,264
Other time deposits	Not rated	309,252
Corporate bonds	A1 to BAA1	1,618,849
Domestic equity securities	Not rated	60,391,460
Mutual funds	Not rated	55,333,014
Foreign equity securities	Not rated	14,799,386
Mortgage-backed securities	Not rated	4,754,375
Limited partnerships - Alternative	Not rated	41,963,319
Other investments (investments not securities)	Not rated	79,487,841
<b>Total Investments</b>		<u>\$ 260,841,884</u>

A summary of the investments at June 30, 2020, and their exposure to credit risk follows:

	Rating	Fair Value
<b>University</b>		
U.S. agency securities	S&P/Moody's - AA+/Aaa	\$ 6,171,374
Certificates of deposits	Federally insured	6,484,000
Certificates of deposits	Subject to custodial credit risk	74,966
U.S. treasury securities	Not rated	6,380,058
Corporate bonds	S&P/Moody's - AA+/Aaa	25,996,516
Domestic equity securities	Not rated	646,775
Pooled Investments		
U.S. government and agency securities	Aaa	249,493
Mortgage-backed securities	Not rated	1,104,054
Domestic equity securities	Not rated	22,539,130
Corporate bonds	A1 to BAA1	252,954
Foreign equity securities	Not rated	3,350,879
Limited partnerships - Alternative	Not rated	11,318,659
Real estate holdings (investments not securities)	Not rated	1,038,167
<b>Total Investments</b>		<b>\$ 85,607,025</b>
<b>Foundation</b>		
U.S. government and agency securities	Moody's---Aaa	\$ 776,876
Certificates of deposit	Federally insured	104,170
Other time deposits	Not rated	196,794
Corporate bonds	A1 to BAA1	801,452
Domestic equity securities	Not rated	40,384,362
Mutual funds	Not rated	37,948,001
Foreign equity securities	Not rated	10,616,938
Mortgage-backed securities	Not rated	3,498,088
Limited partnerships - Alternative	Not rated	35,862,078
Real estate holdings (investments not securities)	Not rated	3,302,952
<b>Total Investments</b>		<b>\$ 133,491,711</b>



**Concentration of Credit Risk.** Concentration of credit risk is the risk of loss attributable to the magnitude of an entity's investment in a single issuer. The University diversifies its use of investment instruments to avoid incurring unreasonable risk inherent in over-investing in specific instruments, individual financial institutions or maturities. With the exception of U.S. Treasury securities and authorized pools, no more than 50% of the total investment portfolio is invested in a single security type or with a single financial institution or at a single maturity. The University holds no investments subject to concentration of credit risk with any issuer that represents 5% or more of total investments.

**Custodial Credit Risk – Deposits.** This is the risk that in the event of a bank failure, the University's deposits may not be returned. Neither the University, nor its discretely presented component unit, the Foundation, has a deposit policy for custodial credit risk. As of June 30, 2021 and 2020, total bank balances of the University were \$202,794,473 and \$184,022,014, respectively. None of these balances are subject to custodial credit risk.

**Custodial Credit Risk – Investments.** This is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. None of the investments are subject to custodial credit risk.

**Fair Value of Assets and Liabilities.** GASB Statement No.72 (*Fair Value Measurement and Application*) defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GASB 72 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value.

#### Level 1

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include exchange traded equities.

#### Level 2

If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. Level 2 securities include governmental and corporate bonds, foreign obligations, and collateralized mortgage backed securities.

#### Level 3

Investments classified within Level 3 have significant unobservable inputs. The valuation of these funds is determined by unobservable inputs such as recent purchases and sales, underlying fund holdings, and information provided by fund managers and general partners including: audited financials, unaudited financial statements, and net asset valuations.

Investments that do not have a readily determinable fair value are recorded using net asset value (NAV). NAV is generally provided by the investment managers but the Foundation considers the reasonableness of the NAV, based on market information, to arrive at the fair value estimate for each investment.

In certain cases, both observable and unobservable inputs may be used to determine the fair value of investments and, in such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The degree of judgment exercised in determining fair value is greatest for investments in Level 3. Because of the inherent uncertainty of valuation, those estimated values may differ significantly from the values that would have been used had a ready market for the investments existed, and the differences could be material. Level 3 investments at the University consist of land and buildings held at the Foundation.

The following is a description of the valuation methodologies used for assets measured at fair value.

**Government Securities and Corporate Bonds** are valued at the closing price reported on the major market on which the individual securities are traded or have reported broker trades which may be considered indicative of an active market. Where quoted prices are available in an active market, the investments are classified within Level 1 of the valuation hierarchy. If quoted prices are not available for the specific security, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, discounted cash flows and other observable inputs. Such securities would be classified within Level 2 of the valuation hierarchy.

**Hedge Fund and Venture Capital Investments**, which are not readily marketable, are carried at estimated fair values. Fair value is based upon information provided by the management of each Fund, including audited financial statements and any other relevant factors. Because of the absence of a readily determinable fair value and the inherent uncertainty of valuation, the estimated fair value may differ significantly from the value that would have been used had a ready market for the investment existed, and the difference could be material. These investments are not immediately redeemable at the reporting date. These investments have significant unobservable inputs and are classified as NAV.

**Real Estate** is valued at current appraisal or fair value. Real estate is classified within Level 3 of the valuation hierarchy.

**Equity Securities** are valued at the closing price reported on the active market on which the individual securities are traded and are classified within Level 1 of the valuation hierarchy. Nonredeemable securities are not reported on the active market and are classified within Level 3 of the valuation hierarchy.

The following table presents the fair value measurements of University assets recognized in the accompanying Statement of Net Position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2021.

2021	Balance as of June 30, 2021	Quoted Prices in Active Markets For Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
<b>Debt Securities</b>				
U.S. treasury securities	\$ 41,223,439	\$ 41,223,439	\$ -	\$ -
Agency securities (GSEs)	6,076,340	-	6,076,340	-
Corporate bonds	16,556,308	-	16,556,308	-
<b>Total Debt Securities</b>	<u>63,856,087</u>	<u>41,223,439</u>	<u>22,632,648</u>	<u>-</u>
<b>Equity Securities</b>				
Common	678,208	678,208	-	-
Preferred	35,997	35,997	-	-
Nonredeemable securities	73,528	-	-	73,528
<b>Total Equity Securities</b>	<u>787,733</u>	<u>714,205</u>	<u>-</u>	<u>73,528</u>
<b>Total Investments by Fair Value Level</b>	<u>64,643,820</u>	<u>\$ 41,937,644</u>	<u>\$ 22,632,648</u>	<u>\$ 73,528</u>
<b>Investments held by Foundation</b>				
Corporate stocks and bonds	\$ 22,816,579	\$ 22,590,334	\$ 226,245	\$ -
Mutual funds	13,774,350	13,774,350	-	-
Mortgage backed securities	1,209,081	1,126,899	82,182	-
Government bonds	382,444	-	382,444	-
Real estate holdings	1,045,603	-	-	1,045,603
<b>Total investments Held by Foundation by Fair Value Level</b>	<u>39,228,057</u>	<u>\$ 37,491,583</u>	<u>\$ 690,871</u>	<u>\$ 1,045,603</u>
<b>Investments Held by Foundation measured by NAV</b>				
		<b>Unfunded Commitments</b>	<b>Redemption Frequency</b>	<b>Redemption Notice Period</b>
<b>Hedge Fund Investments</b>				
Multi-strategy	\$ 8,439,189	\$ 275,528	Quarterly	90 Days
Equity long/short	2,473,911	3,968,558	None	None
<b>Total Hedge Fund Investments</b>	<u>10,913,100</u>	<u>4,244,086</u>		
<b>Domestic Venture Capital Investments</b>				
Venture capital	1,706,462	-		
<b>Total Domestic Venture Capital Investments</b>	<u>1,706,462</u>	<u>-</u>	None	None
<b>Total Investments Held by Foundation measured by NAV</b>	<u>12,619,562</u>	<u>\$ 4,244,086</u>		
<b>Other Investments held by Foundation</b>				
Accrued interest income	3,799			
<b>Total Investments</b>	<u>\$ 116,495,238</u>			

The following table presents the fair value measurements of University assets recognized in the accompanying Statement of Net Position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2020.

2020	Balance as of June 30, 2020	Quoted Prices in Active Markets For Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
<b>Debt Securities</b>				
U.S. treasury securities	\$ 6,380,058	\$ 6,380,058	\$ -	\$ -
Agency securities (GSEs)	6,171,372	-	6,171,372	-
Corporate bonds	25,996,517	-	25,996,517	-
Certificate of deposit (NCD)	6,558,966	-	6,558,966	-
<b>Total Debt Securities</b>	<u>45,106,913</u>	<u>6,380,058</u>	<u>38,726,855</u>	<u>-</u>
<b>Equity Securities</b>				
Common	501,760	501,760	-	-
Preferred	71,486	71,486	-	-
Nonredeemable securities	73,528	-	-	73,528
<b>Total Equity Securities</b>	<u>646,774</u>	<u>573,246</u>	<u>-</u>	<u>73,528</u>
<b>Total Investments by Fair Value Level</b>	<u>45,753,687</u>	<u>\$ 6,953,304</u>	<u>\$ 38,726,855</u>	<u>\$ 73,528</u>
<b>Investments held by Foundation</b>				
Corporate stocks and bonds	\$ 16,335,974	\$ 16,083,022	\$ 252,952	\$ -
Mutual funds	9,806,991	9,806,991	-	-
Mortgage backed securities	1,104,054	909,484	194,570	-
Government bonds	245,195	-	245,195	-
Real estate holdings	1,038,167	-	-	1,038,167
<b>Total investments Held by Foundation by Fair Value Level</b>	<u>28,530,381</u>	<u>\$ 26,799,497</u>	<u>\$ 692,717</u>	<u>\$ 1,038,167</u>
<b>Investments Held by Foundation measured by NAV</b>				
		<b>Unfunded Commitments</b>	<b>Redemption Frequency</b>	<b>Redemption Notice Period</b>
<b>Hedge Fund Investments</b>				
Multi-strategy	\$ 8,065,058	\$ 417,402	Quarterly	90 Days
Equity long/short	1,713,657	4,630,749	None	None
<b>Total Hedge Fund Investments</b>	<u>9,778,715</u>	<u>5,048,151</u>		
<b>Domestic Venture Capital Investments</b>				
Venture capital	1,539,944	-		
<b>Total Domestic Venture Capital Investments</b>	<u>1,539,944</u>	<u>-</u>	None	None
<b>Total Investments Held by Foundation measured by NAV</b>	<u>11,318,659</u>	<u>\$ 5,048,151</u>		
<b>Other Investments held by Foundation</b>				
Accrued interest income	4,298			
<b>Total Investments</b>	<u>\$ 85,607,025</u>			

The following table presents the fair value measurements of Foundation assets recognized in the accompanying Statement of Net Position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2021.

2021	Balance as of June 30, 2021	Quoted Prices in Active Markets For Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
<b>Corporate Stocks and Bonds</b>				
Foreign emerging markets	\$ 5,720,168	\$ 5,720,168	\$ -	\$ -
Large cap value	25,948,662	25,948,662	-	-
Large cap growth	22,330,729	22,330,729	-	-
Foreign developed markets	9,079,217	9,079,217	-	-
Small cap value	7,403,701	7,403,701	-	-
Small cap growth	4,704,453	4,704,453	-	-
Corporate bonds	752,324	-	752,324	-
<b>Total Corporate Stocks and Bonds</b>	<u>75,939,254</u>	<u>75,186,930</u>	<u>752,324</u>	<u>-</u>
<b>Other Investments</b>				
Mutual funds	57,744,720	57,744,720	-	-
Mortgage backed securities	2,919,829	2,646,551	273,278	-
Mortgage backed securities- foreign	1,100,681	1,100,681	-	-
Government bonds	1,271,724	-	1,271,724	-
Non-marketable securities	75,990,000	-	-	75,990,000
Real estate holdings	3,476,898	-	-	3,476,898
<b>Total Other Investments</b>	<u>142,503,852</u>	<u>61,491,952</u>	<u>1,545,002</u>	<u>79,466,898</u>
<b>Total Investments by Fair Value Level</b>	<u>218,443,106</u>	<u>\$ 136,678,882</u>	<u>\$ 2,297,326</u>	<u>\$ 79,466,898</u>
<b>Investments Held by Foundation measured by NAV</b>				
		<b>Unfunded Commitments</b>	<b>Redemption Frequency</b>	<b>Redemption Notice Period</b>
<b>Hedge Fund Investments</b>				
Multi-strategy	\$ 28,062,494	\$ 916,204	Quarterly	90 Days
Equity long/short	8,226,396	13,196,484	None	None
<b>Total Hedge Fund Investments</b>	<u>36,288,890</u>	<u>14,112,688</u>		
<b>Domestic Venture Capital Investments</b>				
Venture capital	5,674,428	-		
<b>Total Domestic Venture Capital Investments</b>	<u>5,674,428</u>	<u>-</u>	None	None
<b>Total Investments Held by Foundation measured by NAV</b>	<u>41,963,318</u>	<u>\$ 14,112,688</u>		
<b>Other Investments held by Foundation</b>				
Accrued interest income and other short term investments	435,460			
<b>Total Investments</b>	<u>\$ 260,841,884</u>			

The following table presents the fair value measurements of Foundation assets recognized in the accompanying Statement of Net Position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2020.

2020	Balance as of June 30, 2020	Quoted Prices in Active Markets For Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
<b>Corporate Stocks and Bonds</b>				
Foreign emerging markets	\$ 3,958,284	\$ 3,958,284	\$ -	\$ -
Large cap value	16,417,570	16,417,570	-	-
Large cap growth	17,012,195	17,012,195	-	-
Foreign developed markets	6,658,654	6,658,654	-	-
Small cap value	3,112,432	3,112,432	-	-
Small cap growth	3,842,163	3,842,163	-	-
Corporate bonds	801,454	-	801,454	-
<b>Total Corporate Stocks and Bonds</b>	<u>51,802,752</u>	<u>51,001,298</u>	<u>801,454</u>	<u>-</u>
<b>Other Investments</b>				
Mutual funds	37,948,001	37,948,001	-	-
Mortgage backed securities	2,746,071	2,129,596	616,475	-
Mortgage backed securities- foreign	752,017	752,017	-	-
Government bonds	776,876	-	776,876	-
Real estate holdings	3,289,334	-	-	3,289,334
<b>Total Other Investments</b>	<u>45,512,299</u>	<u>40,829,614</u>	<u>1,393,351</u>	<u>3,289,334</u>
<b>Total Investments by Fair Value Level</b>	<u>97,315,051</u>	<u>\$ 91,830,912</u>	<u>\$ 2,194,805</u>	<u>\$ 3,289,334</u>
<b>Investments Held by Foundation measured by NAV</b>				
		<b>Unfunded Commitments</b>	<b>Redemption Frequency</b>	<b>Redemption Notice Period</b>
<b>Hedge Fund Investments</b>				
Multi-strategy	\$ 25,553,360	\$ 1,322,497	Quarterly	90 Days
Equity long/short	5,429,559	14,672,080	None	None
<b>Total Hedge Fund Investments</b>	<u>30,982,919</u>	<u>15,994,577</u>		
<b>Domestic Venture Capital Investments</b>				
Venture capital	4,879,159	-		
<b>Total Domestic Venture Capital Investments</b>	<u>4,879,159</u>	<u>-</u>	None	None
<b>Total Investments Held by Foundation measured by NAV</b>	<u>35,862,078</u>	<u>\$ 15,994,577</u>		
<b>Other Investments held by Foundation</b>				
Accrued interest income and other short term investments	314,582			
<b>Total Investments</b>	<u>\$ 133,491,711</u>			

**Note 4 – Accounts Receivable and Unearned Revenue**

Accounts receivable consists of the following at June 30, 2021 and 2020:

	2021	2020
<b>University</b>		
Student tuition and fees	\$ 55,840,962	\$ 56,472,053
Federal, state, and private grants and contracts	29,140,384	32,551,086
Other	6,306,946	4,405,179
Due from Discrete Component Unit	1,534,251	1,554,371
Less: allowance for doubtful accounts	<u>(43,854,682)</u>	<u>(42,239,717)</u>
Net accounts receivable	<u>\$ 48,967,861</u>	<u>\$ 52,742,972</u>
<b>Fiduciary Fund</b>		
Net miscellaneous accounts receivable	<u>\$ 45,113</u>	<u>\$ 26,497</u>
<b>Foundation</b>		
Net miscellaneous accounts receivable	<u>\$ 5,817,793</u>	<u>\$ 11,291,316</u>

The allowance for doubtful accounts includes consideration for the credit risk associated with the various receivables.

Unearned revenue consists of the following at June 30, 2021 and 2020:

	2021	2020
<b>University</b>		
Student tuition and fees	\$ 2,401,298	\$ 1,787,971
Federal, state, and private grants and contracts	7,963,290	4,703,157
Other	<u>13,026,634</u>	<u>8,172,986</u>
Total unearned revenue	<u>\$ 23,391,222</u>	<u>\$ 14,664,114</u>
<b>Fiduciary Fund</b>		
Unearned revenue	<u>\$ -</u>	<u>\$ 3,038</u>
<b>Foundation</b>		
Total unearned revenue	<u>\$ 366,402</u>	<u>\$ 464,575</u>

**Note 5 – Capital Assets**

Capital assets as detailed below are stated at cost, or if contributed, at acquisition value at the date of gift. Net interest expense incurred during the construction period on revenue bond funded projects is capitalized as an asset.

The University's main campus has New Mexico State District Court endorsed water rights equaling 11,454 acre feet per annum. As there is no cost basis for these assets, neither the water rights nor the livestock bred by the University are presented in the accompanying Statements of Net Position.

The State of New Mexico Land Office holds 193,272 surface and 254,627 sub-surface acres in trust for the University and manages the commercial use of this property including various leases and oil and gas exploration. The value of the land is recorded at the State of New Mexico Land Office; therefore this amount is not presented in the accompanying Statements of Net Position.

Changes in capital asset balances for the year ended June 30, 2021, were as follows:

	Balance July 1 2020	Additions	Transfers	Retirements	Balance June 30 2021
<b>University</b>					
Capital assets not depreciated:					
Land and land improvements	\$ 12,443,083	\$ 287,859	\$ -	\$ -	\$ 12,730,942
Construction in progress	9,642,610	10,345,214	(11,600,193)	-	8,387,631
Total capital assets not being depreciated	<u>\$ 22,085,693</u>	<u>\$ 10,633,073</u>	<u>\$ (11,600,193)</u>	<u>\$ -</u>	<u>\$ 21,118,573</u>
Capital assets being depreciated:					
Buildings	\$ 831,921,238	\$ 315,780	\$ 10,628,510	\$ -	\$ 842,865,528
Infrastructure	87,109,187	-	971,683	-	88,080,870
Equipment	118,148,510	4,783,754	-	(1,092,622)	121,839,642
Software	13,280,370	163,887	-	-	13,444,257
Library books	95,717,191	2,812,427	-	(129,372)	98,400,246
Intangible right-to-use lease assets	1,847,690	323,147	-	-	2,170,837
Total other capital assets	<u>1,148,024,186</u>	<u>8,398,995</u>	<u>11,600,193</u>	<u>(1,221,994)</u>	<u>1,166,801,380</u>
Less accumulated depreciation for:					
Buildings	(432,350,438)	(21,857,192)	-	-	(454,207,630)
Infrastructure	(58,725,965)	(3,061,922)	-	-	(61,787,887)
Equipment	(94,095,026)	(5,263,538)	-	1,021,688	(98,336,876)
Software	(12,676,191)	(170,122)	-	-	(12,846,313)
Library books	(71,945,259)	(3,355,402)	-	129,372	(75,171,289)
Less accumulated amortization for intangible right-to-use lease assets	(450,674)	(492,932)	-	-	(943,606)
Total accumulated depreciation	<u>(670,243,553)</u>	<u>(34,201,108)</u>	<u>-</u>	<u>1,151,060</u>	<u>(703,293,601)</u>
Capital assets being depreciated, net	<u>\$ 477,780,633</u>	<u>\$ (25,802,113)</u>	<u>\$ 11,600,193</u>	<u>\$ (70,934)</u>	<u>\$ 463,507,779</u>
<b>Capital asset summary:</b>					
Capital assets not being depreciated	\$ 22,085,693	\$ 10,633,073	\$ (11,600,193)	\$ -	\$ 21,118,573
Other capital assets, at cost	1,148,024,186	8,398,995	11,600,193	(1,221,994)	1,166,801,380
Total cost of capital assets	<u>1,170,109,879</u>	<u>19,032,068</u>	<u>-</u>	<u>(1,221,994)</u>	<u>1,187,919,953</u>
Less: accumulated depreciation	(670,243,553)	(34,201,108)	-	1,151,060	(703,293,601)
Capital assets, net	<u>\$ 499,866,326</u>	<u>\$ (15,169,040)</u>	<u>\$ -</u>	<u>\$ (70,934)</u>	<u>\$ 484,626,352</u>
<b>Foundation</b>					
Capital assets	\$ 755,733	\$ -	\$ -	\$ -	\$ 755,733
Less: accumulated depreciation	(706,148)	(17,674)	-	-	(723,822)
Capital assets, net	<u>\$ 49,585</u>	<u>\$ (17,674)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,911</u>



Changes in capital asset balances for the year ended June 30, 2020, were as follows:

	Balance July 1 2019	Additions	Transfers	Retirements	Balance June 30 2020
<b>University</b>					
Capital assets not depreciated:					
Land and land improvements	\$ 10,657,569	\$ 1,786,634	\$ -	\$ (1,120)	\$ 12,443,083
Construction in progress	39,540,446	15,980,150	(45,877,986)	-	9,642,610
Total capital assets not being depreciated	<u>\$ 50,198,015</u>	<u>\$ 17,766,784</u>	<u>\$ (45,877,986)</u>	<u>\$ (1,120)</u>	<u>\$ 22,085,693</u>
Capital assets being depreciated:					
Buildings	\$ 786,594,082	\$ 33,516	\$ 45,293,640	\$ -	\$ 831,921,238
Infrastructure	86,514,215	10,626	584,346	-	87,109,187
Equipment	114,408,837	5,770,079	-	(2,030,406)	118,148,510
Software	13,260,350	36,770	-	(16,750)	13,280,370
Library books	92,216,727	3,667,416	-	(166,952)	95,717,191
Intangible right-to-use lease assets	1,769,877	77,813	-	-	1,847,690
Total other capital assets	<u>1,094,764,088</u>	<u>9,596,220</u>	<u>45,877,986</u>	<u>(2,214,108)</u>	<u>1,148,024,186</u>
Less accumulated depreciation for:					
Buildings	(410,184,208)	(22,166,230)	-	-	(432,350,438)
Infrastructure	(55,675,241)	(3,050,724)	-	-	(58,725,965)
Equipment	(90,085,710)	(5,933,190)	-	1,923,874	(94,095,026)
Software	(12,486,201)	(206,740)	-	16,750	(12,676,191)
Library books	(68,831,975)	(3,280,236)	-	166,952	(71,945,259)
Less accumulated amortization for intangible right-to-use lease assets	-	(450,674)	-	-	(450,674)
Total accumulated depreciation	<u>(637,263,335)</u>	<u>(35,087,794)</u>	<u>-</u>	<u>2,107,576</u>	<u>(670,243,553)</u>
Capital assets being depreciated, net	<u>\$ 457,500,753</u>	<u>\$ (25,491,574)</u>	<u>\$ 45,877,986</u>	<u>\$ (106,532)</u>	<u>\$ 477,780,633</u>
<b>Capital asset summary:</b>					
Capital assets not being depreciated	\$ 50,198,015	\$ 17,766,784	\$ (45,877,986)	\$ (1,120)	\$ 22,085,693
Other capital assets, at cost	1,094,764,088	9,596,220	45,877,986	(2,214,108)	1,148,024,186
Total cost of capital assets	<u>1,144,962,103</u>	<u>27,363,004</u>	<u>-</u>	<u>(2,215,228)</u>	<u>1,170,109,879</u>
Less: accumulated depreciation	<u>(637,263,335)</u>	<u>(35,087,794)</u>	<u>-</u>	<u>2,107,576</u>	<u>(670,243,553)</u>
Capital assets, net	<u>\$ 507,698,768</u>	<u>\$ (7,724,790)</u>	<u>\$ -</u>	<u>\$ (107,652)</u>	<u>\$ 499,866,326</u>
<b>Foundation</b>					
Capital assets	\$ 755,733	\$ -	\$ -	\$ -	\$ 755,733
Less: accumulated depreciation	(679,187)	(26,961)	-	-	(706,148)
Capital assets, net	<u>\$ 76,546</u>	<u>\$ (26,961)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,585</u>

**Note 6 – Long-Term Liabilities**

A summary of changes in long-term liabilities for the University and Discrete Component Unit for the year ended June 30, 2021, follows:

	Balance July 1 2020	Additions	Reductions	Balance June 30 2021	Current Portion (due in 2022)	
<b>University</b>						
Bonds and contracts payable:						
Revenue bonds payable	\$ 121,996,132	\$ -	\$ (8,643,242)	\$ 113,352,890	\$ 7,355,000	
Subordinate revenue note, notes from direct borrowing	10,340,000	-	(1,015,000)	9,325,000	1,015,000	
Contracts payable	1,397,016	323,147	(510,473)	1,209,690	402,731	
	<u>133,733,148</u>	<u>323,147</u>	<u>(10,168,715)</u>	<u>123,887,580</u>	<u>8,772,731</u>	
Total bonds and contracts						
Other liabilities:						
Accrued compensated absences	18,426,957	4,828,443	(4,579,264)	18,676,136	3,735,227	
Other post employment benefits	165,830,023	11,582,166	(5,718,396)	171,693,793	5,718,000	
Net pension liability	487,324,359	769,880,249	-	1,257,204,608	-	
Accrued benefit reserve	659,630	-	-	659,630	-	
Other	100,516	89,335	-	189,851	-	
	<u>672,341,485</u>	<u>786,380,193</u>	<u>(10,297,660)</u>	<u>1,448,424,018</u>	<u>9,453,227</u>	
Total other liabilities						
Total long-term liabilities	<u>\$ 806,074,633</u>	<u>\$ 786,703,340</u>	<u>\$ (20,466,375)</u>	<u>\$ 1,572,311,598</u>	<u>\$ 18,225,958</u>	
<b>Foundation</b>						
	Balance July 1 2020	Additions	Reductions	Changes in Estimate	Balance July 1 2021	Current Portion (due in 2022)
Gift annuities payable	\$ 2,508,835	\$ -	\$ -	\$ (227,599)	\$ 2,281,236	\$ 210,215
Payable under unitrusts	140,851	-	-	(140,850)	1	-
Other long-term liabilities	<u>\$ 2,649,686</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (368,449)</u>	<u>\$ 2,281,237</u>	<u>\$ 210,215</u>

A summary of changes in long-term liabilities for the University and Discrete Component Unit for the year ended June 30, 2020, follows:

	Balance July 1 2019	Additions	Reductions	Balance June 30 2020	Current Portion (due in 2021)
<b>University</b>					
Bonds and contracts payable:					
Revenue bonds payable	\$ 143,561,287	\$ 28,040,944	\$ (49,606,099)	\$ 121,996,132	\$ 7,390,000
Subordinate revenue note direct borrowing	11,285,000	-	(945,000)	10,340,000	1,015,000
Contracts payable	1,769,877	77,813	(450,674)	1,397,016	481,023
	<u>156,616,164</u>	<u>28,118,757</u>	<u>(51,001,773)</u>	<u>133,733,148</u>	<u>8,886,023</u>
Total bonds and contracts					
Other liabilities:					
Accrued compensated absences	15,486,823	5,758,994	(2,818,860)	18,426,957	3,685,392
Other post employment benefits	145,672,186	39,157,067	(18,999,230)	165,830,023	5,275,000
Net pension liability	792,236,144	-	(304,911,785)	487,324,359	-
Accrued benefit reserve	659,630	-	-	659,630	-
Other	66,394	34,122	-	100,516	-
	<u>954,121,177</u>	<u>44,950,183</u>	<u>(326,729,875)</u>	<u>672,341,485</u>	<u>8,960,392</u>
Total other liabilities					
Total long-term liabilities	<u>\$ 1,110,737,341</u>	<u>\$ 73,068,940</u>	<u>\$ (377,731,648)</u>	<u>\$ 806,074,633</u>	<u>\$ 17,846,415</u>
	<b>Balance July 1 2019</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance July 1 2020</b>	<b>Current Portion (due in 2021)</b>
<b>Foundation</b>					
Gift annuities payable	\$2,216,254	\$ -	\$ -	\$ 2,508,835	\$ 211,175
Payable under unitrusts	141,785	-	-	140,851	31,067
Other long-term liabilities	<u>\$2,358,039</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,649,686</u>	<u>\$ 242,242</u>
			<b>Changes in Estimate</b>		

**Bonds Payable.** The University issued the 2019 refunding bonds (Series 2019A and Series 2019B) on October 23, 2019. Proceeds of the Series 2019A Bonds were used to refund remaining outstanding unrefunded Series 2010B Bonds. Proceeds of the 2019B Bonds were used to refund the remaining 2010C Bonds. The University experienced an economic savings of \$1,607,109 and \$1,046,719 from the 2019A and 2019B Bonds, respectively.

On April 1, 2020 proceeds from the Series 2017C crossover refunding were used to refund a portion of Series 2010B Bonds. As of June 30, 2021, there are \$9,930,000 of outstanding bonds that have been defeased through an irrevocable trust. All other outstanding University revenue bonds as of June 30, 2020 were issued as parity bonds and are all tax exempt. All bonds are payable solely from, and secured by, a pledge of and a non-exclusive first lien on certain pledged revenues. The revenues pledged to meet these debt obligations are student tuition and fees, sales and services, other operating income, investment income, and building fees. The pledged revenues for fiscal years 2021 and 2020 are \$198,715,000 and \$194,069,000, respectively. Interest payments are made twice a year, on October 1 and April 1 while principal is paid annually on April 1. Allowable premiums, and discounts on bonds payable are recorded in total and amortized according to the bonds outstanding method, which approximates the effective interest method.

The bond interest expense incurred for the fiscal years 2020 and 2020 was \$3,600,064 and \$5,336,183, respectively, net of interest income.

Total University bonds issued and outstanding at June 30, 2021 and 2020 :

	Total Issued	Outstanding	
		2021	2020
Refunding and Improvement Revenue Bonds			
Bond Series 2010A, 2010B, 2010C, 2010D (1.89% - 5.27%) Final Maturity 2030	78,670,000	-	390,000
Refunding and Improvement Revenue Bonds			
Bond Series 2013A, 2013B, 2013C (2.00% - 5.00%) Final Maturity 2033	56,200,000	16,285,000	18,870,000
Refunding and Improvement Revenue Bonds			
Bond Series 2017A, 2017B, 2017C (1.75% - 5.00%) Final Maturity 2042	73,240,000	65,730,000	68,505,000
Refunding and Improvement Revenue Bonds			
Bond Series 2019A and 2019B (2.00% - 5.00%) Final Maturity 2040	24,985,000	23,225,000	24,865,000
Total Bonds Payable	233,095,000	105,240,000	112,630,000
Plus: Unamortized Net Premium	20,646,409	8,112,890	9,366,132
Bonds Payable, net	<u>\$ 253,741,409</u>	<u>\$ 113,352,890</u>	<u>\$ 121,996,132</u>

The maturity schedule for the University bonds payable at June 30, 2021, follows:

Year Ending June 30	Principal	Interest
2022	\$ 7,355,000	\$ 4,608,330
2023	7,290,000	4,277,086
2024	6,660,000	3,948,034
2025	6,940,000	3,649,426
2026	6,360,000	3,336,720
2027-2031	30,195,000	12,613,330
2032-2036	24,180,000	6,676,575
2037-2041	14,135,000	2,227,637
2042	2,125,000	106,250
Total	<u>\$ 105,240,000</u>	<u>\$ 41,443,388</u>

**Notes Payable.** The Board of Regents issued a tax-exempt Subordinate Lien Improvement Revenue Note, Series 2014 on April 21, 2014 in a direct purchase with BOKF, NA dba Bank of Albuquerque. The original principal amount of the note was \$15,865,000 and the interest rate is 3.07%. The note is payable solely from, and secured by, a pledge of, and a non-exclusive subordinate lien on the following revenues: student tuition and fees; sales and service revenue; other operating revenue; investment income; and, building fees. Interest payments began on October 1, 2014 and are due semiannually thereafter on April 1 and October 1 of each year. Principal payments are due April 1 each year, beginning April 1, 2016. The note matures April 1, 2029.

The interest expense incurred on the note was \$317,438 and \$346,450 for fiscal years ended June 30, 2021 and 2020, respectively.

The maturity schedule for the subordinate revenue note at June 30, 2021, follows:

Year Ending June 30	Principal	Interest
2022	\$ 1,090,000	\$ 286,278
2023	1,165,000	252,815
2024	1,240,000	217,049
2025	1,325,000	178,981
2026	1,410,000	138,304
2027-2028	3,095,000	143,983
Total	<u>\$ 9,325,000</u>	<u>\$ 1,217,410</u>

**Lease Liability.** The University acquires various types of equipment under lease agreements. All lease agreements contain a fiscal funding clause, which allows the lease agreements to be canceled if funding for future periods is not appropriated. University administration believes that the likelihood of this occurrence is remote. The following tables detail the carrying value of assets acquired under these arrangements, the net present value of minimum lease payments, future minimum lease payments and the portion of the lease payments representing interest at June 30, 2021.

Type of Property	Asset Carrying Value	Net Present Value of Minimum Lease Payments
Office equipment	\$ 354,924	\$ 277,409
Computer equipment	315,285	105,095
Real Estate	1,049,954	827,186
Total	<u>\$ 1,720,163</u>	<u>\$ 1,209,690</u>

Year Ending June 30	Principal	Interest	Minimum Payments
2022	\$ 402,731	\$ 13,534	\$ 416,265
2023	302,872	10,627	313,499
2024	211,190	7,647	218,837
2025	282,437	4,592	287,029
2026	10,460	1,459	11,919
Total	<u>\$ 1,209,690</u>	<u>\$ 37,859</u>	<u>\$ 1,247,549</u>

## Note 7 – Health Insurance

The University provides group health insurance coverage for all regular employees working 30 hours per week or more and term appointment employees working 30 hours per week or more. Coverage is optional and is available the first pay period after 30 days of employment. The University's portion of the premium is based on the employee's annual salary. Employee contributions are required for personal, as well as spouse, qualified domestic partner and dependent coverage.

The University participates in the State of New Mexico (State) group health insurance program. Premiums are paid to the State. The State program assumes full responsibility for all claims.

Eligible retirees who were enrolled in health insurance for a minimum of ten consecutive years prior to retirement may elect to continue health insurance coverage through the University's program. The University contributes 60% of the premiums for retirees and their dependents until the retiree reaches age 70, after which, the University contributes 30%. Retiree health insurance is not offered to employees hired after June 30, 2016.

The University participates in a fully insured plan for the eligible active retirees. Premiums are paid to the insurance carrier. The insurance carrier assumes full responsibility for all claims.

## Note 8 – Retirement Programs

The University offers three retirement plans. All eligible employees working more than 25% full-time equivalent are required to participate in one of the first two plans described below. Student employees do not participate in these plans.

### A. Educational Retirement Act

**Plan Description.** Substantially all of the University's eligible employees, except those who participate in the Alternative Retirement Plan (ARP) described below, participate in a public employee retirement system authorized under the Educational Retirement Act (ERA) of the State of New Mexico (Chapter 22, Article 11 NMSA 1978). The Educational Retirement Board (ERB) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits, and cost-of-living adjustments to plan members (certified teachers, and other employees of State public school districts, colleges and universities) and beneficiaries. ERB issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to ERB, P.O. Box 26129, Santa Fe, New Mexico 87502. The report is also available on ERB's website at [www.nmerb.org](http://www.nmerb.org).

**Return to Work Program.** Effective January 1, 2002, the ERB implemented a retiree Return-To-Work (RTW) program whereby the University is required to make regular employer contributions on eligible retiree wages. As of July 1, 2011, House Bill 129 was passed requiring returning retirees to contribute the employee portion. As of April 4, 2019, House Bill 360 was passed requiring all working retirees and the University to make regular employer contribution on eligible retiree wages.

**Funding Policy.** The contribution requirements of plan members and the University are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature.

A summary of member and employer contributions to the Educational Retirement Board is provided below:

	2021	2020	2019
Employee's earning \$24,000 or less in 2021 and 2020 and \$20,000 or less in 2019:			
University contribution	14.15%	14.15%	13.90%
Employee contribution	7.90%	7.90%	7.90%
Employee's earning \$24,000 or less in 2021 and 2020 and \$20,000 or less in 2019:			
University contribution	14.15%	14.15%	13.90%
Employee contribution	10.70%	10.70%	10.70%
University's contribution to ERB	\$ 28,188,265	\$ 26,135,142	\$ 24,766,759
University's contribution to ERB for Return to Work Program	\$278,796	\$270,671	\$214,381

For members hired after June 30, 2019, the multiplier applied to the final average compensation will accrue to the following schedule:

Years of Service	Benefit Percentage Earned
1-10	1.35%
11-20	2.35%
21-30	3.35%
31+	2.40%

#### **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

The June 30, 2021 total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2019. The total ERB pension liability was rolled forward from the valuation date to the plan year June 30, 2020, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2020. At June 30, 2021 and 2020 the University reported liabilities of \$1,257,204,608 and \$487,324,359, respectively, for its proportionate share of the net pension liability. The proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2020. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2020, the University's proportion was 6.20355% which was a decrease of 0.22782% from its proportion measured as of June 30, 2019. At June 30, 2019, the University proportion was 6.43137% which was a decrease of 0.23093% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2021, the University recognized a pension expense of \$293,163,731. At June 30, 2021, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,804,685	\$ 4,847,698
Changes of assumptions	503,772,630	-
Net difference between projected and actual earnings on pension plan investments	42,689,616	-
Changes in proportion and differences between University contributions and proportionate share of contributions	-	21,972,246
University contributions subsequent to the measurement date	27,684,763	-
Total	<u>\$ 581,951,694</u>	<u>\$ 26,819,944</u>

The \$27,684,763 reported as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date of June 30, 2020 will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

For the year ended June 30, 2020, the University recognized a negative adjustment to pension expense of \$168,722,484 due to changes in pension obligations. At June 30, 2020, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 12,772,118
Changes of assumptions	68,665,173	-
Net difference between projected and actual earnings on pension plan investments	-	10,378,376
Changes in proportion and differences between University contributions and proportionate share of contributions	-	22,796,699
University contributions subsequent to the measurement date	28,188,265	-
Total	<u>\$ 96,853,438</u>	<u>\$ 45,947,193</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	
2022	\$ 204,649,267
2023	210,558,745
2024	99,179,365
2025	13,059,610
	<u>\$ 527,446,987</u>



**Actuarial assumptions:** As described above, the June 30, 2021 total ERB pension liability and net pension liability are based on an actuarial valuation performed as of June 30, 2019. The total ERB pension liability was rolled forward from the valuation date to the Plan year June 30, 2020 using generally accepted actuarial principles. Specifically, the liabilities measured as of June 30, 2020 incorporate the following assumptions:

All members with an annual salary of more than \$24,000 will contribute 10.70% during the fiscal year ended June 30, 2020 and thereafter.

Members hired after June 30, 2013 will have an actuarially reduced retirement benefit if they retire before age 55 and their COLA will be deferred until age 67.

COLAs for most retirees are reduced until ERB attains a 100% funded status.

These assumptions were adopted by ERB on April 21, 2017 in conjunction with the six-year experience study period June 30, 2016.

For the purposes of projecting future benefits, it is assumed that the full COLA is paid in all future years.

The actuarial methods and assumptions used to determine total pension liability included in the measurement are as follows:

Inflation	2.50%
Salary Increases	Composition; 2.30% inflation, plus .75% productivity increase rate, plus step-rate promotional increases for members with less than 10 years of service
Investment Rate of Return	7.00%
Single Discount Rate	3.89%
Retirement Age	Experienced-based table rates based on age and service. Adopted by NMERB on April 21, 2020 in conjunction with the six- year experience study for the period ended June 30, 2019.
Mortality	Healthy Males - RP-2000 GRS Southwest Region Teacher Mortality Table, set back one year and scaled at 95%. Generational mortality improvements in accordance with the Ultimate MP scales are projected from year 2020.  Healthy Females - GRS Southwest Region Teacher Mortality Table, set back one year. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020.
Cost-of-living increases	1.90% per year, compounded annually
Payroll growth	3.00% per year
Contribution accumulation	5.5% increase per year for all years prior to the valuation date
Disability Incidence	Approved rates applied to eligible members with at least 10 years of service
Actuarial Cost Method	Entry Age Normal

The long-term expected rate of return on pension plan investments is determined annually using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**Changes of Benefit Terms and Assumptions:** Actuarial assumptions and methods are set by the Board of Trustee, based upon recommendations made by the Plan's actuary. House Bill 360 was signed into law on April 4, 2019 and modified several benefit provisions of the Plan. Key among those changes was an increase in employer contributions from 13.90% to 14.15% as noted previously in this footnote. Other changes were also adopted which positively benefited the unfunded status of the Plan. The Board adopted new assumptions on April 21, 2017 in conjunction with the six-year actuarial experience study period ending June 30, 2016. At that time, the Board adopted a number of economic assumption changes, including a decrease in the inflation assumption from 3.00% to 2.50%. The 0.50% decrease in the inflation assumption also led to decreases in the nominal investment return assumption from 7.25% to 7.00%, the assumed annual wage inflation rate from 3.75% to 3.25%, the payroll growth assumption from 3.50% to 3.00%, and the annual assumed COLA from 2.00% to 1.90%.

The target allocation for each major asset class and total expected real rate of return are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Equities - Domestic	17%	
Equities - International	14%	
Fixed Income	24%	
Alternatives	44%	
Cash	1%	
Total	100%	7.00%

Discount rate: A single discount rate of 3.89% and 7.25% was used to measure the total ERB pension liability as of June 30, 2020 and June 30, 2019, respectively. For 2020, the single discount rate was based on an expected rate of return on pension plan investments of 7.00% a municipal bond rate of 2.45%. Based on the stated assumptions and the projection of cash flows, the Plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current pension plan members. For 2019, the single discount rate was based on the expected rate of return on pension investments of 7.25%. Based on the stated assumptions and the projection of cash flows, the Plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2046. As a result, the long term expected rate of return on Plan investments was applied to projected benefit payments through the 2046 fiscal year, and the municipal bond rate was applied to all benefit payments after that date.

**Sensitivity of the University's proportionate shares of the net pension liability to changes in the discount rate:** The following tables show the sensitivity of the net pension liability to changes in the discount rate as of fiscal year end 2021 and 2020. In particular, the table presents the University's net pension liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower, (2.89%) and (6.25%), or one percentage point higher, (4.89%) and (8.25%) than the single discount rate for June 30, 2020 and 2019, respectively.

	2021		
	1% Decrease (2.89%)	Current Discount Rate (3.89%)	1% Increase (4.89%)
New Mexico State University's proportionate share of the net pension liability	\$ 1,587,712,720	\$ 1,257,204,608	\$ 991,289,351

	2020		
	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
New Mexico State University's proportionate share of the net pension liability	\$ 657,850,564	\$ 487,324,359	\$ 346,282,977

**Pension plan fiduciary net position:** Detailed information about the ERB's fiduciary net position is available in the separately issued audited financial statements as of and for June 30, 2020 and 2019 which are publicly available at [www.erb.org](http://www.erb.org).

## B. Alternative Retirement Program

**Plan Description.** The New Mexico Alternative Retirement Plan (ARP) was established by amendment to Chapter 22, Article 11, Section 47-52. Certain faculty and professional staff hired on or after July 1, 1991, may elect to participate in an alternative defined contribution retirement plan in lieu of participation in the ERA in accordance with policies stipulated by the Board of Regents. The two carriers approved by the ERB are the Teachers Insurance and Annuity Association/College Retirement Equities Fund and Fidelity Investments. Employees are allowed to transfer between carriers once each year. Vesting is immediate and benefits may be distributed as an annuity, a roll over, or a withdrawal.

Effective July 1, 2009, employees, after 7 years of contribution to the ARP, have a one-time opportunity to move to the ERB's defined benefit plan. Section 51 allows members of the ARP the option to cash out or rollover the ARP account once they have left employment.

A summary of member and employer contributions to the Educational Retirement Board for the Alternative Retirement Program is provided below:

	2021	2020	2019
Employee's earning \$24,000 or less in 2020 and 2019 and \$20,000 or less in 2019:			
University contribution	14.15%	14.15%	13.90%
Employee contribution	7.90%	7.90%	7.90%
Employee's earning \$24,000 or less in 2020 and 2019 and \$20,000 or less in 2019:			
University contribution	14.15%	14.15%	13.90%
Employee contribution	10.70%	10.70%	10.70%
Administration fee to ERB	3.25%	3.25%	3.00%
Payroll expenses covered by ARP	\$ 35,096,862	\$ 33,359,460	\$ 30,308,256
University's contribution to the ERB for ARP	\$ 3,827,195	\$ 3,638,320	\$ 3,304,119
Administration fee paid to ERB for ARP	\$ 1,140,648	\$ 1,084,144	\$ 909,248
Employee contributions made to ARP	\$ 3,756,969	\$ 3,571,562	\$ 3,243,491

### C. Federal Retirement Program

**Plan Description.** Certain employees of the University working under the auspices of the United States Department of Agriculture (through various University sponsored extension programs) are covered under the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS), established with the passage of Public Law 99-335. Both are defined benefit retirement plans. FERS is a three-tiered retirement plan (covering substantially all Federal employees hired subsequent to December 31, 1986) combining Social Security benefits with a basic benefit plan and a thrift savings plan. Employees hired prior to 1984 do not participate in Social Security, but have the ability to transfer to FERS at their own discretion. The CSRS and FERS are administered by the U.S. Office of Personnel Management, Retirement Operations Center, P.O. Box 45, Boyers, Pennsylvania 16017.

**Contributions Required.** Employees covered by CSRS and FERS are considered federal employees, and as such, are obligated to contribute according to the guidelines of the federal government. For the year ended June 30, 2021 there was 0 employees enrolled under CSRS and 2 employees under FERS.

A summary of member and employer contributions to the Federal Retirement Program is provided below:

	2021	2020	2019
Employee's covered by CSRS:			
University contribution	7.00%	7.00%	7.00%
Employee contribution	7.00%	7.00%	7.00%
Employee's covered by FERS:			
University contribution	13.70%	13.70%	13.70%
Employee contribution	0.80%	0.80%	0.80%
University's contribution	\$ 35,403	\$ 127,192	\$ 127,192
Employee's contribution	\$ 1,770	\$ 16,078	\$ 16,078

### Note 9 – Other Postemployment Benefits Plan

**Plan Description.** New Mexico State University is a single employer that offers employees and their eligible dependents retiree benefits. This is an unfunded OPEB plan operating on a pay as you go basis. The authority to establish and amend the benefit provisions rests with the Board of Regents.

Retirees, who have had 10 consecutive years of health insurance coverage with the University at the time of retirement, are offered the opportunity to participate in a fully-insured PPO medical plan, including prescription drugs. Medicare retirees (for retirees 65 years of age and over) are offered the opportunity to participate in a Medicare carve-out medical plan, including prescription drugs. Eligible retired employees may select a Life Insurance benefit up to \$10,000. All premiums for life insurance are paid by the retiree.

The University currently pays 60% of the monthly medical and prescription premium for retirees and their eligible dependents until the retiree reaches age 70, at which time the University reduces their contribution to 30%. As of June 30, 2021 and 2020, 1,438 and 1,401 retirees met the eligibility requirements for health insurance, respectively.

Employees hired after June 30, 2016 are not offered this benefit.

**Plan Participation Percentage.** The participation percentage is the assumed rate of future eligible retirees who elect to continue health coverage at retirement. It is assumed that 85% of all pre Medicare employees and their dependents who are eligible for early retirement will participate in the retiree medical plan. It is also assumed that 80% of those enrolled in the pre Medicare plans will continue on the plan once Medicare eligible. Lastly, it is assumed that 88% of all pre Medicare employees who are eligible for the retiree life insurance benefit will participate, and 91% of those enrolled will continue on the plan once Medicare eligible. This assumes that a one-time irrevocable election to participate is made at retirement.

Employees covered by benefit terms - At June 30, 2021 and 2020, the following employees were covered by the benefit terms:

	2021	2020
Current retirees receiving benefits	1,880	1,802
Current active members	1,938	2,052

**Annual OPEB Cost and Total OPEB Obligation.** The University's annual other postemployment benefit (OPEB) Service/Interest cost (expense) is the portion of the Actuarial Present Value of plan benefits and expenses for active employees which is allocated to a valuation year by the Actuarial Cost Method. The following table shows the components of the University's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the University's total OPEB obligation related for fiscal year 2021:

	Total OPEB Liability
<b>Total OPEB Liability - Start of Year (July 1, 2020)</b>	<b>\$ 165,830,023</b>
Changes for the year	
Service cost	6,497,191
Interest cost	3,745,243
Changes in assumptions or other inputs	1,339,732
Benefit payments	(5,718,396)
Net change in total OPEB liability	5,863,770
Total OPEB Liability - End of Year (June 30, 2021)	<u>\$ 171,693,793</u>

The total OPEB liability and sensitive information were based on an annual actuarial valuation performed as of June 30, 2020.

The following table shows the components of the University's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the University's total OPEB obligation related for fiscal year 2020:

	Total OPEB Liability
<b>Total OPEB Liability - Start of Year (July 1, 2019)</b>	<b>\$ 145,672,186</b>
Changes for the year	
Service cost	5,787,303
Interest cost	5,208,772
Differences between expected and actual experience	(13,724,348)
Changes in assumptions or other inputs	28,160,992
Benefit payments	(5,274,882)
Net change in total OPEB liability	20,157,837
<b>Total OPEB Liability - End of Year (June 30, 2020)</b>	<b>\$ 165,830,023</b>

The total OPEB liability and sensitive information were based on an annual actuarial valuation performed as of June 30, 2020. The discount rate is the only applicable change in the valuation.

A summary of the key results are shown below for fiscal year ended June 30, 2021 and 2020:

	2021		2020	
Present Value of Future Benefits	\$	218,085,105	\$	216,931,687
Total OPEB Liability (Beginning of Fiscal Year)	\$	165,830,023	\$	145,672,186
Total OPEB Liability (End of Fiscal Year)	\$	171,693,793	\$	165,830,023

For the year ended June 30, 2021, the University recognized a OPEB expense of \$14,755,057. At June 30, 2021, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 6,464,747
Changes of assumptions	17,290,742	1,257,855
Total	<u>\$ 17,290,742</u>	<u>\$ 7,722,602</u>

For the year ended June 30, 2020, the University recognized a OPEB expense of \$15,154,367. At June 30, 2020, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 10,094,548
Changes of assumptions	\$ 25,118,426	\$ 2,282,848
Total	<u>\$ 25,118,426</u>	<u>\$ 12,377,396</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	
2022	\$ 4,512,623
2023	4,468,647
2024	<u>586,870</u>
	<u>\$ 9,568,140</u>

**Actuarial Methods and Assumptions.** Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The Entry Age Normal Actuarial Cost Method was used based on level percentage of projected salary. The OPEB liability is based on an actuarial valuation performed as of June 30, 2021, conducted in accordance with generally accepted actuarial principles.

The actuarial methods and assumptions used to determine the total OPEB liability included in the measurement are as follows:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Discount Rate	2.16% per annum <i>Source: Bond Buyer 20-Bond GO Index</i>
Salary Increase Rate	2.5% per annum
Inflation Rate	3.0% per annum
Medicare Eligibility	All current and future retirees are assumed to be eligible for Medicare at age 65
Health Care Cost Trend Rate	The actuarial valuation assumes an annual health care cost trend on a select and ultimate basis. Medical and prescription benefits on a select basis at 5.5% for retirees 65 years of age and under and 4.5% for retirees over 65 years of age and on an ultimate basis at 4.5%. The select trend rates are reduced .5% each year until reaching the ultimate trend.
Per Capita Health Claim Cost	Expected pre Medicare retiree claim costs were developed using 24 months of historical claim experience through March 2020. The annual age 60 claim costs for retirees and their spouses is \$7,418. The age 70 costs for retirees is \$3,334.
Mortality Rate	Pub-2010 mortality table with generational scale MP-2019.

**Discount Rate.** A single discount rate of 2.16% and 2.21% was used to measure the total OPEB liability as of June 30, 2021 and 2020, respectively.

**Other Information.** The discount rate was updated from the prior valuation. The mortality assumption was updated from RP-2014 mortality table with generational scale MP-2018 to Pub-2010 mortality table with generational scale MP-2019 to reflect the Society of Actuaries' recent mortality study. Experience/Assumptions gains and losses are amortized over a closed period of 3.8 years starting on July 1, 2019, equal to the average remaining service of active and inactive plan members (who have no future service). The Plan participation rates were updated to reflect the participation trend. Currently, the plans are considered to be unfunded as there are no assets and retiree benefits are expected to be paid annually on a cash basis.



**Health Care Trend Sensitivity Analysis.** The following schedules measures the Total OPEB Liability if the health care cost trend rate used was 1% higher than than the assumed health care cost trend rate and 1% lower than the assumed health care cost trend rate for June 30, 2021 and 2020, respectively.

	2021		
	1% Decrease	Current Trend	1% Increase
New Mexico State University's total OPEB liability	\$ 147,344,000	\$ 171,693,793	\$ 203,086,000

	2020		
	1% Decrease	Current Trend	1% Increase
New Mexico State University's total OPEB liability	\$ 142,312,000	\$ 165,830,023	\$ 196,150,000

**Discount Rate Sensitivity Analysis.** The following tables show the sensitivity of the OPEB liability to changes in the discount rate as of fiscal year end 2021 and 2020. In particular, the table presents the University's OPEB liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower, (1.16%) and (1.21%), or one percentage point higher, (3.16%) and (3.21%) than the single discount rate for June 30, 2021 and 2020, respectively.

	2021		
	1% Decrease (1.16%)	Current Discount Rate 2.16%	1% Increase (3.16%)
New Mexico State University's total OPEB liability	\$ 202,222,000	\$ 171,693,793	\$ 147,725,000

	2020		
	1% Decrease (1.21%)	Current Discount Rate 2.21%	1% Increase (3.21%)
New Mexico State University's total OPEB liability	\$ 195,315,000	\$ 165,830,023	\$ 142,680,000

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Changes in Total OPEB liability and Related Ratios in accordance with GASB 75 (Schedule 5), presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Note 10 – Commitments**

**Capitalizable Project Commitments and Financing.** The University has entered into contracts for the construction and renovation of various facilities. At June 30, 2021, the estimated remaining costs to complete these and other in-house construction and renovation projects was approximately \$84.5 million. These projects are in various stages of completion. Those deemed to be major projects are expected to be completed by August 2022. The remaining cost of all budgeted projects (both capital and non-capital) will be financed as follows:

Funding Sources	Amount
Revenue bonds	\$ 1,651,945
General obligation bonds (State of New Mexico)	34,965,439
Severance tax bonds (State of New Mexico)	5,200,384
University Funds	15,225,958
State funds	26,841,796
Gifts, grants and contracts	602,540
Total	<u>\$ 84,488,062</u>

**Other Commitments.** At June 30, 2021, the University had outstanding purchase orders for materials and services which were not received, and thus are not recorded as liabilities in the accompanying Statements of Net Position. The approximate amount of such commitments is \$30.8 million.

**Note 11 - Component Units**

The following entities support the University in accomplishing its various missions. These entities were selected for inclusion based on criteria as set forth in GASB 14, The Reporting Entity, GASB 39, Determining Whether Certain Organizations Are Components Units, GASB 61, Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34 and GASB 80, Blending Requirements for Certain Component Units - an amendment of GASB Statement No 14. Complete financial statements for these component units can be obtained from each respective administrative office at the addresses listed below.

The Foundation is discretely presented on the face of the financial statements, as prescribed by GASB 14, amended by GASB 39, and further amended by GASB 61. The entity qualifies as discretely presented according to GASB 14, paragraph 40a, because of the nature and significance of its relationship with the University. This relationship meets the direct benefit, access to economic resources and significance of resources criteria. The other component units are blended because the University either completely controls its activities or the entity provide services entirely, or almost entirely to the University in accordance with GASB 39 and GASB 80.

**Arrowhead Center, Inc.** Arrowhead Center, Inc., a blended component unit, was organized pursuant to the provisions of the State of New Mexico University Research Park Act of 1989. Its purposes are to promote and contribute to economic development and protect, license, and market intellectual property developed by faculty, staff, and students of the University, as well as members of the community, in order to further research and economic development for the State of New Mexico. Arrowhead Center, Inc.'s address is: Arrowhead Center, Inc., MSC 3CR, P.O. Box 30001, Las Cruces, NM 88003.

Summary financial information as of June 30, 2021 and 2020, and for the fiscal years then ended follows:

	2021	2020
<b>Net Position</b>		
Total assets	\$ 16,498,626	\$ 16,498,112
Total liabilities	783,882	788,789
Deferred inflows of resources	14,007,176	14,302,190
Total net position	<u>\$ 1,707,568</u>	<u>\$ 1,407,133</u>
<b>Changes in Net Position</b>		
Total revenues	\$ 845,145	\$ 904,708
Total expenditures	<u>544,710</u>	<u>666,131</u>
Change in net position	300,435	238,577
Net position, beginning	<u>1,407,133</u>	<u>1,168,556</u>
<b>Net position, ending</b>	<u>\$ 1,707,568</u>	<u>\$ 1,407,133</u>

**The New Mexico State University Foundation, Inc.** The Foundation is a non-profit corporation formed for the purpose of obtaining and disbursing funds for the sole benefit of the University. It is a discrete component unit of the University with financial information presented in a separate column in the University's financial statements. Separate audited financial statements are prepared in accordance with the Financial Accounting Standards Board (FASB). The Foundation's address is: New Mexico State University Foundation, Inc., P.O. Box 3590, Las Cruces, NM 88003.

**Aggie Development, Inc.** Aggie Development, Inc., was organized pursuant to the provisions of the State of New Mexico University Research Park Act of 1989. The corporation was established to benefit the University by (1) managing and developing designated University real estate and water rights; (2) contributing all of the corporation's net revenues to the University; and (3) enhancing learning opportunities for students. Since inception, Aggie Development Inc. did not meet the materiality threshold that requires audited financial statements and therefore its activity is included in the NMSU audited financial statements, but no separate details are presented herein. Aggie Development, Inc.'s address is: Aggie Development, Inc., P.O. Box 3145, Las Cruces, NM 88003.

#### Note 12 – Contingent Liabilities

The University has evaluated contingent liabilities from the balance sheet date through October 31, 2021, the date at which the financial statements were available to be issued, and determined the following item for disclosure:

During the 2021 New Mexico Legislative Session, New Mexico State University Carlsbad was approved to be made into an independent community college known as Southeast New Mexico College. As part of this legislation, all functions, personnel, appropriations, assets and liabilities will be transferred to the new College on April 10, 2022. The effective date of the legislation was July 1, 2021. As of the date of issuance, the new college has not yet established its governing board, and definitions of what assets and liabilities will be included are in the process of being determined. Currently, the impact on New Mexico State University cannot be determined.

### Note 13 – Natural Classification Operating Expenses

The University's and Discrete Component Unit's operating expenses by natural classification were as follows:

	2021		2020	
	University	Component Unit	University	Component Unit
Operating Expenses				
Salaries				
Faculty	\$ 96,872,187	\$ -	\$ 97,629,123	\$ -
Exempt staff	109,259,196	2,061,377	109,991,865	2,005,521
Non-exempt staff	14,835,367	-	14,702,480	-
Student/graduate assistant	29,603,921	5,856	32,133,731	8,194
Other compensation	7,147,614	1,861	6,326,084	6,169
Total salaries	<u>257,718,285</u>	<u>2,069,094</u>	<u>260,783,283</u>	<u>2,019,884</u>
Other Operating Expenses				
Benefits*	362,111,405	-	(99,491,358)	-
Travel	3,423,194	7,165	10,222,758	98,310
Scholarship and fellowships and other program support	54,944,465	10,466,792	44,245,498	11,480,762
Utilities	10,946,180	4,682	9,981,459	3,157
Professional fees	20,227,162	374,936	17,423,504	313,826
Supplies and other services	75,615,783	2,426,696	83,761,049	1,145,380
Depreciation	34,201,108	17,674	35,087,794	26,962
Total operating expenses	<u>\$819,187,582</u>	<u>\$ 15,367,039</u>	<u>\$362,013,987</u>	<u>\$ 15,088,281</u>

\* Benefits expense for 2020 was impacted by the change in pension liability.

### Note 14 – Unrestricted Net Position

Unrestricted net position supports the missions of the University in current and future years. The following is a breakdown of the University's unrestricted net position as of June 30, 2021 (unaudited):

	2021	2020
Unrestricted Net Position	\$ (668,764,380)	\$ (418,538,663)
Add: Unfunded Pension	702,072,858	436,418,114
Add: Long-Term Compensated Absences	14,940,909	14,741,565
Add: Other Post Employment Benefits	<u>162,125,653</u>	<u>153,088,993</u>
<b>Adjusted Unrestricted Net Position</b>	<u><u>210,375,040</u></u>	<u><u>185,710,009</u></u>
Unrestricted - Instruction and General	\$ 29,641,663	\$ 28,849,609
Unrestricted - Research	20,072,579	18,800,385
Unrestricted - Public Service	10,421,956	7,348,775
Unrestricted - Other	17,203,574	14,032,230
Quasi Endowments Funds	18,180,124	15,454,836
Renewals and Replacements - Buildings	41,221,807	33,777,682
Renewals and Replacements - Auxiliary Enterprises	8,425,214	9,160,396
Renewals and Replacements - Internal Services Units	5,893,485	6,684,931
Renewals and Replacements - Equipment	26,404,758	20,815,316
Unexpended plant - Designated to Projects	6,694,009	7,111,914
Unexpended plant - Future Projects/Contingency	<u>26,215,871</u>	<u>23,673,935</u>
<b>Total</b>	<u><u>\$ 210,375,040</u></u>	<u><u>\$ 185,710,009</u></u>

### Note 15 – Tax Abatements

NMSU does not collect tax revenue nor does it enter into any individual tax abatement agreements. NMSU receives funding through appropriations from the State of New Mexico and the amounts of such appropriations to NMSU may be indirectly affected by Tax Abatement agreements entered into by the State of New Mexico. As a taxing authority, the State of New Mexico has the ability to collect tax revenue and enter into individual tax abatement agreements. The State of New Mexico is required under GASB 77 to provide detailed disclosure regarding its tax abatement agreements in its annual comprehensive financial report (ACFR). No University revenue was impacted by abatement agreements.

### Note 16 – New Accounting Standards

GASB Statement No. 87 (*Leases*) was implemented in fiscal year 2021. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The implementation of statement has resulted in changing the presentation of the financial statements. See discussion of impact as described in Note 2.

GASB Statement No. 89 (*Construction Interest Costs*) will become effective for fiscal year 2021, but the University has early adopted this statement for fiscal year 2020.

GASB Statement No. 95 (Postponement of the Effective Dates of Certain Authoritative Guidance) is effective for fiscal year 2021. This statement is intended to provide relief to governments and other stakeholders in light of the COVID-19 pandemic. The guidance postpones, by one year, the effective dates of certain provisions in the following pronouncements:

- Statement No. 87, Leases (The University adopted in 2021)

### Note 17 – Subsequent Events

The University has evaluated subsequent events from the balance sheet date through October 31, 2021, the date at which the financial statements were available to be issued, and determined there are no additional items to disclose.

## Schedule 1 - Combining Statement of Net Position

	New Mexico State University 2021	Arrowhead Center, Inc. 2021	Total 2021
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 84,625,598	\$ 1,631,082	\$ 86,256,680
Restricted cash and cash equivalents	8,979,547	-	8,979,547
Cash and cash equivalents held in trust by component unit for NMSU	2,717,427	-	2,717,427
Cash and cash equivalents held in trust by others	-	-	-
Short-term investments	40,117,743	-	40,117,743
Accounts receivable, net	47,415,618	17,992	47,433,610
Due from component unit	1,534,251	-	1,534,251
Inventories	2,640,265	-	2,640,265
Prepaid expenses	458,059	-	458,059
Long-term receivable - current portion	745,269	309,390	1,054,659
Total current assets	<u>189,233,777</u>	<u>1,958,464</u>	<u>191,192,241</u>
Non-current assets:			
Unrestricted cash and cash equivalents	59,353,535	-	59,353,535
Restricted cash and cash equivalents	33,962,158	-	33,962,158
Investments held in trust by component unit for NMSU	51,851,418	-	51,851,418
Other long-term investments	24,420,122	105,955	24,526,077
Long-term receivable	8,043,765	13,697,786	21,741,551
Capital assets, net	483,889,931	736,421	484,626,352
Total non-current assets	<u>661,520,929</u>	<u>14,540,162</u>	<u>676,061,091</u>
<b>TOTAL ASSETS</b>	<u>850,754,706</u>	<u>16,498,626</u>	<u>867,253,332</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>600,613,732</u>	<u>-</u>	<u>600,613,732</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	13,254,714	16,500	13,271,214
Other accrued liabilities	17,133,652	25,000	17,158,652
Accrued interest payable	1,223,652	-	1,223,652
Unearned revenue	23,385,261	5,961	23,391,222
Held in trust by NMSU	-	-	-
Long-term liabilities - current portion	18,225,958	-	18,225,958
Total current liabilities	<u>73,223,237</u>	<u>47,461</u>	<u>73,270,698</u>
Non-current liabilities:			
Accrued benefit reserves	659,630	-	659,630
Other long-term liabilities	129,509,188	736,421	130,245,609
Net pension liability	1,257,204,608	-	1,257,204,608
Other post-employment benefit liability	165,975,793	-	165,975,793
Total non-current liabilities	<u>1,553,349,219</u>	<u>736,421</u>	<u>1,554,085,640</u>
<b>TOTAL LIABILITIES</b>	<u>1,626,572,456</u>	<u>783,882</u>	<u>1,627,356,338</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>36,926,387</u>	<u>14,007,176</u>	<u>50,933,563</u>
<b>NET POSITION</b>			
Net investment in capital assets	371,206,501	-	371,206,501
Restricted for:			
Non-expendable:			
Endowments	35,997,474	-	35,997,474
Expendable:			
Endowments	1,171,317	-	1,171,317
General activities	6,535,854	-	6,535,854
Federal student loans	8,661,704	-	8,661,704
Capital projects	31,043,550	-	31,043,550
Related entity activities	2,017,575	1,707,568	3,725,143
Unrestricted	(668,764,380)	-	(668,764,380)
<b>TOTAL NET POSITION</b>	<u>\$ (212,130,405)</u>	<u>\$ 1,707,568</u>	<u>\$ (210,422,837)</u>

See accompanying independent auditor's report.

## Schedule 1 - Combining Statement of Net Position

	New Mexico State University 2020	Arrowhead Center, Inc. 2020	Total 2020
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 76,441,865	\$ 1,317,143	\$ 77,759,008
Restricted cash and cash equivalents	8,714,140	-	8,714,140
Cash and cash equivalents held in trust by component unit for NMSU	5,847,476	-	5,847,476
Short-term investments	15,764,162	-	15,764,162
Accounts receivable, net	51,158,626	29,975	51,188,601
Due from component unit	1,554,371	-	1,554,371
Inventories	3,273,358	-	3,273,358
Prepaid expenses	1,721,668	-	1,721,668
Long-term receivable - current portion	932,259	295,014	1,227,273
Total current assets	<u>165,407,925</u>	<u>1,642,132</u>	<u>167,050,057</u>
Non-current assets:			
Unrestricted cash and cash equivalents	51,811,151	-	51,811,151
Restricted cash and cash equivalents	35,767,380	-	35,767,380
Investments held in trust by component unit for NMSU	39,853,338	-	39,853,338
Other long-term investments	29,883,570	105,955	29,989,525
Long-term receivable	9,189,168	14,007,176	23,196,344
Capital assets, net	499,123,477	742,849	499,866,326
Total non-current assets	<u>665,628,084</u>	<u>14,855,980</u>	<u>680,484,064</u>
<b>TOTAL ASSETS</b>	<u>831,036,009</u>	<u>16,498,112</u>	<u>847,534,121</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>123,557,926</u>	<u>-</u>	<u>123,557,926</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	12,255,058	19,373	12,274,431
Other accrued liabilities	16,983,281	25,000	17,008,281
Accrued interest payable	1,313,101	-	1,313,101
Unearned revenue	14,662,547	1,567	14,664,114
Held in trust by NMSU	-	-	-
Long-term liabilities - current portion	17,846,415	-	17,846,415
Total current liabilities	<u>63,060,402</u>	<u>45,940</u>	<u>63,106,342</u>
Non-current liabilities:			
Accrued benefit reserves	659,630	-	659,630
Other long-term liabilities	138,946,357	742,849	139,689,206
Net pension liability	487,324,359	-	487,324,359
Other post-employment benefit liability	160,555,023	-	160,555,023
Total non-current liabilities	<u>787,485,369</u>	<u>742,849</u>	<u>788,228,218</u>
<b>TOTAL LIABILITIES</b>	<u>850,545,771</u>	<u>788,789</u>	<u>851,334,560</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>60,999,918</u>	<u>14,302,190</u>	<u>75,302,108</u>
<b>NET POSITION</b>			
Net investment in capital assets	377,482,678	-	377,482,678
Restricted for:			
Non-expendable:			
Endowments	28,902,450	-	28,902,450
Expendable:			
Endowments	1,979,513	-	1,979,513
General activities	6,548,114	-	6,548,114
Federal student loans	10,131,040	-	10,131,040
Capital projects	34,588,036	-	34,588,036
Related entity activities	1,831,793	1,407,133	3,238,926
Unrestricted	(418,415,378)	-	(418,415,378)
<b>TOTAL NET POSITION</b>	<u>\$ 43,048,246</u>	<u>\$ 1,407,133</u>	<u>\$ 44,455,379</u>

See accompanying independent auditor's report.

## Schedule 2 - Combining Statement of Revenues, Expenses, and Changes in Net Position

	New Mexico State University 2021	Arrowhead Center, Inc 2021	Total Primary Institution 2021
<b>REVENUES</b>			
Operating revenues:			
Student tuition and fees (gross)	\$ 118,261,471	\$ -	\$ 118,261,471
Less: scholarship allowances	(46,669,518)	-	(46,669,518)
Student tuition and fees (net)	71,591,953	-	71,591,953
Federal appropriations, grants and contracts	91,596,098	-	91,596,098
State grants and contracts	14,189,325	-	14,189,325
Local Appropriations, grants and contracts	2,745,202	-	2,745,202
Non-governmental grants, contracts and gifts	6,712,096	-	6,712,096
Sales and services	5,169,867	-	5,169,867
Auxiliary enterprises (net of scholarship allowances)	14,389,685	-	14,389,685
Other operating revenues	16,345,711	-	16,345,711
Total operating revenues	<u>222,739,937</u>	<u>-</u>	<u>222,739,937</u>
<b>EXPENSES</b>			
Operating expenses:			
Instruction	250,869,068	-	250,869,068
Research	138,463,482	-	138,463,482
Public service	72,528,063	-	72,528,063
Academic support	41,339,322	-	41,339,322
Student services	29,427,148	-	29,427,148
Institutional support	55,658,721	-	55,658,721
Operation and maintenance of plant	58,377,469	-	58,377,469
Scholarships and fellowships	49,150,395	-	49,150,395
Auxiliary enterprises	28,635,656	-	28,635,656
Independent operations	30,153,164	-	30,153,164
Intercollegiate athletics	25,450,453	-	25,450,453
Student social and cultural	3,861,756	-	3,861,756
Loan administration (net)	1,071,777	-	1,071,777
Depreciation	34,201,108	-	34,201,108
Total operating expenses	<u>819,187,582</u>	<u>-</u>	<u>819,187,582</u>
Net operating income (loss)	<u>(596,447,645)</u>	<u>-</u>	<u>(596,447,645)</u>
Non-operating revenues (expenses):			
State appropriations	205,099,182	-	205,099,182
Federal Pell grants	38,749,599	-	38,749,599
State lottery scholarship	14,992,738	-	14,992,738
Local tax levy revenue	22,209,029	-	22,209,029
Gifts and non-exchange grants	8,234,619	-	8,234,619
Investment income (loss)	12,080,739	-	12,080,739
Building fees	4,222,488	-	4,222,488
Land lease and permanent fund	3,765,317	-	3,765,317
Loss on disposal of plant	(70,934)	-	(70,934)
Additions to quasi endowments	53,045	-	53,045
Interest and other expenses on capital asset-related debt	(3,898,429)	-	(3,898,429)
Other non-operating revenues (expenses)	18,480,129	300,435	18,780,564
Net non-operating revenues	<u>323,917,522</u>	<u>300,435</u>	<u>324,217,957</u>
Income (loss) before other revenues	(272,530,123)	300,435	(272,229,688)
Capital appropriations	14,815,082	-	14,815,082
Capital grants, gifts, and other income	1,848,041	-	1,848,041
Additions to permanent endowments	688,349	-	688,349
Increase (decrease) in net position	<u>(255,178,651)</u>	<u>300,435</u>	<u>(254,878,216)</u>
<b>NET POSITION</b>			
Beginning of year	43,048,246	1,407,133	44,455,379
End of year	<u>\$ (212,130,405)</u>	<u>\$ 1,707,568</u>	<u>\$ (210,422,837)</u>

See accompanying independent auditor's report.



## Schedule 2 - Combining Statement of Revenues, Expenses, and Changes in Net Position

	New Mexico State University 2020	Arrowhead Center, Inc 2020	Total Primary Institution 2020
<b>REVENUES</b>			
Operating revenues:			
Student tuition and fees (gross)	\$ 115,994,019	\$ -	\$ 115,994,019
Less: scholarship allowances	(47,542,989)	-	(47,542,989)
Student tuition and fees (net)	68,451,030	-	68,451,030
Federal appropriations, grants and contracts	88,589,399	-	88,589,399
State grants and contracts	11,947,929	-	11,947,929
Local Appropriations, grants and contracts	2,819,166	-	2,819,166
Non-governmental grants, contracts and gifts	8,556,640	-	8,556,640
Sales and services	6,639,775	-	6,639,775
Auxiliary enterprises (net of scholarship allowances)	13,646,408	-	13,646,408
Other operating revenues	16,763,269	-	16,763,269
Total operating revenues	<u>217,413,616</u>	<u>-</u>	<u>217,413,616</u>
<b>EXPENSES</b>			
Operating expenses:			
Instruction	78,534,441	-	78,534,441
Research	56,164,075	-	56,164,075
Public service	31,113,580	-	31,113,580
Academic support	14,852,601	-	14,852,601
Student services	10,411,755	-	10,411,755
Institutional support	18,659,483	-	18,659,483
Operation and maintenance of plant	34,720,990	-	34,720,990
Scholarships and fellowships	34,668,003	-	34,668,003
Auxiliary enterprises	13,790,426	-	13,790,426
Independent operations	13,185,507	-	13,185,507
Intercollegiate athletics	16,237,171	-	16,237,171
Student social and cultural	2,579,152	-	2,579,152
Loan administration (net)	2,009,009	-	2,009,009
Depreciation	35,087,794	-	35,087,794
Total operating expenses	<u>362,013,987</u>	<u>-</u>	<u>362,013,987</u>
Net operating income (loss)	<u>(144,600,371)</u>	<u>-</u>	<u>(144,600,371)</u>
Non-operating revenues (expenses):			
State appropriations	212,257,252	-	212,257,252
Federal Pell grants	41,979,051	-	41,979,051
State lottery scholarship	14,150,345	-	14,150,345
Local tax levy revenue	20,825,560	-	20,825,560
Gifts and non-exchange grants	7,209,179	-	7,209,179
Investment income (loss)	4,767,715	-	4,767,715
Building fees	4,401,547	-	4,401,547
Land lease and permanent fund	4,370,598	-	4,370,598
Loss on disposal of plant	(106,532)	-	(106,532)
Gain on sale of land	148,880	-	148,880
Additions to quasi endowments	82,323	-	82,323
Interest and other expenses on capital asset-related debt	(4,685,137)	-	(4,685,137)
Other non-operating revenues (expenses)	6,759,365	238,577	6,997,942
Net non-operating revenues	<u>312,160,146</u>	<u>238,577</u>	<u>312,398,723</u>
Income (loss) before other revenues	167,559,775	238,577	167,798,352
Capital appropriations	30,976,801	-	30,976,801
Capital grants, gifts, and other income	2,203,248	-	2,203,248
Additions to permanent endowments	2,002,530	-	2,002,530
Increase (decrease) in net position	<u>202,742,354</u>	<u>238,577</u>	<u>202,980,931</u>
<b>NET POSITION</b>			
Beginning of year	(159,694,108)	1,168,556	(158,525,552)
End of year	<u>\$ 43,048,246</u>	<u>\$ 1,407,133</u>	<u>\$ 44,455,379</u>

See accompanying independent auditor's report.

## Schedule 3A - Budgetary Comparison Schedules - Unrestricted and Restricted - All Operations for June 30, 2021

	Original Budget	Revised Budget	Actuals	Revised Budget vs Actuals - Variance Favorable (Unfavorable)
Unrestricted and restricted beginning fund balance	\$ 130,313,936	\$ 212,039,215	\$ 212,046,029	\$ 6,814
Unrestricted and restricted revenues:				
State government appropriations	225,150,100	205,276,597	205,099,182	(177,415)
Federal revenue sources	143,343,229	198,226,300	148,859,309	(49,366,991)
Tuition and fees income	121,148,502	117,773,682	118,304,299	530,617
Land and permanent fund	3,097,136	3,397,136	3,765,317	368,181
Endowment and private gifts	14,753,658	14,933,671	12,687,318	(2,246,353)
Other sources	151,473,756	176,794,984	141,803,504	(34,991,480)
Total unrestricted and restricted revenues	<u>658,966,381</u>	<u>716,402,370</u>	<u>630,518,929</u>	<u>(85,883,441)</u>
Unrestricted and restricted expenditures:				
Instruction	161,532,661	188,178,667	150,243,533	37,935,134
Academic support	30,111,533	30,328,416	28,072,636	2,255,780
Student services	20,669,057	19,037,492	17,594,469	1,443,023
Institutional support	34,727,681	36,089,983	32,549,414	3,540,569
Operation and maintenance	26,282,148	24,832,423	22,672,399	2,160,024
Subtotal instruction and general	<u>273,323,080</u>	<u>298,466,981</u>	<u>251,132,451</u>	<u>47,334,530</u>
Student social and cultural activities	4,225,707	3,545,662	2,733,578	812,084
Research	110,067,718	118,297,134	104,743,327	13,553,807
Public service	54,452,659	57,909,805	47,972,703	9,937,102
Internal services	105,616	6,632,886	2,576,560	4,056,326
Student aid, grants and stipends	95,314,538	117,071,881	100,791,155	16,280,726
Auxiliary services	21,949,160	22,257,597	18,752,581	3,505,016
Intercollegiate athletics	20,764,966	20,680,641	18,491,930	2,188,711
Independent operations	20,764,397	23,999,284	19,967,814	4,031,470
Capital outlay	41,195,622	43,811,344	23,241,777	20,569,567
Renewal and replacement	16,837,234	13,232,514	9,903,440	3,329,074
Retirement of indebtedness	13,605,453	12,402,711	12,352,711	50,000
Total unrestricted and restricted expenditures	<u>672,606,150</u>	<u>738,308,440</u>	<u>612,660,027</u>	<u>125,648,413</u>
Net transfers to (from)	<u>-</u>	<u>328,984</u>	<u>110,965</u>	<u>218,019</u>
Change in fund balance	<u>(13,639,769)</u>	<u>(22,235,054)</u>	<u>17,747,937</u>	<u>39,982,991</u>
Ending fund balance	<u>\$ 116,674,167</u>	<u>\$ 189,804,161</u>	<u>\$ 229,793,966</u>	<u>\$ 39,989,805</u>

Under title 5 of the New Mexico Administrative Code, chapter 3, part 4, paragraph 10 - Items of Budgetary Control: The total expenditures in each of the following budgetary functions will be used as the items of budgetary control. Total expenditures or transfers in each of the following items of budgetary control may not exceed the amounts shown in the approved budget: A. Unrestricted expenditures and restricted expenditures. B. Instruction and general. C. Each budget function in current funds other than instruction and general. D. Within the plant funds budget: major projects, library bonds, equipment bonds, minor capital outlay, renewals and replacements, and debt service. E. Each individual item of transfer between funds and/or functions. Budgets are presented on a modified accrual basis of accounting.

See accompanying independent auditor's report.

## Schedule 3B - Budgetary Comparison Schedules - Unrestricted - Instruction and General for June 30, 2021

	Original Budget	Revised Budget	Actuals	Revised Budget vs Actuals - Variance Favorable (Unfavorable)
Unrestricted beginning fund balance	\$ 16,259,598	\$ 37,583,815	\$ 37,583,815	\$ -
Unrestricted revenues:				
Tuition and fees income	99,875,048	97,294,848	95,458,262	(1,836,586)
Miscellaneous fees	8,085,493	8,477,564	9,923,673	1,446,109
Federal government appropriations	-	-	-	-
State government appropriations	171,410,000	153,536,497	153,536,497	-
Local government appropriations	13,339,210	18,250,960	22,211,029	3,960,069
Federal government grants and contracts	133,460	142,270	182,431	40,161
State government grants and contracts	-	-	-	-
Local government grants and contracts	-	-	-	-
Private gifts, grants and contracts	-	-	-	-
Endowments	-	-	-	-
Land and permanent fund	3,097,136	3,397,136	3,765,317	368,181
Private gifts	-	-	-	-
Sales and services	588,000	569,500	397,412	(172,088)
Other sources	17,234,737	25,651,867	18,966,639	(6,685,228)
Total unrestricted revenues	<u>313,763,084</u>	<u>307,320,642</u>	<u>304,441,260</u>	<u>(2,879,382)</u>
Unrestricted expenditures:				
Instruction	151,159,299	148,845,661	134,086,431	14,759,230
Academic support	27,388,759	27,911,235	26,427,838	1,483,397
Student services	19,566,400	17,846,682	17,088,837	757,845
Institutional support	34,309,354	35,650,374	32,396,075	3,254,299
Operation and maintenance	26,267,448	24,807,773	22,662,179	2,145,594
Total unrestricted expenditures	<u>258,691,260</u>	<u>255,061,725</u>	<u>232,661,360</u>	<u>22,400,365</u>
Net transfers to (from)	<u>55,092,261</u>	<u>75,185,489</u>	<u>70,638,569</u>	<u>4,546,920</u>
Change in fund balance	<u>(20,437)</u>	<u>(22,926,572)</u>	<u>1,141,331</u>	<u>24,067,903</u>
Ending fund balance	<u>\$ 16,239,161</u>	<u>\$ 14,657,243</u>	<u>\$ 38,725,146</u>	<u>\$ 24,067,903</u>

See accompanying independent auditor's report.

## Schedule 3C- Budgetary Comparison Schedules - Restricted - Instruction and General for June 30, 2021

	Original Budget	Revised Budget	Actuals	Revised Budget vs Actuals - Variance Favorable (Unfavorable)
Restricted beginning fund balance	\$ -	\$ -	\$ -	\$ -
Restricted revenues:				
Tuition and fees income	-	-	-	-
Miscellaneous fees	-	-	-	-
Federal government appropriations	-	-	-	-
State government appropriations	-	-	-	-
Local government appropriations	-	-	-	-
Federal government grants and contracts	7,609,785	36,072,924	12,395,283	(23,677,641)
State government grants and contracts	2,188,043	2,617,820	1,996,165	(621,655)
Local government grants and contracts	-	-	-	-
Private gifts, grants and contracts	170,681	166,462	144,046	(22,416)
Endowments	-	-	-	-
Land and permanent fund	-	-	-	-
Private gifts	4,663,311	4,548,050	3,935,597	(612,453)
Sales and services	-	-	-	-
Other sources	-	-	-	-
Total restricted revenues	<u>14,631,820</u>	<u>43,405,256</u>	<u>18,471,091</u>	<u>(24,934,165)</u>
Restricted expenditures:				
Instruction	10,373,362	39,333,006	16,157,102	23,175,904
Academic support	2,722,774	2,417,181	1,644,798	772,383
Student services	1,102,657	1,190,810	505,632	685,178
Institutional support	418,327	439,609	153,339	286,270
Operation and maintenance	14,700	24,650	10,220	14,430
Total restricted expenditures	<u>14,631,820</u>	<u>43,405,256</u>	<u>18,471,091</u>	<u>24,934,165</u>
Net transfers to (from)	-	-	-	-
Change in fund balance	-	-	-	-
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditor's report.

**Schedule 3 - Budgetary Comparison Schedules - Combined Campuses**

Reconciliation of Budget  
Unrestricted and Restricted - All Operations  
For the Year Ended June 30, 2021

<b>Total Unrestricted and Restricted Revenues:</b>		\$ 630,518,929
Reconciling Items:		
Scholarship allowance	\$ (53,165,988)	
Elimination of Internal Revenues	(18,596,314)	
Endowment fund revenues	5,397,102	
Quasi endowment fund revenues	2,725,288	
Blended Component Unit Revenues (AHI, ADI)	1,239,175	
Loan Fund Additions	(168,866)	
Financial statement adjustments	329,403	
Total reconciling items		<u>(62,240,200)</u>
<b>Total reconciled unrestricted and restricted revenues</b>		<u>\$ 568,278,729</u>
<b>Basic Financial Statements</b>		
Operating revenues		\$ 222,739,937
Non-operating revenues		309,406,756
Non-operating revenues netted in other non-operating revenues and expenses		18,780,564
Other Revenues		<u>17,351,472</u>
<b>Total revenues per Financial Statements</b>		<u>\$ 568,278,729</u>
Difference		<u>\$ -</u>
<b>Total Unrestricted and Restricted Expenses:</b>		\$ 612,660,027
Reconciling Items:		
Scholarship allowance	\$ (53,165,988)	
Elimination of Internal Sales	(18,596,314)	
Blended Component Unit expenditures (AHI, ADI)	832,572	
Depreciation expense	34,201,108	
Loan fund expenditures	1,071,777	
Capitalized expenditures	(19,032,068)	
Bond principal payments	(8,415,000)	
Pension Expense	265,654,744	
Accounts Payable accrual, net	(620,459)	
Financial statement reporting adjustments	(769,753)	
Other operating expense, primarily OPEB	9,265,365	
Loss on disposal of plant	70,934	
Total reconciling items		<u>210,496,918</u>
<b>Total reconciled unrestricted and restricted expenses</b>		<u>\$ 823,156,945</u>
<b>Basic Financial Statements</b>		
Operating expenditures		\$ 819,187,582
Non-operating expenditures		3,898,429
Loss on disposal of plant		<u>70,934</u>
<b>Total Expenditures per Financial Statements</b>		<u>\$ 823,156,945</u>
Difference		<u>\$ -</u>

See accompanying independent auditor's report.

**Schedule 4 - Bank Balances, Pledged Collateral Requirements and Pledged Collateral by Financial Institution**

Page 1

Account	Type of Security	CUSIP No./ Security #	Maturity Date	Fair Value of Collateral	Deposit Amount
<b>CITIZEN'S BANK OF LAS CRUCES</b>					
<i>Certificate of Deposit Endowment</i>	None				<u>\$ 31,129</u>
<b>FIRST NATIONAL BANK OF ALAMOGORDO</b>					
<i>Cash</i>	Mortgage-Backed	31418BBB1	3/1/2024	\$ 80,481	<u>\$ 595,955</u>
<i>Cash</i>	Mortgage-Backed	3128MMXB4	1/1/2033	\$ 781,497	
<b>WELLS FARGO BANK OF NEW MEXICO</b>					
<i>Cash</i>	FMAC FEPC	31329KVG6	6/1/2036	\$ 266,650	<u>\$ 63,722,608</u>
<i>Cash</i>	FMAC FEPC	3132A5G74	6/1/2047	\$ 5,384,127	
<i>Cash</i>	FMAC FEPC	3132A5GQ2	3/1/2047	\$ 3,277,001	
<i>Cash</i>	FMAC FEPC	3133KGU48	10/1/2049	\$ 11,067,133	
<i>Cash</i>	FMAC FEPC	3133KGZM3	11/1/2049	\$ 13,818,366	
<i>Cash</i>	FNMA FNMS	3138E1Q42	2/1/2042	\$ 7,332,404	
<i>Cash</i>	FNMA FNMS	3138MALJ5	9/1/2042	\$ 12,446,511	
<i>Cash</i>	FNMA FNMS	3140FCTG3	2/1/2047	\$ 2,835,025	
<i>Cash</i>	FNMA FNMS	3140J8XU2	8/1/2038	\$ 6,333,658	
<i>Cash</i>	FNMA FNMS	3140JM2M3	2/1/2049	\$ 7,338,140	
<i>Cash</i>	FNMA FNMS	3140JQTX1	9/1/2049	\$ 6,382,092	
<i>Cash</i>	FNMA FNMS	3140K0WP9	10/1/2049	\$ 3,754,946	
<b>WESTERN COMMERCE BANK, CARLSBAD</b>					
<i>Cash</i>					<u>\$ 3,500</u>

Note: The Foundation is not subject to the State of New Mexico pledged collateral requirement.

See accompanying independent auditor's report.

**Schedule 4 - Bank Balances, Pledged Collateral Requirements and Pledged Collateral by Financial Institution**

Page 2

<u>Account</u>	<u>FDIC/SPIC Insurance</u>	<u>Uninsured Public Funds</u>	<u>By the pledging Federal Institution</u>	<u>Excess Amounts over 50% Collateral Requirement</u>
<b>CITIZEN'S BANK OF LAS CRUCES</b>				
<i>Certificate of Deposit</i>				
<i>Endowment</i>	\$ 31,129	\$ -	\$ -	\$ -
<b>FIRST NATIONAL BANK OF ALAMOGORDO</b>				
<i>Cash</i>	\$ 250,000	\$ 345,955	\$ 861,977	\$ 688,999
<b>WELLS FARGO BANK OF NEW MEXICO</b>				
<i>Cash</i>	\$ 250,000	\$ 63,472,608	\$ 80,236,052	\$ 48,499,748
<b>WESTERN COMMERCE BANK, CARLSBAD</b>				
<i>Cash</i>	\$ 3,500	\$ -	\$ -	\$ -

See accompanying independent auditor's report.

**Schedule 5 - Schedule of Changes in Total OPEB liability and Related Ratios in accordance with GASB  
Statement 75. (unaudited)**

	2021	2020	2019	2018
<b>Total OPEB liability</b>				
Service Cost	\$ 6,497,192	\$ 5,787,303	\$ 5,127,283	\$ 4,936,250
Interest	3,745,243	5,208,772	5,268,892	5,291,343
<b>Current Recognized deferred outflows/(inflows):</b>				
Difference between expected and actual experience	-	(13,724,348)	-	-
Changes of assumptions or other inputs	1,339,732	28,160,992	7,135,616	(5,357,825)
Benefit payments	<u>(5,718,396)</u>	<u>(5,274,882)</u>	<u>(5,758,812)</u>	<u>(5,523,530)</u>
<b>Net change in total OPEB liability</b>	\$ 5,863,771	\$ 20,157,837	\$ 11,772,979	\$ (653,762)
<b>Total OPEB liability-beginning</b>	<u>\$ 165,830,023</u>	<u>\$ 145,672,186</u>	<u>\$ 133,899,207</u>	<u>\$ 134,552,969</u>
<b>Total OPEB liability-ending</b>	<u>\$ 171,693,794</u>	<u>\$ 165,830,023</u>	<u>\$ 145,672,186</u>	<u>\$ 133,899,207</u>
<b>Covered-employee payroll</b>	\$ 135,947,000	\$ 131,987,721	\$ 153,961,000	\$ 150,205,439
Total OPEB liability as a percentage of covered-employee payroll	126 %	126 %	95 %	89 %

	2021	2020	2019	2018
Current retirees receiving benefits	1,880	1,802	1,740	1,716
Inactive employees entitled but not yet receiving benefits	-	-	-	-
Current active members	1,938	2,052	2,366	2,594

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the University is showing four year's presentation. No assets are accumulated in a trust to pay the related benefits. The discount rate is the only applicable change in the valuation.

See accompanying independent auditor's report.



### Schedule 6 - Schedule of Proportionate Share of Net Pension Liability and Employer Contributions (unaudited)

The schedule of proportionate share of net pension liability and the schedule of employer contributions present multiyear trend information for the last ten fiscal years. Fiscal year 2015 was the first year of implementation, therefore only seven years are shown. Until a full 10-year trend is compiled, information for those years for which information is available will be presented.

#### Schedule of Proportionate Share of Net Pension Liability - ERB Plan

	2021	2020	2019
University's proportion of the net pension liability	6.20355%	6.43137 %	6.66230 %
University's proportion share of the net pension liability	\$1,257,204,608	\$ 487,324,359	\$ 792,236,144
University's covered-employee payroll	\$ 206,801,497	\$ 196,414,377	\$ 194,360,458
University's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	607.93 %	248.11 %	407.61 %
Plan fiduciary net position as a percentage of the total pension liability	39.11 %	64.13 %	52.17 %

	2018	2017	2016	2015
University's proportion of the net pension liability	6.75462 %	7.05471 %	7.31378 %	7.56103 %
University's proportion share of the net pension liability	\$ 750,673,479	\$ 507,687,518	\$ 473,733,007	\$ 431,412,011
University's covered-employee payroll	\$ 194,360,458	\$ 201,383,448	\$ 199,689,623	\$ 229,696,230
University's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	386 %	252.10 %	237.23 %	187.82 %
Plan fiduciary net position as a percentage of the total pension liability	52.95 %	61.58 %	63.97 %	66.54 %

#### Schedule of Employer Contributions - ERB Plan

	2021	2020	2019
Statutorily required employer contribution	\$ 28,041,065	\$ 28,188,265	\$ 26,135,142
Contribution in relation to the statutorily required contribution	<u>28,041,065</u>	<u>28,188,265</u>	<u>26,135,142</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered-employee payroll	205,566,001	206,801,497	196,414,377
Contributions as percentage of covered-employee payroll	13.64 %	13.63 %	13.31 %

	2018	2017	2016	2015
Statutorily required employer contribution	\$ 25,880,341	\$ 26,736,537	\$ 28,006,297	\$ 31,140,209
Contribution in relation to the statutorily required contribution	<u>25,880,341</u>	<u>26,736,537</u>	<u>28,006,297</u>	<u>31,140,209</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered-employee payroll	193,115,948	194,360,458	201,383,448	199,689,623
Contributions as percentage of covered-employee payroll	13.40 %	13.76 %	13.91 %	15.59 %

#### Notes to Schedules:

##### Changes of Benefit Terms and Assumptions

Actuarial assumptions and methods are set by the Board of Trustee, based upon recommendations made by the Plan's actuary. The Board adopted new assumptions on April 17, 2020 in conjunction with the six-year actuarial experience study period ending June 30, 2019. At that time, The Board adopted a number of economic assumption changes, including a decrease in the inflation assumption from 2.50% to 2.30%. The 0.20% decrease in the inflation assumption also led to decreases in the nominal investment return assumption from 7.25% to 7.00%, the assumed annual wage inflation rate from 3.25% to 3.00%. These new assumptions are reflected as changes in assumptions along with the change in the single discount rate between June 30, 2019 and June 30, 2020. As of April 4, 2019, House Bill 360 was passed requiring all working retirees and the University to make regular employer contribution on eligible retiree wages. In addition, HB 360 increased the employer contribution percentage from 13.90% to 14.15%.

See accompanying independent auditor's report.

Schedule 7 - Schedule of Expenditures of Federal Awards

Name of Program / Agency	Award Title	Grant Number	Federal Assistance Listing Number	Subrecipient Expenditures	Total Expenditures
<b>RESEARCH AND DEVELOPMENT CLUSTER</b>					
<b>DEPARTMENT OF AGRICULTURE (USDA) - DIRECT</b>					
	AGRICULTURAL RESEARCH BASIC & APPLIED RESEARCH		10.001	\$ 9,378	\$ 2,111,695
<b>DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU</b>					
Texas Tech University	AGRICULTURAL RESEARCH BASIC & APPLIED RESEARCH	58-3090-5-009	10.001	\$ -	\$ 2,539
			<b>10.001 Total</b>	<b>\$ 9,378</b>	<b>\$ 2,114,234</b>
<b>DEPARTMENT OF AGRICULTURE (USDA) - DIRECT</b>					
	PLANT & ANIMAL DISEASE, PEST CONTROL, & ANIMAL CARE		10.025	\$ -	\$ 341,842
			<b>10.025 Total</b>	<b>\$ -</b>	<b>\$ 341,842</b>
<b>DEPARTMENT OF AGRICULTURE (USDA) - DIRECT</b>					
	SPECIALTY CROP BLOCK GRANT		10.170	\$ 328,532	\$ 608,705
<b>DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU</b>					
Texas A&M University	SPECIALTY CROP BLOCK GRANT	AM190200XXXXG008	10.170	\$ -	\$ 56,769
			<b>10.170 Total</b>	<b>\$ 328,532</b>	<b>\$ 665,474</b>
<b>DEPARTMENT OF AGRICULTURE (USDA) - DIRECT</b>					
	GRANTS FOR AGRICULTURAL RESEARCH		10.200	\$ -	\$ 99,291
<b>DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU</b>					
Regents University of California Davis	GRANTS FOR AGRICULTURAL RESEARCH	2019-34383-29950	10.200	\$ -	\$ 9,455
Kansas State University	GRANTS FOR AGRICULTURAL RESEARCH	2019-38624-30289	10.200	\$ -	\$ 6,728
Kansas State University	GRANTS FOR AGRICULTURAL RESEARCH	No. 2020-38624-32472	10.200	\$ -	\$ 4,596
			<b>10.200 Total</b>	<b>\$ -</b>	<b>\$ 120,070</b>
<b>DEPARTMENT OF AGRICULTURE (USDA) - DIRECT</b>					
	COOPERATIVE FORESTRY RESEARCH		10.202	\$ 66,379	\$ 236,641
			<b>10.202 Total</b>	<b>\$ 66,379</b>	<b>\$ 236,641</b>
<b>DEPARTMENT OF AGRICULTURE (USDA) - DIRECT</b>					
	HATCH FEDERAL APPROPRIATIONS		10.203	\$ -	\$ 1,518,431
			<b>10.203 Total</b>	<b>\$ -</b>	<b>\$ 1,518,431</b>
<b>DEPARTMENT OF AGRICULTURE (USDA) - DIRECT</b>					
	ANIMAL HEALTH FEDERAL APPROPRIATION		10.207	\$ -	\$ 23,313
			<b>10.207 Total</b>	<b>\$ -</b>	<b>\$ 23,313</b>
<b>DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU</b>					
Utah State University	SUSTAINABLE AGRICULTURE RESEARCH & EDUCATION	2017-38640-26913	10.215	\$ -	\$ 44,085
Montana State University	SUSTAINABLE AGRICULTURE RESEARCH & EDUCATION	2018-38640-28418	10.215	\$ -	\$ 21,896
Montana State University	SUSTAINABLE AGRICULTURE RESEARCH & EDUCATION	20193864029880	10.215	\$ -	\$ 6,547
Montana State University	SUSTAINABLE AGRICULTURE RESEARCH & EDUCATION	2019-38640-29880-WS351	10.215	\$ -	\$ 18,775
			<b>10.215 Total</b>	<b>\$ -</b>	<b>\$ 91,303</b>
<b>DEPARTMENT OF AGRICULTURE (USDA) - DIRECT</b>					
	HIGHER EDUCATION - CHALLENGE GRANTS		10.217	\$ 44,275	\$ 92,300
			<b>10.217 Total</b>	<b>\$ 44,275</b>	<b>\$ 92,300</b>
<b>DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU</b>					
Bureau of Indian Education	TRADITION NAVAJO FOOD & FIBER CROP	N/A	10.227	\$ -	\$ 41,751
			<b>10.227 Total</b>	<b>\$ -</b>	<b>\$ 41,751</b>
<b>DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU</b>					
The Board of Regents of the University of Nebraska	AGRICULTURAL AND FOOD POLICY RESEARCH CENTERS	58-0111-20-008	10.291	\$ -	\$ 5,891
			<b>10.291 Total</b>	<b>\$ -</b>	<b>\$ 5,891</b>
<b>DEPARTMENT OF AGRICULTURE (USDA) - DIRECT</b>					
	SPECIALTY CROP RESEARCH INITIATIVE		10.309	\$ 1,045,790	\$ 1,351,141
<b>DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU</b>					
Washington State University	SPECIALTY CROP RESEARCH INITIATIVE	20185118128435	10.309	\$ -	\$ 151,528
DEP Washington State University	SPECIALTY CROP RESEARCH INITIATIVE	2019-51181-30013	10.309	\$ -	\$ 5,894
			<b>10.309 Total</b>	<b>\$ 1,045,790</b>	<b>\$ 1,508,563</b>
<b>DEPARTMENT OF AGRICULTURE (USDA) - DIRECT</b>					
	AGRICULTURE & FOOD RESEARCH INITIATIVE		10.310	\$ 28,678	\$ 439,726
<b>DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU</b>					
Colorado State University	AGRICULTURE & FOOD RESEARCH INITIATIVE	2015-68001-23240	10.310	\$ -	\$ 78,067
University of Texas	AGRICULTURE & FOOD RESEARCH INITIATIVE	2015-68007-23130	10.310	\$ -	\$ 10,547
Colorado State University	AGRICULTURE & FOOD RESEARCH INITIATIVE	2016-68007-25066	10.310	\$ -	\$ 27,481
University of Arizona	AGRICULTURE & FOOD RESEARCH INITIATIVE	2017-68005-26867	10.310	\$ -	\$ 508,565
Texas A&M University	AGRICULTURE & FOOD RESEARCH INITIATIVE	2017-68007-26318	10.310	\$ -	\$ 99,484
Regents University of California Davis	AGRICULTURE & FOOD RESEARCH INITIATIVE	2019-67013-29235	10.310	\$ -	\$ 34,453
Iowa State University	AGRICULTURE & FOOD RESEARCH INITIATIVE	2019-67023-29414	10.310	\$ -	\$ 6,422
Drexel University	AGRICULTURE & FOOD RESEARCH INITIATIVE	2019-68008-29908	10.310	\$ -	\$ 10,985
University of Texas	AGRICULTURE & FOOD RESEARCH INITIATIVE	2020-67023-32905	10.310	\$ -	\$ 39,374
			<b>10.310 Total</b>	<b>\$ 28,678</b>	<b>\$ 1,255,104</b>
<b>DEPARTMENT OF AGRICULTURE (USDA) - DIRECT</b>					
	FARM BUSINESS MANAGEMENT AND BENCHMARKING		10.319	\$ 381,798	\$ 1,462,560
			<b>10.319 Total</b>	<b>\$ 381,798</b>	<b>\$ 1,462,560</b>
<b>DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU</b>					
Energy And Minerals Department	FOREST HEALTH PROTECTION	N/A	10.680	\$ -	\$ 2,612
			<b>10.680 Total</b>	<b>\$ -</b>	<b>\$ 2,612</b>
<b>DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU</b>					
State of NM Econ Development	RURAL ENERGY FOR AMERICA	718821345	10.868	\$ -	\$ 7,098
			<b>10.868 Total</b>	<b>\$ -</b>	<b>\$ 7,098</b>
<b>DEPARTMENT OF AGRICULTURE (USDA) - DIRECT</b>					
	SOIL & WATER CONSERVATION		10.902	\$ -	\$ 370,632
			<b>10.902 Total</b>	<b>\$ -</b>	<b>\$ 370,632</b>
<b>DEPARTMENT OF AGRICULTURE (USDA) - DIRECT</b>					
	SOIL SURVEY		10.903	\$ -	\$ 179,127
<b>DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU</b>					
West Virginia University	SOIL SURVEY	NR187482006C006	10.903	\$ -	\$ 34,970
			<b>10.903 Total</b>	<b>\$ -</b>	<b>\$ 214,097</b>

See accompanying independent auditor's report.

Schedule 7 - Schedule of Expenditures of Federal Awards

Name of Program / Agency	Award Title	Grant Number	Federal Assistance Listing Number	Subrecipient Expenditures	Total Expenditures
<b>RESEARCH AND DEVELOPMENT CLUSTER</b>					
<b>DEPARTMENT OF AGRICULTURE (USDA) - DIRECT</b>					
	PLANT MATERIALS FOR CONSERVATION		10.905	\$ -	\$ 81,042
			<b>10.905 Total</b>	<b>\$ -</b>	<b>\$ 81,042</b>
<b>DEPARTMENT OF AGRICULTURE (USDA) - DIRECT</b>					
	STRATEGIES TO IMPROVE SOIL & WATER		10.912	\$ -	\$ 523,481
			<b>10.912 Total</b>	<b>\$ -</b>	<b>\$ 523,481</b>
<b>DEPARTMENT OF AGRICULTURE (USDA) - DIRECT</b>					
	DEPARTMENT OF AGRICULTURE		10.rd	\$ -	\$ 126,119
			<b>10.rd Total</b>	<b>\$ -</b>	<b>\$ 126,119</b>
<b>DEPARTMENT OF COMMERCE (DOC) - PASS THRU</b>					
University of Arizona	CLIMAS AIR QUALITY & CLIMATE ASSE	NA17OAR4310288	11.431	\$ -	\$ (2,148)
			<b>11.431 Total</b>	<b>\$ -</b>	<b>\$ (2,148)</b>
<b>DEPARTMENT OF COMMERCE (DOC) - PASS THRU</b>					
Saint Josephs University	MEASUREMENT AND ENGINEERING RESEARCH	70NANB18H257	11.609	\$ -	\$ 46,161
Saint Josephs University	MEASUREMENT AND ENGINEERING RESEARCH	70NANB19H102	11.609	\$ -	\$ 41,873
			<b>11.609 Total</b>	<b>\$ -</b>	<b>\$ 88,034</b>
<b>DEPARTMENT OF DEFENSE (DOD) - DIRECT</b>					
	BASIC & APPLIED SCIENTIFIC RESEARCH		12.300	\$ 99,561	\$ 307,111
			<b>12.300 Total</b>	<b>\$ 99,561</b>	<b>\$ 307,111</b>
<b>DEPARTMENT OF DEFENSE (DOD) - DIRECT</b>					
	BASIC SCIENTIFIC RESEARCH		12.431	\$ -	\$ 20,178
			<b>12.431 Total</b>	<b>\$ -</b>	<b>\$ 20,178</b>
<b>DEPARTMENT OF DEFENSE (DOD) - PASS THRU</b>					
New Mexico Institute of Mining and Technology	RESEARCH AND TECHNICAL ASSISTANCE	FA9453-18-0073	12.615	\$ -	\$ (1,506)
			<b>12.615 Total</b>	<b>\$ -</b>	<b>\$ (1,506)</b>
<b>DEPARTMENT OF DEFENSE (DOD) - DIRECT</b>					
	BASIC, APPLIED, & ADVANCED RESEARCH IN SCIENCE & ENG		12.630	\$ -	\$ 171,707
			<b>12.630 Total</b>	<b>\$ -</b>	<b>\$ 171,707</b>
<b>DEPARTMENT OF DEFENSE (DOD) - DIRECT</b>					
	AIR FORCE DEFENSE RESEARCH SCIENCES PROGRAM		12.800	\$ 16,725	\$ 319,011
			<b>12.800 Total</b>	<b>\$ 16,725</b>	<b>\$ 319,011</b>
<b>DEPARTMENT OF DEFENSE (DOD) - DIRECT</b>					
	DEPARTMENT OF DEFENSE		12.rd	\$ 3,701,529	\$ 16,197,762
<b>DEPARTMENT OF DEFENSE (DOD) - PASS THRU</b>					
Northrop Grumman Aerospace Sector	DEPARTMENT OF DEFENSE	19-009	12.rd	\$ -	\$ 97,010
University of Arizona	DEPARTMENT OF DEFENSE	FA7000-20-2-0004	12.rd	\$ -	\$ 59,617
JT4, LLC	DEPARTMENT OF DEFENSE	FA8240-18-C-7218	12.rd	\$ -	\$ 49,123
ARCTOS TECHNOLOGY SOLUTIONS, LLC.	DEPARTMENT OF DEFENSE	FA8650-14-D-2411	12.rd	\$ -	\$ (3,777)
Kratos Defense & Security Solutions Inc	DEPARTMENT OF DEFENSE	FA8818-20-F-0013	12.rd	\$ -	\$ 292,710
NorthWest Research Associates, Inc.	DEPARTMENT OF DEFENSE	FA9550-17-C-0021	12.rd	\$ -	\$ 128,782
Excet, Inc.	DEPARTMENT OF DEFENSE	GSQ08168P0059	12.rd	\$ -	\$ 332,444
Aerojet Rocketdyne Coleman Aerospace	DEPARTMENT OF DEFENSE	HQ0147-14-C-001	12.rd	\$ -	\$ 248,846
X-Bow Launch Systems Inc.	DEPARTMENT OF DEFENSE	HQ08451990003 & 617981T	12.rd	\$ -	\$ 29,081
Corvid Technologies, LLC	DEPARTMENT OF DEFENSE	HQ0860-20-C-7405	12.rd	\$ -	\$ 254,919
General Dynamics C4 Systems Inc	DEPARTMENT OF DEFENSE	N/A	12.rd	\$ -	\$ 162,124
JSL Technologies, Inc	DEPARTMENT OF DEFENSE	N00178-10-D-6124	12.rd	\$ -	\$ 231,555
Corvid Technologies, LLC	DEPARTMENT OF DEFENSE	N00178-19-D-5001	12.rd	\$ -	\$ 406,599
Purdue University	DEPARTMENT OF DEFENSE	W52P11-20-9-3009	12.rd	\$ -	\$ 40,901
Teledyne Brown Engineering, Inc.	DEPARTMENT OF DEFENSE	W9113M-17-D-0008	12.rd	\$ -	\$ 27,261
Luna Innovations Incorporated	DEPARTMENT OF DEFENSE	W9115R-20-C-0030	12.rd	\$ -	\$ 14,893
Lynntech, Inc.	DEPARTMENT OF DEFENSE	W9115R-21-C0004	12.rd	\$ -	\$ 13,821
PHYSICAL SCIENCES, INCORPORATED	DEPARTMENT OF DEFENSE	W9115R-21-C-0007	12.rd	\$ -	\$ 43,116
Corvid Technologies, LLC	DEPARTMENT OF DEFENSE	W9124P-19-9-0001	12.rd	\$ -	\$ 201,296
Corvid Technologies, LLC	DEPARTMENT OF DEFENSE	W9124-P-19-9-0001	12.rd	\$ -	\$ 432,233
			<b>12.rd Total</b>	<b>\$ 3,701,529</b>	<b>\$ 19,260,316</b>
<b>DEPARTMENT OF INTERIOR (DOI) - DIRECT</b>					
	CULTURAL RESOURCE MANAGEMENT		15.224	\$ -	\$ 46
			<b>15.224 Total</b>	<b>\$ -</b>	<b>\$ 46</b>
<b>DEPARTMENT OF INTERIOR (DOI) - DIRECT</b>					
	RECREATION RESOURCE MANAGEMENT		15.225	\$ -	\$ 9,364
			<b>15.225 Total</b>	<b>\$ -</b>	<b>\$ 9,364</b>
<b>DEPARTMENT OF INTERIOR (DOI) - DIRECT</b>					
	FISH, WILDLIFE, & PLANT CONSERVATION RESOURCE MGT		15.231	\$ -	\$ 6,388
<b>DEPARTMENT OF INTERIOR (DOI) - PASS THRU</b>					
New Mexico Association of Conservation District	FISH, WILDLIFE, & PLANT CONSERVATION RESOURCE MGT	L15AC000274	15.231	\$ -	\$ 327
			<b>15.231 Total</b>	<b>\$ -</b>	<b>\$ 6,715</b>
<b>DEPARTMENT OF INTERIOR (DOI) - DIRECT</b>					
	RANGELAND RESOURCE MANAGEMENT		15.237	\$ -	\$ 145,135
			<b>15.237 Total</b>	<b>\$ -</b>	<b>\$ 145,135</b>
<b>DEPARTMENT OF INTERIOR (DOI) - DIRECT</b>					
	PLANT CONSERVATION AND RESTORATION MGT		15.245	\$ -	\$ 18,434
			<b>15.245 Total</b>	<b>\$ -</b>	<b>\$ 18,434</b>
<b>DEPARTMENT OF INTERIOR (DOI) - DIRECT</b>					
	WILDLIFE RESOURCE MANAGEMENT		15.247	\$ -	\$ 21,191
			<b>15.247 Total</b>	<b>\$ -</b>	<b>\$ 21,191</b>
<b>DEPARTMENT OF INTERIOR (DOI) - DIRECT</b>					
	WATER DESALINATION RESEARCH & DEVELOPMENT		15.506	\$ 10,000	\$ 414,631
			<b>15.506 Total</b>	<b>\$ 10,000</b>	<b>\$ 414,631</b>
<b>DEPARTMENT OF INTERIOR (DOI) - DIRECT</b>					
	SECURE WATER ACT		15.560	\$ -	\$ 35,276
			<b>15.560 Total</b>	<b>\$ -</b>	<b>\$ 35,276</b>

See accompanying independent auditor's report.

Schedule 7 - Schedule of Expenditures of Federal Awards

Name of Program / Agency	Award Title	Grant Number	Federal Assistance Listing Number	Subrecipient Expenditures	Total Expenditures
<b>RESEARCH AND DEVELOPMENT CLUSTER</b>					
<b>DEPARTMENT OF INTERIOR (DOI) - PASS THRU</b>					
State of NM Dept Of Game And Fish	SPORT FISH RESTORATION PROGRAM	F20AF00155	15.605	\$ -	\$ 2,460
State of NM Dept Of Game And Fish	SPORT FISH RESTORATION PROGRAM	N/A	15.605	\$ -	\$ 15,781
			<b>15.605 Total</b>	<b>\$ -</b>	<b>\$ 18,241</b>
<b>DEPARTMENT OF INTERIOR (DOI) - PASS THRU</b>					
Arizona Game and Fish Department	WILDLIFE RESTORATION AND BASIC HUNTER EDUCATION	F19AF01036	15.611	\$ -	\$ 216,830
State of NM Dept Of Game And Fish	WILDLIFE RESTORATION AND BASIC HUNTER EDUCATION	GFDW180D1	15.611	\$ -	\$ 247,081
State of NM Dept Of Game And Fish	WILDLIFE RESTORATION AND BASIC HUNTER EDUCATION	WILDLIFE RESTORATION GRANT W-139-R	15.611	\$ -	\$ 31,779
			<b>15.611 Total</b>	<b>\$ -</b>	<b>\$ 495,690</b>
<b>DEPARTMENT OF INTERIOR (DOI) - PASS THRU</b>					
State of NM Dept Of Game And Fish	ADAPTIVE SCIENCE	F19AP00272	15.670	\$ -	\$ 28,933
			<b>15.670 Total</b>	<b>\$ -</b>	<b>\$ 28,933</b>
<b>DEPARTMENT OF INTERIOR (DOI) - DIRECT</b>					
	COOPERATIVE ECOSYSTEMS STUDIES		15.678	\$ -	\$ 27,722
			<b>15.678 Total</b>	<b>\$ -</b>	<b>\$ 27,722</b>
<b>DEPARTMENT OF INTERIOR (DOI) - DIRECT</b>					
	ASSISTANCE TO STATE WATER RESEARCH INSTITUTES		15.805	\$ 4,281	\$ 242,413
			<b>15.805 Total</b>	<b>\$ 4,281</b>	<b>\$ 242,413</b>
<b>DEPARTMENT OF INTERIOR (DOI) - DIRECT</b>					
	EARTHQUAKE HAZARDS RESEARCH		15.807	\$ -	\$ 18,494
			<b>15.807 Total</b>	<b>\$ -</b>	<b>\$ 18,494</b>
<b>DEPARTMENT OF INTERIOR (DOI) - DIRECT</b>					
	US GEOLOGICAL SURVEY		15.808	\$ -	\$ 141,115
			<b>15.808 Total</b>	<b>\$ -</b>	<b>\$ 141,115</b>
<b>DEPARTMENT OF INTERIOR (DOI) - DIRECT</b>					
	COOPERATIVE RESEARCH UNITS PROGRAM		15.812	\$ -	\$ 205,965
			<b>15.812 Total</b>	<b>\$ -</b>	<b>\$ 205,965</b>
<b>DEPARTMENT OF INTERIOR (DOI) - PASS THRU</b>					
Oklahoma State University	NATIONAL AND REGIONAL CLIMATE ADAPTATION	G20AC00067	15.820	\$ -	\$ 28,099
			<b>15.820 Total</b>	<b>\$ -</b>	<b>\$ 28,099</b>
<b>DEPARTMENT OF INTERIOR (DOI) - DIRECT</b>					
	COOPERATIVE RESEARCH & TRAINING PROGRAM		15.945	\$ -	\$ 42,448
			<b>15.945 Total</b>	<b>\$ -</b>	<b>\$ 42,448</b>
<b>DEPARTMENT OF INTERIOR (DOI) - DIRECT</b>					
	DEPARTMENT OF INTERIOR		15.rd	\$ -	\$ 183,985
<b>DEPARTMENT OF INTERIOR (DOI) - PASS THRU</b>					
State of NM Dept Of Game And Fish	DEPARTMENT OF INTERIOR	F18AF00280	15.rd	\$ -	\$ 61,272
New Mexico Association of Conservation District	DEPARTMENT OF INTERIOR	L15AC00274	15.rd	\$ -	\$ 38,641
New Mexico Association of Conservation District	DEPARTMENT OF INTERIOR	N/A	15.rd	\$ -	\$ 14,174
State of NM Dept Of Game And Fish	DEPARTMENT OF INTERIOR	N/A	15.rd	\$ -	\$ 10,999
University of Texas at El Paso	DEPARTMENT OF INTERIOR	R19AC00115	15.rd	\$ -	\$ 3,034
Jornada Resource Conservation and Development Council In	DEPARTMENT OF INTERIOR	R19AP00267	15.rd	\$ -	\$ 4,657
			<b>15.rd Total</b>	<b>\$ -</b>	<b>\$ 316,762</b>
<b>DEPARTMENT OF TRANSPORTATION (DOT) - DIRECT</b>					
	AIR TRANSPORTATION CENTERS FO EXCELLENCE		20.109	\$ 78,850	\$ 416,644
			<b>20.109 Total</b>	<b>\$ 78,850</b>	<b>\$ 416,644</b>
<b>DEPARTMENT OF TRANSPORTATION (DOT) - PASS THRU</b>					
New Mexico State Highway and Transportation Department	HIGHWAY PLANNING AND CONSTRUCTION	693JJ221300002550NMP921060	20.205	\$ -	\$ 23,361
			<b>20.205 Total</b>	<b>\$ -</b>	<b>\$ 23,361</b>
<b>DEPARTMENT OF TRANSPORTATION (DOT) - DIRECT</b>					
	HIGHWAY TRAINING AND EDUCATION		20.215	\$ -	\$ 1,497
			<b>20.215 Total</b>	<b>\$ -</b>	<b>\$ 1,497</b>
<b>DEPARTMENT OF TRANSPORTATION (DOT) - PASS THRU</b>					
Louisiana State University and A & M College	UNIVERSITY TRANSPORTATION CENTERS PROGRAM	69A3551747106	20.701	\$ -	\$ 103,057
			<b>20.701 Total</b>	<b>\$ -</b>	<b>\$ 103,057</b>
<b>DEPARTMENT OF TRANSPORTATION (DOT) - PASS THRU</b>					
UtopiaCompression Corporation	DEPARTMENT OF TRANSPORTATION	692M15-20-C-00002	20.rd	\$ -	\$ 64,895
Northern Plains UAS Test Site	DEPARTMENT OF TRANSPORTATION	DTFACT15A-00002	20.rd	\$ -	\$ 56,177
New Mexico State Highway and Transportation Department	DEPARTMENT OF TRANSPORTATION	HWAR919030	20.rd	\$ -	\$ 32,793
New Mexico State Highway and Transportation Department	DEPARTMENT OF TRANSPORTATION	N/A	20.rd	\$ -	\$ 231,599
			<b>20.rd Total</b>	<b>\$ -</b>	<b>\$ 385,464</b>
<b>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA) - DIRECT</b>					
	SCIENCE GRANTS		43.001	\$ 59,921	\$ 1,728,607
<b>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA) - PASS THRU</b>					
California Institute of Technology	SCIENCE	80NM0018D0004	43.001	\$ -	\$ 46,992
NorthWest Research Associates, Inc.	SCIENCE	80NSSC18K0071	43.001	\$ -	\$ 16,477
California State University	SCIENCE	80NSSC20K0027	43.001	\$ -	\$ 44,527
William Marsh Rice University	SCIENCE	NNX17AD31G	43.001	\$ -	\$ 43,327
NorthWest Research Associates, Inc.	SCIENCE	NWRA-16-S-186	43.001	\$ -	\$ 5,870
			<b>43.001 Total</b>	<b>\$ 59,921</b>	<b>\$ 1,885,800</b>
<b>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA) - DIRECT</b>					
	SPACE OPERATIONS		43.007	\$ -	\$ 11,352
			<b>43.007 Total</b>	<b>\$ -</b>	<b>\$ 11,352</b>
<b>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA) - DIRECT</b>					
	EDUCATION		43.008	\$ 330,736	\$ 1,395,844
			<b>43.008 Total</b>	<b>\$ 330,736</b>	<b>\$ 1,395,844</b>
<b>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA) - DIRECT</b>					
	ABSORPTION OF NDMA ON CARBONS		43.010	\$ -	\$ 8,984
			<b>43.010 Total</b>	<b>\$ -</b>	<b>\$ 8,984</b>

See accompanying independent auditor's report.

Schedule 7 - Schedule of Expenditures of Federal Awards

Name of Program / Agency	Award Title	Grant Number	Federal Assistance Listing Number	Subrecipient Expenditures	Total Expenditures
<b>RESEARCH AND DEVELOPMENT CLUSTER</b>					
<b>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA) - DIRECT</b>					
	SPACE TECHNOLOGY		43.012	\$ -	\$ 93,862
			<b>43.012 Total</b>	<b>\$ -</b>	<b>\$ 93,862</b>
<b>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA) - DIRECT</b>					
	NATIONAL AERONAUTICS & SPACE ADMINISTRATION		43.rd	\$ -	\$ 4,800
<b>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA) - PASS THRU</b>					
Peraton Inc.	NATIONAL AERONAUTICS & SPACE ADMINISTRATION	80GSFC19C0063	43.rd	\$ -	\$ 37,881
FORM ALLOY	NATIONAL AERONAUTICS & SPACE ADMINISTRATION	80NSSC20C0303	43.rd	\$ -	\$ 60,125
Space Telescope Science Institute	NATIONAL AERONAUTICS & SPACE ADMINISTRATION	NASS-26555	43.rd	\$ -	\$ 53,008
Orbital Science Corporation	NATIONAL AERONAUTICS & SPACE ADMINISTRATION	NNG15WA53C	43.rd	\$ -	\$ 25,708
Stanford University	NATIONAL AERONAUTICS & SPACE ADMINISTRATION	NNG16PJ24C	43.rd	\$ -	\$ 32,072
Orbital Science Corporation	NATIONAL AERONAUTICS & SPACE ADMINISTRATION	NNG16WA70C	43.rd	\$ -	\$ 363,106
			<b>43.rd Total</b>	<b>\$ -</b>	<b>\$ 576,700</b>
<b>NATIONAL SCIENCE FOUNDATION (NSF) - DIRECT</b>					
	ENGINEERING GRANTS		47.041	\$ -	\$ 572,242
<b>NATIONAL SCIENCE FOUNDATION (NSF) - PASS THRU</b>					
University Systems of New Hampshire	ENGINEERING GRANTS	1662098	47.041	\$ -	\$ 35,118
University of North Texas	ENGINEERING GRANTS	1856052	47.041	\$ -	\$ 55,067
Molten Salt Solutions, LLC	ENGINEERING GRANTS	2036545	47.041	\$ -	\$ 4,521
Stanford University	ENGINEERING GRANTS	EEC-1028968	47.041	\$ -	\$ 318,630
Arizona State University	ENGINEERING GRANTS	EEC-1449501	47.041	\$ 7,356	\$ 498,070
			<b>47.041 Total</b>	<b>\$ 7,356</b>	<b>\$ 1,483,648</b>
<b>NATIONAL SCIENCE FOUNDATION (NSF) - DIRECT</b>					
	MATHEMATICAL & PHYSICAL SCIENCES		47.049	\$ 63,842	\$ 736,404
<b>NATIONAL SCIENCE FOUNDATION (NSF) - PASS THRU</b>					
Astrophysical Research Consortium	MATHEMATICAL & PHYSICAL SCIENCES	2034429	47.049	\$ -	\$ 1,636,889
			<b>47.049 Total</b>	<b>\$ 63,842</b>	<b>\$ 2,373,293</b>
<b>NATIONAL SCIENCE FOUNDATION (NSF) - DIRECT</b>					
	GEOSCIENCES		47.050	\$ -	\$ 555,275
<b>NATIONAL SCIENCE FOUNDATION (NSF) - PASS THRU</b>					
University of Texas at El Paso	GEOSCIENCES	2012475	47.050	\$ -	\$ 3,819
			<b>47.050 Total</b>	<b>\$ -</b>	<b>\$ 559,094</b>
<b>NATIONAL SCIENCE FOUNDATION (NSF) - DIRECT</b>					
	COMPUTER & INFORMATION SCIENCE & ENGINEERING		47.070	\$ -	\$ 850,369
<b>NATIONAL SCIENCE FOUNDATION (NSF) - PASS THRU</b>					
University of Texas at El Paso	COMPUTER & INFORMATION SCIENCE & ENGINEERING	1551221	47.070	\$ -	\$ 41,403
Washington University	COMPUTER & INFORMATION SCIENCE & ENGINEERING	1838364	47.070	\$ -	\$ 10,710
Texas A&M University	COMPUTER & INFORMATION SCIENCE & ENGINEERING	1925764	47.070	\$ -	\$ 14,769
			<b>47.070 Total</b>	<b>\$ -</b>	<b>\$ 917,251</b>
<b>NATIONAL SCIENCE FOUNDATION (NSF) - DIRECT</b>					
	BIOLOGICAL SCIENCES		47.074	\$ 106,481	\$ 1,742,926
<b>NATIONAL SCIENCE FOUNDATION (NSF) - PASS THRU</b>					
University of Kansas Center for Research, Inc.	BIOLOGICAL SCIENCES	1001358	47.074	\$ -	\$ 1,974
			<b>47.074 Total</b>	<b>\$ 106,481</b>	<b>\$ 1,744,900</b>
<b>NATIONAL SCIENCE FOUNDATION (NSF) - DIRECT</b>					
	SOCIAL, BEHAVIORAL, & ECONOMIC SCIENCES		47.075	\$ 28,400	\$ 401,727
			<b>47.075 Total</b>	<b>\$ 28,400</b>	<b>\$ 401,727</b>
<b>NATIONAL SCIENCE FOUNDATION (NSF) - DIRECT</b>					
	EDUCATION & HUMAN RESOURCES		47.076	\$ 457,110	\$ 3,880,946
<b>NATIONAL SCIENCE FOUNDATION (NSF) - PASS THRU</b>					
New Mexico Highlands University	EDUCATION & HUMAN RESOURCES	1914463	47.076	\$ -	\$ 117,124
Western Interstate Comission for Higher Education	EDUCATION & HUMAN RESOURCES	2044434	47.076	\$ -	\$ 10,755
			<b>47.076 Total</b>	<b>\$ 457,110</b>	<b>\$ 4,008,825</b>
<b>NATIONAL SCIENCE FOUNDATION (NSF) - PASS THRU</b>					
University of New Mexico	OFFICE OF INTEGRATIVE ACTIVITIES	1757207	47.083	\$ -	\$ 3,328
North Dakota State University	OFFICE OF INTEGRATIVE ACTIVITIES	1826834	47.083	\$ -	\$ 163,931
University of New Mexico	OFFICE OF INTEGRATIVE ACTIVITIES	OIA-1757207	47.083	\$ -	\$ 1,119,516
			<b>47.083 Total</b>	<b>\$ -</b>	<b>\$ 1,286,775</b>
<b>NATIONAL SCIENCE FOUNDATION (NSF) - PASS THRU</b>					
Regents University of California Davis	NATIONAL SCIENCE FOUNDATION	1758009	47.rd	\$ -	\$ 4,120
University of Texas at El Paso	NATIONAL SCIENCE FOUNDATION	1834620	47.rd	\$ 93,583	\$ 196,039
Assoc of Universities for Research in Astronomy, Inc. (AURA)	NATIONAL SCIENCE FOUNDATION	N/A	47.rd	\$ -	\$ 58,032
			<b>47.rd Total</b>	<b>\$ 93,583</b>	<b>\$ 258,191</b>
<b>ENVIRONMENTAL PROTECTION AGENCY (EPA) - DIRECT</b>					
	POLLUTION PREVENTION GRANTS		66.708	\$ -	\$ 113,501
<b>ENVIRONMENTAL PROTECTION AGENCY (EPA) - PASS THRU</b>					
State of New Mexico	POLLUTION PREVENTION GRANTS	C9 996101-17, C9 996101-18 & C9 996101-19	66.708	\$ -	\$ 46,168
			<b>66.708 Total</b>	<b>\$ -</b>	<b>\$ 159,669</b>
<b>DEPARTMENT OF ENERGY (DOE) - DIRECT</b>					
	DEPARTMENT OF ENERGY CEMRC		81.005	\$ -	\$ 2,743,502
			<b>81.005 Total</b>	<b>\$ -</b>	<b>\$ 2,743,502</b>
<b>DEPARTMENT OF ENERGY (DOE) - DIRECT</b>					
	OFFICE OF SCIENCE FINANCIAL ASSISTANCE PROGRAM		81.049	\$ -	\$ 394,143
<b>DEPARTMENT OF ENERGY (DOE) - PASS THRU</b>					
PolyMaterials App, LLC.	OFFICE OF SCIENCE FINANCIAL ASSISTANCE PROGRAM	DE-SC0020834	81.049	\$ -	\$ 19,929
			<b>81.049 Total</b>	<b>\$ -</b>	<b>\$ 414,072</b>
<b>DEPARTMENT OF ENERGY (DOE) - PASS THRU</b>					
New Mexico Consortium, Inc.	RENEWAL ENERGY RESEARCH & DEVELOPMENT	DE-EE0008122	81.087	\$ -	\$ 36,228
University of North Carolina	RENEWAL ENERGY RESEARCH & DEVELOPMENT	DE-EE0008774	81.087	\$ -	\$ 116,223
New Mexico Consortium, Inc.	RENEWAL ENERGY RESEARCH & DEVELOPMENT	DE-EE0008902	81.087	\$ -	\$ 166,389
			<b>81.087 Total</b>	<b>\$ -</b>	<b>\$ 318,840</b>
<b>DEPARTMENT OF ENERGY (DOE) - DIRECT</b>					
	FOSSIL ENERGY RESEARCH AND DEVELOPMENT		81.089	\$ 110,018	\$ 165,476
			<b>81.089 Total</b>	<b>\$ 110,018</b>	<b>\$ 165,476</b>

See accompanying independent auditor's report.

Schedule 7 - Schedule of Expenditures of Federal Awards

Name of Program / Agency	Award Title	Grant Number	Federal Assistance Listing Number	Subrecipient Expenditures	Total Expenditures
<b>RESEARCH AND DEVELOPMENT CLUSTER</b>					
<b>DEPARTMENT OF ENERGY (DOE) - DIRECT</b>					
	ENVIRONMENTAL REMEDIATION & WASTE PROCESSING & DISPOSAL		81.104	\$ -	\$ (12,007)
<b>DEPARTMENT OF ENERGY (DOE) - PASS THRU</b>					
Savannah River Nuclear Solutions, LLC	ENVIRONMENTAL REMEDIATION & WASTE PROCESSING & DISPOSAL	DE-AC09-08SR22470	81.104	\$ 5,963	\$ 211,053
			<b>81.104 Total</b>	<b>\$ 5,963</b>	<b>\$ 199,046</b>
<b>DEPARTMENT OF ENERGY (DOE) - PASS THRU</b>					
North Carolina Agricultural and Technical State University	NATIONAL NUCLEAR SECURITY ADMINISTRATION	NA0003983	81.123	\$ -	\$ 21,119
			<b>81.123 Total</b>	<b>\$ -</b>	<b>\$ 21,119</b>
<b>DEPARTMENT OF ENERGY (DOE) - PASS THRU</b>					
North Carolina State University	ADVANCED RESEARCH PROJECTS AGENCY	DE-AR0000976	81.135	\$ -	\$ 69,444
General Graphene Corp.	ADVANCED RESEARCH PROJECTS AGENCY	DE-AR0000986	81.135	\$ -	\$ 19,329
			<b>81.135 Total</b>	<b>\$ -</b>	<b>\$ 88,773</b>
<b>DEPARTMENT OF ENERGY (DOE) - DIRECT</b>	DEPARTMENT OF ENERGY		81.rd	\$ 14,404	\$ 128,091
<b>DEPARTMENT OF ENERGY (DOE) - PASS THRU</b>					
New Mexico Consortium, Inc.	DEPARTMENT OF ENERGY	0171	81.rd	\$ -	\$ 56,419
NTESS Sandia National Laboratories	DEPARTMENT OF ENERGY	1875431	81.rd	\$ -	\$ 278,938
Triad National Security, LLC	DEPARTMENT OF ENERGY	89233218CNA000001	81.rd	\$ -	\$ 382,906
Los Alamos National Security LLC	DEPARTMENT OF ENERGY	89233218CNA000001	81.rd	\$ -	\$ 3,177
Triad National Security, LLC	DEPARTMENT OF ENERGY	89233218CNA000001	81.rd	\$ -	\$ 615,421
Triad National Security, LLC	DEPARTMENT OF ENERGY	89233218CNA000001	81.rd	\$ -	\$ 14,541
NTESS Sandia National Laboratories	DEPARTMENT OF ENERGY	CA# 1875431	81.rd	\$ -	\$ 121,115
Triad National Security, LLC	DEPARTMENT OF ENERGY	Contract No. 89233218CNA000001	81.rd	\$ -	\$ 42,649
NTESS Sandia National Laboratories	DEPARTMENT OF ENERGY	CPA# 1875431	81.rd	\$ -	\$ 41,646
Univ Of Cal - Berkeley	DEPARTMENT OF ENERGY	DE-AC02-05CH11231	81.rd	\$ -	\$ 31,177
UT-Battelle LLC	DEPARTMENT OF ENERGY	DE-AC05-00OR22725	81.rd	\$ -	\$ 73,676
Battelle Memorial Institute	DEPARTMENT OF ENERGY	DE-AC05-76RL01830	81.rd	\$ -	\$ 40,000
Battelle Energy Alliance, LLC	DEPARTMENT OF ENERGY	DE-AC07-015D14517	81.rd	\$ -	\$ 1,875
Battelle Energy Alliance, LLC	DEPARTMENT OF ENERGY	DE-AC07-05ID14517	81.rd	\$ -	\$ 191,535
Idaho National Laboratory	DEPARTMENT OF ENERGY	DE-AC07-05ID14517	81.rd	\$ -	\$ 2,227
National Renewable Energy Laboratory	DEPARTMENT OF ENERGY	DE-AC36-08GO28308	81.rd	\$ -	\$ 53,335
National Renewable Energy Laboratory	DEPARTMENT OF ENERGY	DE-AC36-08GO28308	81.rd	\$ -	\$ 114,326
New Mexico Consortium, Inc.	DEPARTMENT OF ENERGY	DE-AC52-06NA25396	81.rd	\$ -	\$ 24,351
Triad National Security, LLC	DEPARTMENT OF ENERGY	DE-AC52-06NA25396	81.rd	\$ -	\$ 68,752
Nuclear Waste Partnership LLC	DEPARTMENT OF ENERGY	DE-EM-0001971	81.rd	\$ -	\$ 112,711
Nuclear Waste Partnership LLC	DEPARTMENT OF ENERGY	DE-EM0001971	81.rd	\$ -	\$ 157,576
Univ Of Cal - Berkeley	DEPARTMENT OF ENERGY	DE-FOA-0001905	81.rd	\$ -	\$ 110,114
Honeywell Technology Solutions Incorporated	DEPARTMENT OF ENERGY	DE-NA0002839	81.rd	\$ -	\$ 3,264
National Renewable Energy Laboratory	DEPARTMENT OF ENERGY	DOE Prime Contract No. DE-AC36-08GO28308	81.rd	\$ -	\$ 200
Nuclear Waste Partnership LLC	DEPARTMENT OF ENERGY	DOE-STD-1112-98	81.rd	\$ -	\$ 6,852
New Mexico Consortium, Inc.	DEPARTMENT OF ENERGY	LANS IA 0171	81.rd	\$ -	\$ 8,961
Brookhaven National Laboratory	DEPARTMENT OF ENERGY	N/A	81.rd	\$ -	\$ 2,173
NTESS Sandia National Laboratories	DEPARTMENT OF ENERGY	N/A	81.rd	\$ -	\$ 548,788
Sandia Corporation	DEPARTMENT OF ENERGY	N/A	81.rd	\$ -	\$ 25,245
New Mexico Consortium, Inc.	DEPARTMENT OF ENERGY	PRIME: DE-AC52-06NA25396/ LANS IA NO. 171	81.rd	\$ -	\$ 17,445
			<b>81.rd Total</b>	<b>\$ 14,404</b>	<b>\$ 3,279,486</b>
<b>DEPARTMENT OF EDUCATION (EDUC) - DIRECT</b>	EXTENDING ACADEMIC ANALYTICS: APPLI		84.120	\$ 13,540	\$ 68,207
			<b>84.120 Total</b>	<b>\$ 13,540</b>	<b>\$ 68,207</b>
<b>DEPARTMENT OF EDUCATION (EDUC) - PASS THRU</b>					
Texas A&M University	INSTITUTE OF EDUCATION SCIENCES	R305A180060	84.305	\$ -	\$ 9,989
			<b>84.305 Total</b>	<b>\$ -</b>	<b>\$ 9,989</b>
<b>DEPARTMENT OF HEALTH &amp; HUMAN SERVICES (HHS) - DIRECT</b>	FOOD & DRUG ADMINISTRATION RESEARCH		93.103	\$ -	\$ 903,308
			<b>93.103 Total</b>	<b>\$ -</b>	<b>\$ 903,308</b>
<b>DEPARTMENT OF HEALTH &amp; HUMAN SERVICES (HHS) - DIRECT</b>	RESEARCH RELATED TO DEAFNESS & COMMUNICATION		93.173	\$ -	\$ 108,642
			<b>93.173 Total</b>	<b>\$ -</b>	<b>\$ 108,642</b>
<b>DEPARTMENT OF HEALTH &amp; HUMAN SERVICES (HHS) - PASS THRU</b>					
University of New Mexico	OCCUPATIONAL SAFETY AND HEALTH PROGRAM	2U540H0047541-16	93.262	\$ -	\$ 3,935
			<b>93.262 Total</b>	<b>\$ -</b>	<b>\$ 3,935</b>
<b>DEPARTMENT OF HEALTH &amp; HUMAN SERVICES (HHS) - DIRECT</b>	DISCOVERY AND APPLIED RESEARCH FOR TECHNOLOGY		93.286	\$ -	\$ 10,132
			<b>93.286 Total</b>	<b>\$ -</b>	<b>\$ 10,132</b>
<b>DEPARTMENT OF HEALTH &amp; HUMAN SERVICES (HHS) - PASS THRU</b>					
University of Texas	TRANS NIH-RESEARCH SUPPORT	1U01GM132219-01	93.310	\$ -	\$ 42,040
			<b>93.310 Total</b>	<b>\$ -</b>	<b>\$ 42,040</b>
<b>DEPARTMENT OF HEALTH &amp; HUMAN SERVICES (HHS) - PASS THRU</b>					
Fred Hutchinson Cancer Research Center	CANCER CAUSE AND PREVENTION RESEARCH	1 R01 CA242735-01	93.393	\$ -	\$ 11,013
Fred Hutchinson Cancer Research Center	CANCER CAUSE AND PREVENTION RESEARCH	5 R01 CA242735-02	93.393	\$ -	\$ 20,038
			<b>93.393 Total</b>	<b>\$ -</b>	<b>\$ 31,051</b>
<b>DEPARTMENT OF HEALTH &amp; HUMAN SERVICES (HHS) - PASS THRU</b>					
Geographic Management of Cancer Health Disparities Progr.	PARTNERSHIP FOR THE ADVANCEMENT	3P3OCA118100-1558	93.397	\$ -	\$ 5,372
			<b>93.397 Total</b>	<b>\$ -</b>	<b>\$ 5,372</b>
<b>DEPARTMENT OF HEALTH &amp; HUMAN SERVICES (HHS) - DIRECT</b>	FDA FERN COOPERATIVE AGREEMENT[U18]		93.448	\$ -	\$ 1,555
			<b>93.448 Total</b>	<b>\$ -</b>	<b>\$ 1,555</b>
<b>DEPARTMENT OF HEALTH &amp; HUMAN SERVICES (HHS) - PASS THRU</b>					
University of Louisville Research Foundation	CARDIOVASCULAR DISEASES RESEARCH	3200002866-20-136	93.837	\$ -	\$ (348)
			<b>93.837 Total</b>	<b>\$ -</b>	<b>\$ (348)</b>

See accompanying independent auditor's report.

Schedule 7 - Schedule of Expenditures of Federal Awards

Name of Program / Agency	Award Title	Grant Number	Federal Assistance Listing Number	Subrecipient Expenditures	Total Expenditures
<b>RESEARCH AND DEVELOPMENT CLUSTER</b>					
<b>DEPARTMENT OF HEALTH &amp; HUMAN SERVICES (HHS) - DIRECT</b>					
	ALLERGY, IMMUNOLOGY & TRANSPLANTATION RESEARCH		93.855	\$ 742,886	\$ 919,816
<b>DEPARTMENT OF HEALTH &amp; HUMAN SERVICES (HHS) - PASS THRU</b>					
University of Texas	ALLERGY, IMMUNOLOGY & TRANSPLANTATION RESEARCH	1U01AI15180701	93.855	\$ -	\$ 144,423
			<b>93.855 Total</b>	<b>\$ 742,886</b>	<b>\$ 1,064,239</b>
<b>DEPARTMENT OF HEALTH &amp; HUMAN SERVICES (HHS) - DIRECT</b>					
	BIOMEDICAL RESEARCH & RESEARCH TRAINING		93.859	\$ 2,000,689	\$ 5,918,747
<b>DEPARTMENT OF HEALTH &amp; HUMAN SERVICES (HHS) - PASS THRU</b>					
University of New Mexico	BIOMEDICAL RESEARCH & RESEARCH TRAINING	1R01CA94496-01A1	93.859	\$ -	\$ 135,783
El Paso Community College	BIOMEDICAL RESEARCH & RESEARCH TRAINING	1R25GM123928-01	93.859	\$ -	\$ 39,253
University of New Mexico	BIOMEDICAL RESEARCH & RESEARCH TRAINING	2K12GM088021-06	93.859	\$ -	\$ 18,387
Regents of the University of Colorado	BIOMEDICAL RESEARCH & RESEARCH TRAINING	2r25ns080685-06	93.859	\$ -	\$ 71,668
University of New Mexico	BIOMEDICAL RESEARCH & RESEARCH TRAINING	4UT2GM130166-02	93.859	\$ -	\$ 56,771
Board of Regents Nevada System of Higher Education	BIOMEDICAL RESEARCH & RESEARCH TRAINING	5U54GM104944-07	93.859	\$ -	\$ (4)
Board of Regents Nevada System of Higher Education	BIOMEDICAL RESEARCH & RESEARCH TRAINING	5U54GM104944-08	93.859	\$ -	\$ 202,364
			<b>93.859 Total</b>	<b>\$ 2,000,689</b>	<b>\$ 6,442,969</b>
<b>DEPARTMENT OF HEALTH &amp; HUMAN SERVICES (HHS) - DIRECT</b>					
	CHILD HEALTH & HUMAN DEVELOPMENT EXTRAMURAL RESEARCH		93.865	\$ -	\$ 30,130
			<b>93.865 Total</b>	<b>\$ -</b>	<b>\$ 30,130</b>
<b>DEPARTMENT OF HEALTH &amp; HUMAN SERVICES (HHS) - PASS THRU</b>					
Dona Ana County	ASSISTED OUTPATIENT TREATMENT	1H795M063538-4	93.997	\$ -	\$ 91,068
			<b>93.997 Total</b>	<b>\$ -</b>	<b>\$ 91,068</b>
<b>DEPARTMENT OF HEALTH &amp; HUMAN SERVICES (HHS) - DIRECT</b>					
	DEPARTMENT OF HEALTH & HUMAN SERVICES		93.rd	\$ 60,488	\$ 1,211,788
			<b>93.rd Total</b>	<b>\$ 60,488</b>	<b>\$ 1,211,788</b>
<b>DEPARTMENT OF HOMELAND SECURITY (DHS) - PASS THRU</b>					
State of New Mexico	HAZARD MITIGATION GRANT	S184FMNMP00000025	97.039	\$ -	\$ 48,432
			<b>97.039 Total</b>	<b>\$ -</b>	<b>\$ 48,432</b>
<b>RESEARCH &amp; DEVELOPMENT CLUSTER TOTAL</b>				<b>\$ 9,911,193</b>	<b>\$ 68,580,696</b>

See accompanying independent auditor's report.

Schedule 7 - Schedule of Expenditures of Federal Awards

Name of Program / Agency	Award Title	CFDA Number	Federal Assistance Listing Number	Subrecipient Expenditures	Total Expenditures
<b>STUDENT FINANCIAL AID CLUSTER</b>					
<b>DEPARTMENT OF EDUCATION (EDUC) - LOANS</b>					
	PERKINS LOANS - BEGINNING BALANCE	84.038		-	11,330,181
	PERKINS LOAN CANCELLATIONS	84.038		-	96,352
	TOTAL PERKINS LOANS			-	<u>11,426,533</u>
	FEDERAL DIRECT LOANS	84.268		-	<u>34,820,409</u>
	<b>DEPARTMENT OF EDUCATION (EDUC) - LOANS Total</b>			<b>\$ -</b>	<b>\$ <u>46,246,942</u></b>
<b>DEPARTMENT OF EDUCATION (EDUC)</b>					
	FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS	84.007		-	747,675
	FEDERAL WORK-STUDY PROGRAM	84.033		-	1,290,837
	FEDERAL PELL GRANT PROGRAM	84.063		-	38,479,672
	TEACHER EDUCATION ASSISTANCE FOR COLLEGE AND HIGHER EDUCATION GRANTS	84.379		-	3,752
	<b>DEPARTMENT OF EDUCATION (EDUC) Total</b>			<b>\$ -</b>	<b>\$ <u>40,521,936</u></b>
<b>DEPARTMENT OF HEALTH &amp; HUMAN SERVICES (HHS)</b>					
	SCHOLARSHIPS FOR DISADVANTAGED STUDENTS	93.925		-	688,987
	<b>TOTAL STUDENT FINANCIAL ASSISTANCE CLUSTER</b>			<b>\$ -</b>	<b>\$ <u>87,457,865</u></b>

See accompanying independent auditor's report.



Schedule 7 - Schedule of Expenditures of Federal Awards

Name of Program / Agency	Award Title	Grant Number	Federal Assistance Listing Number	Subrecipient Expenditures	Total Expenditures
<b>INDIVIDUAL AWARDS - OTHER</b>					
<b>DEPARTMENT OF AGRICULTURE (USDA) - DIRECT</b>					
	WILDLIFE SERVICES		10.028	\$ -	\$ 17,990
<b>DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU</b> Texas A&M University	WILDLIFE SERVICES	12-APWSNWR00	10.028	\$ -	\$ 19,367
			<b>10.028 Total</b>	<b>\$ -</b>	<b>\$ 37,357</b>
<b>DEPARTMENT OF AGRICULTURE (USDA) - DIRECT</b>					
	FEDERAL - STATE MARKETING IMPROVEMENT PROGRAM		10.156	\$ 23,000	\$ 23,000
			<b>10.156 Total</b>	<b>\$ 23,000</b>	<b>\$ 23,000</b>
<b>DEPARTMENT OF AGRICULTURE (USDA) - DIRECT</b>					
	HISPANIC SERVING INSTITUTION GRANTS		10.223	\$ 20,338	\$ 156,175
<b>DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU</b> University of Texas	HISPANIC SERVING INSTITUTION GRANTS	2015-35422-24112	10.223	\$ -	\$ (12)
University of Texas	HISPANIC SERVING INSTITUTION GRANTS	2015-38422-24059 (03)	10.223	\$ -	\$ (197)
The Florida International University Board of Trustees	HISPANIC SERVING INSTITUTION GRANTS	2015-38422-24075	10.223	\$ -	\$ 53,958
Texas A&M University- Kingsville	HISPANIC SERVING INSTITUTION GRANTS	2017-38422-27298	10.223	\$ -	\$ 31,132
University of Texas at El Paso	HISPANIC SERVING INSTITUTION GRANTS	2018-38422-28564	10.223	\$ -	\$ 62,706
			<b>10.223 Total</b>	<b>\$ 20,338</b>	<b>\$ 303,762</b>
<b>DEPARTMENT OF AGRICULTURE (USDA) - DIRECT</b>					
	CONSUMER DATA AND NUTRITION RESEARCH		10.253	\$ -	\$ 67,715
			<b>10.253 Total</b>	<b>\$ -</b>	<b>\$ 67,715</b>
<b>DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU</b> Regents University of California Davis	HOMELAND SECURITY_AGRICULTURAL	2016-37620-25851	10.304	\$ -	\$ 37,844
			<b>10.304 Total</b>	<b>\$ -</b>	<b>\$ 37,844</b>
<b>DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU</b> New Mexico Cattle Growers Association	BEGINNING FARMER AND RANCHER DEVELOPMENT PROGRAM	2018-70017-28629	10.311	\$ -	\$ 24,166
			<b>10.311 Total</b>	<b>\$ -</b>	<b>\$ 24,166</b>
<b>DEPARTMENT OF AGRICULTURE (USDA) - DIRECT</b>					
	NATIONAL FOOD SAFETY TRAINING, EDUCATION		10.328	\$ -	\$ 71,168
<b>DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU</b> University of Maine System	NATIONAL FOOD SAFETY TRAINING, EDUCATION	20187002028860	10.328	\$ -	\$ 13,890
University of Arkansas	NATIONAL FOOD SAFETY TRAINING, EDUCATION	2019-70020-30350	10.328	\$ -	\$ 40,400
			<b>10.328 Total</b>	<b>\$ -</b>	<b>\$ 125,458</b>
<b>DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU</b> National Institute of Food and Agriculture	CROP PROTECTION AND PEST MANAGEMENT	2017-70006-27189	10.329	\$ -	\$ 254,431
Regents University of California Davis	CROP PROTECTION AND PEST MANAGEMENT	2018-70006-28881	10.329	\$ -	\$ 12,691
			<b>10.329 Total</b>	<b>\$ -</b>	<b>\$ 267,122</b>
<b>DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU</b> Texas A&M University	VETERINARY SERVICES GRANT	2020-70024-32369	10.336	\$ -	\$ 1,888
			<b>10.336 Total</b>	<b>\$ -</b>	<b>\$ 1,888</b>
<b>DEPARTMENT OF AGRICULTURE (USDA) - DIRECT</b>					
	STATE MEDIATION GRANTS		10.435	\$ -	\$ 90,489
			<b>10.435 Total</b>	<b>\$ -</b>	<b>\$ 90,489</b>
<b>DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU</b> Developing Innovations in Navajo Education, Inc. DINE, Inc. OUTREACH & ASSISTANCE FOR SOCIALLY DISADVANTAGED		AO192501X443G030	10.443	\$ -	\$ 132
			<b>10.443 Total</b>	<b>\$ -</b>	<b>\$ 132</b>
<b>DEPARTMENT OF AGRICULTURE (USDA) - DIRECT</b>					
	COOPERATIVE EXTENSION SERVICE		10.500	\$ 99,097	\$ 274,830
<b>DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU</b> Kansas State University	COOPERATIVE EXTENSION SERVICE	2018-48661-28954	10.500	\$ -	\$ 4,786
Washington State University	COOPERATIVE EXTENSION SERVICE	2018-70027-28587	10.500	\$ -	\$ 9,701
University of Connecticut	COOPERATIVE EXTENSION SERVICE	2019-41595-30123	10.500	\$ -	\$ 8,599
			<b>10.500 Total</b>	<b>\$ 99,097</b>	<b>\$ 297,916</b>
<b>DEPARTMENT OF AGRICULTURE (USDA) - DIRECT</b>					
	SMITH-LEVER FUNDING		10.511	\$ -	\$ 1,944,968
			<b>10.511 Total</b>	<b>\$ -</b>	<b>\$ 1,944,968</b>
<b>DEPARTMENT OF AGRICULTURE (USDA) - DIRECT</b>					
	EXPANDED FOOD AND NUTRITION EDUCATION		10.514	\$ -	\$ 613,925
			<b>10.514 Total</b>	<b>\$ -</b>	<b>\$ 613,925</b>
<b>DEPARTMENT OF AGRICULTURE (USDA) - DIRECT</b>					
	RENEWABLE RESOURCES EXTENSION ACT		10.515	\$ -	\$ 27,462
			<b>10.515 Total</b>	<b>\$ -</b>	<b>\$ 27,462</b>
<b>DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU</b> Children Youth and Family Dept State NM	HEADSTART CHILD AND ADULT CARE FOOD	N/A	10.558	\$ -	\$ 17,254
			<b>10.558 Total</b>	<b>\$ -</b>	<b>\$ 17,254</b>
<b>DEPARTMENT OF AGRICULTURE (USDA) - DIRECT</b>					
	CONSERVATION STEWARDSHIP PROGRAM		10.924	\$ -	\$ 16,415
			<b>10.924 Total</b>	<b>\$ -</b>	<b>\$ 16,415</b>
<b>DEPARTMENT OF AGRICULTURE (USDA) - DIRECT</b>					
	DEPARTMENT OF AGRICULTURE		10.xx	\$ -	\$ (3,018)
			<b>10.xx Total</b>	<b>\$ -</b>	<b>\$ (3,018)</b>
<b>DEPARTMENT OF COMMERCE (DOC) - DIRECT</b>					
	CLUSTER GRANTS		11.020	\$ 64,571	\$ 253,216
			<b>11.020 Total</b>	<b>\$ 64,571</b>	<b>\$ 253,216</b>
<b>DEPARTMENT OF COMMERCE (DOC) - DIRECT</b>					
	MBDA BUSINESS CENTER - AMERICAN INDIAN AND ALASKA		11.804	\$ -	\$ 162,054
			<b>11.804 Total</b>	<b>\$ -</b>	<b>\$ 162,054</b>
<b>DEPARTMENT OF COMMERCE (DOC) - PASS THRU</b> Synoptic Data Corp.	DEPARTMENT OF COMMERCE	1305M220DNWWG0061	11.xx	\$ -	\$ 60,733
City of Albuquerque	DEPARTMENT OF COMMERCE	MBDA	11.xx	\$ -	\$ 9,500
			<b>11.xx Total</b>	<b>\$ -</b>	<b>\$ 70,233</b>
<b>DEPARTMENT OF DEFENSE (DOD) - PASS THRU</b> Lockheed Martin Shared Svcs					
New Mexico Public Education Department	DEPARTMENT OF DEFENSE	15-C-0107	12.xx	\$ -	\$ 124,953
Southwest Range Services LLC	DEPARTMENT OF DEFENSE	PEDAS302GY19	12.xx	\$ -	\$ 2,679
AGEISS	DEPARTMENT OF DEFENSE	W91151-19-C-0008	12.xx	\$ 377,902	\$ 377,902
	DEPARTMENT OF DEFENSE	W91CR818C0056	12.xx	\$ -	\$ 29,797
			<b>12.xx Total</b>	<b>\$ 377,902</b>	<b>\$ 535,331</b>

See accompanying independent auditor's report.

Schedule 7 - Schedule of Expenditures of Federal Awards

Name of Program / Agency	Award Title	Grant Number	Federal Assistance Listing Number	Subrecipient Expenditures	Total Expenditures
<b>INDIVIDUAL AWARDS - OTHER</b>					
<b>DEPARTMENT OF INTERIOR (DOI) - DIRECT</b>					
	ENDANGERED SPECIES CONSERVATION-WOLF LIVESTOCK LOSS COMPENATION AND PREVENTION		15.666	\$ (254,669)	\$ 3,702
			<b>15.666 Total</b>	<b>\$ (254,669)</b>	<b>\$ 3,702</b>
<b>DEPARTMENT OF INTERIOR (DOI) - PASS THRU</b>					
America View	NATIONAL LAND REMOTE SENSING EDUCATION & OUTREACH	G18AP00077	15.815	\$ -	\$ 3,973
			<b>15.815 Total</b>	<b>\$ -</b>	<b>\$ 3,973</b>
<b>DEPARTMENT OF INTERIOR (DOI) - DIRECT</b>					
	NATIVE AMERICAN GRAVE PROTECTION AND REPATRIATION		15.922	\$ -	\$ 5,759
			<b>15.922 Total</b>	<b>\$ -</b>	<b>\$ 5,759</b>
<b>DEPARTMENT OF INTERIOR (DOI) - DIRECT</b>					
	DEPARTMENT OF THE INTERIOR		15.xx	\$ -	\$ 544,493
			<b>15.xx Total</b>	<b>\$ -</b>	<b>\$ 544,493</b>
<b>DEPARTMENT OF INTERIOR (DOI) - PASS THRU</b>					
World Learning, Inc.	ACADEMIC EXCHANGE PROGRAMS	SECAGD19CA0115	19.009	\$ -	\$ 2,892
			<b>19.009 Total</b>	<b>\$ -</b>	<b>\$ 2,892</b>
<b>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA) - PASS THRU</b>					
Jacobs Technology Inc.	NATIONAL AERONAUTICS AND SPACE ADMINISTRATION	NN11HA02C	43.xx	\$ -	\$ 9,734
			<b>43.xx Total</b>	<b>\$ -</b>	<b>\$ 9,734</b>
<b>NATIONAL ENDOWMENT FOR HUMANITIES (NEH) - DIRECT</b>					
	PROMOTION OF THE HUMANITIES TEACHING		45.162	\$ -	\$ 26,764
			<b>45.162 Total</b>	<b>\$ -</b>	<b>\$ 26,764</b>
<b>SMALL BUSINESS ADMINISTRATION (SBA) - PASS THRU</b>					
New Mexico Small Business Development Center	SMALL BUSINESS DEVELOPMENT CENTERS	N/A	59.037	\$ -	\$ -
New Mexico Small Business Development Center	SMALL BUSINESS DEVELOPMENT CENTERS	OSBDC 2018-02	59.037	\$ -	\$ 12,197
New Mexico Small Business Development Center	SMALL BUSINESS DEVELOPMENT CENTERS	OSBDC 2018-02	59.037	\$ -	\$ 2,197
New Mexico Small Business Development Center	SMALL BUSINESS DEVELOPMENT CENTERS	OSBDC-2019-02	59.037	\$ -	\$ 15,905
			<b>59.037 Total</b>	<b>\$ -</b>	<b>\$ 30,299</b>
<b>SMALL BUSINESS ADMINISTRATION (SBA) - DIRECT</b>					
	FEDERAL AND STATE TECHNOLOGY PARTNERSHIP		59.058	\$ -	\$ 128,031
			<b>59.058 Total</b>	<b>\$ -</b>	<b>\$ 128,031</b>
<b>SMALL BUSINESS ADMINISTRATION (SBA) - DIRECT</b>					
	SMALL BUSINESS ADMINISTRATION		59.xx	\$ -	\$ 37,346
			<b>59.xx Total</b>	<b>\$ -</b>	<b>\$ 37,346</b>
<b>ENVIRONMENTAL PROTECTION AGENCY (EPA) - DIRECT</b>					
	SEDIMENT & AGRICULTURAL SAMPLING		66.204	\$ -	\$ 52,349
<b>ENVIRONMENTAL PROTECTION AGENCY (EPA) - PASS THRU</b>					
State of New Mexico	SEDIMENT & AGRICULTURAL SAMPLING	01F22301	66.204	\$ -	\$ (838)
			<b>66.204 Total</b>	<b>\$ -</b>	<b>\$ 51,511</b>
<b>ENVIRONMENTAL PROTECTION AGENCY (EPA) - DIRECT</b>					
	CONSOLIDATED PESTICIDE ENFORCEMENT COOP		66.700	\$ -	\$ 304,443
			<b>66.700 Total</b>	<b>\$ -</b>	<b>\$ 304,443</b>
<b>ENVIRONMENTAL PROTECTION AGENCY (EPA) - PASS THRU</b>					
Extension Foundation	EDUCATING NEW MEXICO'S PESTICIDE AP	83698001	66.716	\$ -	\$ 14,242
			<b>66.716 Total</b>	<b>\$ -</b>	<b>\$ 14,242</b>
<b>ENVIRONMENTAL PROTECTION AGENCY (EPA) - PASS THRU</b>					
State of New Mexico	GOLD KING MINE LONG TERM MONITORING	01F16901	66.802	\$ -	\$ 3,702
			<b>66.802 Total</b>	<b>\$ -</b>	<b>\$ 3,702</b>
<b>DEPARTMENT OF ENERGY (DOE) - PASS THRU</b>					
Triad National Security, LLC	DEPARTMENT OF ENERGY	89233218CNA000001	81.xx	\$ -	\$ 70,083
NTESS Sandia National Laboratories	DEPARTMENT OF ENERGY	DE-AC04-A94AL85000	81.xx	\$ -	\$ 71,741
National Renewable Energy Laboratory	DEPARTMENT OF ENERGY	N/A	81.xx	\$ -	\$ 22,336
			<b>81.xx Total</b>	<b>\$ -</b>	<b>\$ 164,160</b>
<b>DEPARTMENT OF EDUCATION (EDUC) - PASS THRU</b>					
New Mexico Higher Education Department	ADULT EDUCATION	N/A	84.002	\$ -	\$ 171,548
New Mexico Higher Education Department	ADULT EDUCATION	V002A190032	84.002	\$ -	\$ 6,897
New Mexico Higher Education Department	ADULT EDUCATION	V002A200032	84.002	\$ -	\$ 488,140
			<b>84.002 Total</b>	<b>\$ -</b>	<b>\$ 666,585</b>
<b>DEPARTMENT OF EDUCATION (EDUC) - DIRECT</b>					
	HIGHER EDUCATION_INSTITUTIONAL AID		84.031	\$ -	\$ 1,257,116
			<b>84.031 Total</b>	<b>\$ -</b>	<b>\$ 1,257,116</b>
<b>DEPARTMENT OF EDUCATION (EDUC) - PASS THRU</b>					
New Mexico Public Education Department	CAREER AND TECHNICAL EDUCATION	V048A180031-18A	84.048	\$ -	\$ 55,224
New Mexico Public Education Department	CAREER AND TECHNICAL EDUCATION	V048A190031-19A	84.048	\$ -	\$ 691
New Mexico Public Education Department	CAREER AND TECHNICAL EDUCATION	V048A200031	84.048	\$ -	\$ 645,178
			<b>84.048 Total</b>	<b>\$ -</b>	<b>\$ 701,093</b>
<b>DEPARTMENT OF EDUCATION (EDUC) - PASS THRU</b>					
High Plains Regional Education Cooperative #3	IMPROVEMENT OF POSTSECONDARY EDUCATION	P116C200014	84.116	\$ -	\$ 17,508
			<b>84.116 Total</b>	<b>\$ -</b>	<b>\$ 17,508</b>
<b>DEPARTMENT OF EDUCATION (EDUC) - DIRECT</b>					
	COLLEGE ASSISTANCE MIGRANT PGM CAMP		84.149	\$ -	\$ 451,747
			<b>84.149 Total</b>	<b>\$ -</b>	<b>\$ 451,747</b>
<b>DEPARTMENT OF EDUCATION (EDUC) - DIRECT</b>					
	GRADUATION ASSISTANCE IN AREAS OF NATIONAL NEED		84.200	\$ -	\$ 140,772
			<b>84.200 Total</b>	<b>\$ -</b>	<b>\$ 140,772</b>
<b>DEPARTMENT OF EDUCATION (EDUC) - PASS THRU</b>					
New Mexico Public Education Department	TWENTY-FIRST CENTURY COMMUNITY LEARNING	N/A	84.287	\$ -	\$ 63,210
New Mexico Public Education Department	TWENTY-FIRST CENTURY COMMUNITY LEARNING	S287C190031 & S287C200031	84.287	\$ -	\$ 2,069,432
			<b>84.287 Total</b>	<b>\$ -</b>	<b>\$ 2,132,642</b>
<b>DEPARTMENT OF EDUCATION (EDUC) - DIRECT</b>					
	ENGLISH LANGUAGE ACQUISITION STATE GRANTS		84.365	\$ -	\$ 439,883
			<b>84.365 Total</b>	<b>\$ -</b>	<b>\$ 439,883</b>
<b>DEPARTMENT OF EDUCATION (EDUC) - PASS THRU</b>					
Texas A&M University	SUPPORTING EFFECTIVE EDUCATOR DEVELOPMENT	U423A180074	84.423	\$ -	\$ 174,634
			<b>84.423 Total</b>	<b>\$ -</b>	<b>\$ 174,634</b>
<b>DEPARTMENT OF EDUCATION (EDUC) - DIRECT</b>					
	COVID-19 EDUCATION STABILIZATION FUND - STUDENT		84.425E	\$ -	\$ 11,039,130
	COVID-19 EDUCATION STABILIZATION FUND - INSTITUTIONAL		84.425F	\$ -	\$ 1,517,417
	COVID-19 EDUCATION STABILIZATION FUND - MINORITY SERVING INSTITUTION		84.425L	\$ -	\$ 5,983,558

See accompanying independent auditor's report.

Schedule 7 - Schedule of Expenditures of Federal Awards

Name of Program / Agency	Award Title	Grant Number	Federal Assistance Listing Number	Subrecipient Expenditures	Total Expenditures
<b>INDIVIDUAL AWARDS - OTHER</b>					
<b>DEPARTMENT OF EDUCATION (EDUC) - PASS THRU</b>					
El Paso County	COVID-19 EDUCATION STABILIZATION FUND	Cares Act Funding	84.425H	\$ -	\$ 48,999
University of New Mexico	COVID-19 EDUCATION STABILIZATION FUND - GEER	N/A	84.425C	\$ -	\$ 20,114
			<b>84.425 Total</b>	<b>\$ -</b>	<b>\$ 18,609,218</b>
<b>DEPARTMENT OF EDUCATION (EDUC) - PASS THRU</b>					
New Mexico Public Education Department	DEPARTMENT OF EDUCATION	H323A170032-18 & H027A200078	84.xx	\$ -	\$ 568,531
			<b>84.xx Total</b>	<b>\$ -</b>	<b>\$ 568,531</b>
<b>DEPARTMENT OF HEALTH &amp; HUMAN SERVICES (HHS) - DIRECT</b>					
	GRADUATE PSYCHOLOGY EDUCATION PROGRAM		93.191	\$ -	\$ 310,058
			<b>93.191 Total</b>	<b>\$ -</b>	<b>\$ 310,058</b>
<b>DEPARTMENT OF HEALTH &amp; HUMAN SERVICES (HHS) - DIRECT</b>					
	SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES		93.243	\$ -	\$ 177,139
<b>DEPARTMENT OF HEALTH &amp; HUMAN SERVICES (HHS) - PASS THRU</b>					
Children Youth and Family Dept State NM	SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES	1H795M082287-01	93.243	\$ -	\$ 471,810
St Lukes Health Care Clinic	SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES	5H79T1080513-02	93.243	\$ -	\$ 24,597
St Lukes Health Care Clinic	SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES	5H79T108513	93.243	\$ -	\$ 26,127
Children Youth and Family Dept State NM	SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES	TI 080190	93.243	\$ -	\$ 49,180
			<b>93.243 Total</b>	<b>\$ -</b>	<b>\$ 748,853</b>
<b>DEPARTMENT OF HEALTH &amp; HUMAN SERVICES (HHS) - PASS THRU</b>					
Comagine Health	NATIONAL DIABETES PREVENTION PROGRAM	5NU8DP006369	93.261	\$ -	\$ 8,645
			<b>93.261 Total</b>	<b>\$ -</b>	<b>\$ 8,645</b>
<b>DEPARTMENT OF HEALTH &amp; HUMAN SERVICES (HHS) - PASS THRU</b>					
Children Youth and Family Dept State NM	PROMOTING SAFE AND STABLE FAMILIES	N/A	93.556	\$ -	\$ (188)
			<b>93.556 Total</b>	<b>\$ -</b>	<b>\$ (188)</b>
<b>DEPARTMENT OF HEALTH &amp; HUMAN SERVICES (HHS) - PASS THRU</b>					
Children Youth and Family Dept State NM	CHILDREN'S JUSTICE GRANTS TO STATES	G-1901NMCA1	93.643	\$ -	\$ 9,999
			<b>93.643 Total</b>	<b>\$ -</b>	<b>\$ 9,999</b>
<b>DEPARTMENT OF HEALTH &amp; HUMAN SERVICES (HHS) - PASS THRU</b>					
Children Youth and Family Dept State NM	TITLE IV-E PROGRAM	G1901-NMFOST/G2001-NMFOST/G2101	93.658	\$ -	\$ (662)
Children Youth and Family Dept State NM	TITLE IV-E PROGRAM	N/A	93.658	\$ -	\$ 501,387
			<b>93.658 Total</b>	<b>\$ -</b>	<b>\$ 500,725</b>
<b>DEPARTMENT OF HEALTH &amp; HUMAN SERVICES (HHS) - DIRECT</b>					
	MENTAL & BEHAVIORAL HEALTH EDUCATION & TRAINING		93.732	\$ -	\$ 809,085
			<b>93.732 Total</b>	<b>\$ -</b>	<b>\$ 809,085</b>
<b>DEPARTMENT OF HEALTH &amp; HUMAN SERVICES (HHS) - PASS THRU</b>					
Children Youth and Family Dept State NM	DEPARTMENT OF HEALTH & HUMAN SERVICES	1H795M082000-01	93.xx	\$ -	\$ 152,905
Children Youth and Family Dept State NM	DEPARTMENT OF HEALTH & HUMAN SERVICES	N/A	93.xx	\$ -	\$ 194,493
			<b>93.xx Total</b>	<b>\$ -</b>	<b>\$ 347,398</b>
<b>SNAP CLUSTER</b>					
<b>DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU</b>					
New Mexico Human Services Department	SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM	N/A	10.561	\$ -	\$ 1,454,876
			<b>10.561 Total</b>	<b>\$ -</b>	<b>\$ 1,454,876</b>
			<b>SNAP Cluster Total</b>	<b>\$ -</b>	<b>\$ 1,454,876</b>
<b>HEAD START CLUSTER</b>					
<b>DEPARTMENT OF HEALTH &amp; HUMAN SERVICES (HHS) - DIRECT</b>					
	HEAD START		93.600	\$ -	\$ 1,685,021
			<b>93.600 Total</b>	<b>\$ -</b>	<b>\$ 1,685,021</b>
			<b>Headstart Cluster Total</b>	<b>\$ -</b>	<b>\$ 1,685,021</b>
<b>TRIO CLUSTER</b>					
<b>DEPARTMENT OF EDUCATION (EDUC) - DIRECT</b>					
	TRIO STUDENT SUPPORT SERVICES PROGR		84.042	\$ -	\$ 681,385
			<b>84.042 Total</b>	<b>\$ -</b>	<b>\$ 681,385</b>
<b>DEPARTMENT OF EDUCATION (EDUC) - DIRECT</b>					
	TRIO UPWARD BOUND		84.047	\$ -	\$ 879,786
			<b>84.047 Total</b>	<b>\$ -</b>	<b>\$ 879,786</b>
			<b>TRIO Cluster Total</b>	<b>\$ -</b>	<b>\$ 1,561,171</b>
<b>INDIVIDUAL AWARDS - OTHER TOTAL</b>				<b>\$ 330,239</b>	<b>\$ 38,841,112</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<b>\$ 10,241,432</b>	<b>\$ 194,879,673</b>

See accompanying independent auditor's report.

## Schedule 7 - Schedule of Expenditures of Federal Awards

Reconciliation to Statement of Revenues, Expenditures and Changes in Net Position

<b>Federal Awards:</b>	
Federal Appropriations, Grants and Contracts	\$ 91,596,098
Federal Pell Grant revenue	\$ 38,749,599
CARES revenue reclassified to other non-operating revenue	18,609,218
Surplus and loan fee eliminations	<u>(434,303)</u>
	148,520,612
Plus/(Less) reconciling items:	
Adjustment to federal revenue for accrued liabilities and reversals	112,119
Adjustment to federal revenue for Department of Education loans	<u>46,246,942</u>
<b>Federal Expenditures per Schedule 7</b>	<u><u>\$ 194,879,673</u></u>

Notes to Schedule of Expenditures of Federal Awards**Note A:** Basis Of Presentation

The accompanying schedule of expenditures of Federal Awards (the schedule) is prepared on the accrual basis of accounting and includes the federal grant activity of the University under programs of the Federal Government for the year ended June 30, 2021. The information in this schedule is presented in accordance with 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the schedule presents only a selected portion of the operations of the University, it is not intended to and does not present the financial position, changes in net position, or cash flows of the University.

**Note B:** Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards follows the accounting policies presented in Note 2 of the University's Notes to Financial Statements.

**Note C:** Federal Direct Student Loans, CFDA # 84.268. During the fiscal year ended June 30, 2021, the University processed \$34,820,409 in new loans under the Direct Student Loan Program (which includes Stafford Loans and Parents' Plus Loans).

**Note D:** During the fiscal year ended June 30, 2021, there were no federal funds made available in the form of non-cash assistance.

**Note E:** Federal Perkins Loan Program, CFDA # 84.038. No additional Perkins loans were awarded for the year ended June 30, 2021, and the outstanding student loan balances under the Federal Perkins Loan Program was \$5,499,866.

**Note F:** New Mexico State University has elected not to use the 10% de minimis indirect cost rate.

See accompanying independent auditor's report.



## **Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

The Board of Regents  
New Mexico State University  
and  
Mr. Brian S. Colón, Esq.  
New Mexico State Auditor

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, fiduciary activities, and the discretely presented component unit of the New Mexico State University (the University) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise University's basic financial statements, and have issued our report thereon dated October 29, 2021.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that are required to be reported per Section 12-6-5 NMSA 1978, that we have described in the Section 12-6-5 NMSA 1978 Findings Schedule, as items 2021-001, 2021-002, and 2021-003.

### **The University's Response to Findings**

The University's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The University's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Albuquerque, New Mexico  
October 29, 2021



## **Report of Independent Auditors on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance**

The Board of Regents  
New Mexico State University  
and  
Mr. Brian S. Colón, Esq.  
New Mexico State Auditor

### **Report on Compliance for Each Major Federal Program**

We have audited New Mexico State University (the University) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2021. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Managements Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### ***Auditors Responsibility***

Our responsibility is to express an opinion on compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the University's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

### **Report on Internal Control Over Compliance**

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Albuquerque, New Mexico  
October 29, 2021



**Schedule of Findings and Questioned Costs  
Year ended June 30, 2021**

**(1) Summary of Auditor's Results**

(a) Type of report the auditor issued on whether the financial statements were prepared in accordance with generally accepted accounting principles: **Unmodified**

(b) Internal control deficiencies over financial reporting:

Material weakness(es) identified: **No**  
Significant deficiency(ies): **None reported**

(c) Noncompliance material to the financial statements noted: **No**

(d) Internal control over major federal programs:

Material weakness(es): **No**  
Significant deficiency(ies): **None reported**

(e) Type of auditor's report issued on compliance for major federal programs: **Unmodified**

(f) Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a): **No**

(g) Identification of major federal programs:

Research and Development Cluster – various CFDA numbers  
COVID-19 Education Stabilization Fund – CFDA 84.425

(h) Dollar threshold used to distinguish between Type A and Type B programs: **\$3,000,000**

(i) Auditee qualified as a lowrisk auditee: **Yes**

**(2) Financial Statement Findings**

None

**(3) Federal Award Findings and Questioned Costs**

None

**Summary Schedule of Prior Audit Findings  
Year ended June 30, 2021**

**2020-001 Arrowhead implementation of controls to assess the completeness and accuracy of information used in the financial statements – Significant deficiency.**

Management did not have a control in place to assess the completeness and accuracy of its Genesis rental income schedule. As a result, we identified errors in the schedule that were not detected by management. Genesis rental income was overstated and not accurately presented within the 2020 financial statements.

**Current Status:** Resolved

**2020-002 Enrollment Reporting – Finding that does not rise to the level of a Uniform Guidance other matter or a significant deficiency**

**Current Status:** Resolved

**Summary Schedule of Other Findings  
As Required by New Mexico State Statute 12-6-5, NMSA 1978  
Year ended June 30, 2021**

**Other Findings as Required by New Mexico State Statute, 12-6-5, NMSA 1978**

**2021-001 - Other Matters – User and Privileged Access Reviews**

**Condition:**

User access reviews were not performed during fiscal year 2021 for the systems impacting financial reporting application.

**Criteria:**

The University's system processes, records, and stores information that is vital to its daily operations and certain systems contain critical information. It is critical that access to this system is properly maintained to prevent inappropriate transactions from occurring, data from being lost, and to prevent unauthorized access to information, which should be completed through periodic user access reviews.

**Effect:**

Absent periodic user access reviews, users may gain access privileges beyond those necessary to perform their assigned duties, thereby breaking down segregation of duties. Unauthorized access to financial data may result in its destruction, improper changes, the recording of unauthorized or nonexistent transactions or the inaccurate recording of transactions.

**Cause:**

The controls related to the user access review process was not operating effectively.

**Recommendation:**

Management should design and implement a formalized user access review of all users with access to systems impacting financial reporting.

Management should keep records in reasonable detail to reflect user access reviews and maintain a system of internal controls sufficient to provide reasonable assurance that the risk of unauthorized access is mitigated. Reasonable detail is sufficient information that would satisfy a prudent official (regulator, newspaper reporter) in the conduct of their own affairs. Best practices for user access reviews include the following:

- The review is thoroughly documented, captures all users, assesses users' underlying permissions, captures who reviews, captures the date of review and documents the overall conclusion on appropriateness.
- An individual performing a review should not review their own access. Another member of management with authority and knowledge of the specific area, should confirm the reviewers' assigned access.
- Action to complete any noted changes is documented. This can be via confirmation to the reviewer with evidence supporting the change was fully processed.
- Management should keep evidence which demonstrates the information used to perform these reviews is complete and accurate. This would include (where applicable) any queries, date/time stamps for when information is extracted from systems, and/or screenshots showing total record counts to agree to the extracts.

**Management's Response:**

The University has an automated process to disable/terminate access at employment departure and an established documented process since 2020 to review end-user accounts impacting financial reporting, which is included in a General IT Review of User System Access Manual. Due to significant personnel changes at the end of the fiscal year, the University failed to complete the annual review prior to June 30, 2021. The timing of the annual review of end-user accounts has subsequently been moved from the end of the fiscal year to September/October. This change which will help to ensure that the annual review is completed by the middle of the fiscal year. As such, under the supervisor of the Interim Chief Information Security Officer, the annual review of end-user accounts is currently underway with an estimated completion date mid-November 2021. The process has been automated and updated to meet the recommendations from the audit team.

**2021-002 - Other Matters – Cyber Security****Condition:**

The University does not have the following cybersecurity process and procedure in place:

- The Organization does not have tools to disable or destroy information remotely on employee mobile devices, laptops, PCs, etc.
- The Organization does not have cybersecurity insurance.

**Criteria:**

The University's system processes, records, and stores information that is vital to its daily operations and certain systems contain critical information. It is critical that access to this system is properly maintained to prevent inappropriate transactions from occurring, data from being lost, and to prevent unauthorized access to information through employee devices that have access to the system, through proper security controls related to cyber security.

**Effect:**

Without security protocols to protect sensitive data, the Organization poses the risk of a potential breach to their environment.

**Cause:**

The controls related to cyber security are not designed effectively.

**Recommendation:**

To ensure the organization maintains a robust environment against security incidents, management should ensure the following:

- The Organization's data is able to be remotely wiped to ensure privacy of data.
- Insurance policy covers cybersecurity events.

**Management's Response:**

The Interim Chief Information Security Officer will ensure that research in acquiring and implementing a system-wide mobile device management solution. As part of this research, the University will also consider the possibility of expanding existing solutions in use by other University entities to a system-wide resource to provide the University with the ability to disable or destroy information remotely. This research shall be completed, and a plan developed by June 30, 2022. However, it should be noted that mobile computing devices that store the University data must be encrypted as per policy. Administrative Rules and Procedures (ARP).

On the matter of cyber insurance, the University has engaged in an effort to weigh the impact of cybersecurity insurance vs. strengthening cybersecurity posture. The University has concluded that investing in the short term by strengthening the University's cyber security posture would be the best course of action and in the best interests of the University. Contributing factors to the decision included the increasing cost of cyber security premiums and deductibles, and the value of strengthening preventive and forensic controls that reduce risk. Funds and resources in the short term would be better utilized by strengthening the overlapping need for improved controls and infrastructure that mitigate cybersecurity risks and improve the opportunity for lower cybersecurity

premiums and deductibles in the near foreseeable future.

The University has positioned key skill sets in critical areas, i.e., Security, Privacy, Compliance, and Audit, and has adapted the Cybersecurity Maturity Model Certification (CMMC) to drive strategy and security defense acquisitions. As part of that effort, the Interim Chief Information Security Officer is in the process of identifying a security information and event management (SIEM) solution. In addition, the University plans to enhance the already robust Information Assets Protection Policies (IAPP). The University leverages a Continuous Control Design Improvement process and uses this to continually improve access management, change management, configuration management, and IAPP training. Two factor authentication (2FA) has been deployed and proliferated throughout the University and communicates frequently on the topic of cybersecurity awareness via newsletters, webinars, in-person training, and broadcast emails. Lastly, the University is strengthening vulnerability and patch management by adopting a continuous process of identifying, prioritizing, remediating, and reporting on security vulnerabilities in networks, systems and the software that runs on them, e.g, penetration testing, compliance reviews and the use of the Risk Sence application.

**2021-003 - Other Matters – Procurement, Suspension, and Debarment, instance of noncompliance.**

**Condition:**

During our testing of Procurement, Suspension and Debarment, we noted an instance where controls were not followed relating to procedures for verifying that an entity with which the University entered into a covered transaction was not debarred or suspended.

**Criteria:**

Uniform Guidance prohibits non-federal entities from contracting with or making subawards under covered transactions to parties that are suspended or debarred. "Covered transactions" include contracts for goods and services awarded under a non-procurement transaction that are expected to equal or exceed \$25,000 or meet certain other criteria as specified in 2 CFR section 180.220.

**Effect:**

The University could enter into a contract or agreement with a suspended or debarred vendor.

**Cause:**

There was a breakdown in control procedures surrounding suspension and debarment.

**Recommendation:**

We recommend that the University follow the procurement controls in place to ensure that vendors are not suspended or debarred prior to entering any transactions greater than or equal to \$25,000 that are deemed to be a "covered transaction", and additionally maintain documentation of verification when the vendor check is performed.

**Management's Response:**

It is very rare for a payment exceeding \$25,000 to be processed outside of the purchase order process. The item referenced above was one of those instances, and although performed outside of the normal process, it was subject to significant review and due diligence. The due diligence did not include the verification against the suspension and debarment listings. The Director of Procurement Services will develop a process by December 31, 2021 where any covered transaction processed outside of the procurement process will include a check against the suspension and debarment listings.

An exit conference was held on October 27, 2021, to discuss the current audit report and auditors' comments. In attendance were the following individuals:

#### **Representing the Board of Regents for New Mexico State University**

Ammu Devasthali	Chair
Aresenio Romero	Audit Committee Community Member
Mary Jo Billiot	Audit Committee Community Member
Shari Jones	Audit Committee Community Member

#### **Representing New Mexico State University**

Dan E. Arvizu	Chancellor
John Floros	President
Andrew J. Burke	Senior Vice President for Administration and Finance
Ruth Johnston	Vice Chancellor
Rick Rivas	Interim Chief Audit Officer
Roy Collins	Chief Legal Affairs Officer
Kimberly Rumford	Chief Budget Officer
Ross Justus	Associate Controller
Carolina Muñoz	Manager, Accounting and Finance
Damian López	Audit Liaison
Adam Cavotta	Board of Regents Chief of Staff

#### **Representing New Mexico State University Component Units**

Derek Dictson	Vice President of University Advancement, NMSU Foundation, Inc.
Kristin Ludwig	Sr. Associate Vice President of Operations and Development, NMSU Foundation, Inc.
Aaron De Los Santos	Board of Directors, NMSU Foundation, Inc.
Kathryn Hansen	CEO, Arrowhead Center Inc.
Vanessa Mills	Senior Accountant, Arrowhead Center Inc.
Jim Manatt	Audit Committee Chair, Arrowhead Center, Inc.

#### **Representing Moss Adams LLP**

Lisa Todd	Lead Engagement Partner
Ashlee Lent	Senior Manager

The University's management prepared the Financial Statements. The University is responsible for the Financial Statements and its contents.



**Board of Regents Meeting**  
**Meeting Date: February 7, 2022**  
**Agenda Item Cover Page**

**Agenda Item # F-1**

- Action Item
- Consent Item
- Informational Item

**Presented By:** Eric Sanchez,  
PSL Director

**Agenda Item:** Update on Physical Science Laboratory (PSL)

**Requested Action of the Board of Regents:** Informational presentation. No action required.

**Executive Summary:** A general overview of the programs and operations of the Physical Science Laboratory (PSL) will be presented, including information about the current status of the lab and future developments.

**References:**

N/A

**Prior Approvals:**

N/A

# PSL Overview

Eric Sanchez  
PSL Director

February 7, 2022

Physical Science Laboratory



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# Physical Science Laboratory

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*Unique National Resource and catalyst for robust federal/academic partnerships*



## 75 years supporting science and technology efforts

Established in 1946 to support V-2 rocket exploitation at White Sands Proving Grounds

### Today's Domain Expertise

- Electronic Warfare
- Counter Measures
- Cybersecurity
- Telemetry and Missile Systems
  - Production Capabilities
- Catalog of internally designed and built Telemetry and Antenna Systems
- Aerospace
  - Scientific Ballooning
  - UAS Operations

### Facilities (Non I&G Funded)

- 7 acres located on NMSU campus
- Controlled Access/Classified Capability
- CONUS & OCONUS work locations
- Production Capability-Mechanical and Electronics Services Center, Antenna Production/Plating
- UAS Flight Test Site at the Las Cruces, NM airport
- Industry Tenants at PSL: Trax International, Sierra Lobo, Sandia National Laboratories, Los Alamos National Laboratory



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# PSL Current Capabilities and Federal Partners



Henry Cathey

## Aerospace

UAS Test Site  
Flight test design, testing and demonstrations  
Visual observers and ground station design  
UAS Design, Small/Micro UAS  
Regulatory support  
High Altitude Aircraft and Airships  
Balloon program support



Margaret Campos

## Telemetry and Missile Systems

Telemetry Products (Catalog)  
TM System Development  
Integration and Launch Support  
Mechanical and Electronics Services Center  
Antenna Production/Plating



Joanne Esparza

## Information Sciences and Security Services

Electronic Warfare systems  
Air & Missile defense operations and support modeling  
Cybersecurity assessments

## DoD Government Partners/Customers:

U.S. Army  
U.S. Air Force  
U.S. Navy  
U.S. Space Force  
Missile Defense Agency

## Other government partners/Customers:

FAA  
NASA  
National Geospatial-Intelligence Agency  
Los Alamos National Laboratory  
Sandia National Laboratories



# Working through the Pandemic

Page 1 of 104



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# Quick Look: Anderson Hall throughout COVID

March 12, 2020 **130**

ISSS 19  
TMS 25  
Production 7  
Facilities 8  
Security 7  
IT 5  
Accounting 3  
Aerospace 2  
Shipping 2  
HR 2  
VPR 11  
RAS 13  
SPA 21

March 23, 2020 **45**

ISSS 4  
TMS 18  
Production 6  
Facilities 2  
Security 7  
IT 2  
Accounting 3  
Aerospace 2  
Shipping 1  
VPR 2

March 1, 2021 **78**

ISSS 19  
TMS 21  
Production 6  
Facilities 5  
Security 7  
IT 4  
Accounting 2  
Aerospace 2  
Shipping 2  
HR 2  
VPR  
RAS 1

**“The Show must go on”**

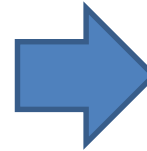
Dec. 1, 2021 **102**

ISSS 17  
TMS 21  
Production 7  
Facilities 6  
Security 7  
ISOC 3  
IT 2  
Accounting 4  
Aerospace 3  
Shipping 2  
HR 2  
VPR 2  
RAS 7  
External 3  
Shipping/Receiving 3  
TRAX 1  
NMDA 4  
Sierra Lobo 6



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# PSL Goals and Vision



# PSL Priorities: Next Five Years

1. **Double** PSL program size through the strategic development of business and research opportunities.
2. **Be self-sustaining**
3. **Invest** in required information technology infrastructure that allows PSL to maintain Department of Defense contracts.
4. **Participate**, as a regional leader in **economic development** initiatives that support the growth of PSL mission critical industries such as UAS, space commercialization and cybersecurity.
5. **Support** student experiential learning and workforce readiness through the development of PSL Student Programs.

*In 2020, NMSU Chancellor Dan Arvizu designated PSL as a regional economic development asset.*



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# Awards and Proposals

Page 191 of 204

## Awarded

- Information Operations Vulnerability & Survivability Assessment (IOVSA) (~\$10mil/10yr)
- Cold Regions Research and Engineering Laboratory (CCREL), NMSU subcontracted to University of Alaska Fairbanks, (~1M/2yr) (DoD)
- FAA Counter-Unmanned Aerial Systems, (~\$3.6mil/3yr) (FAA)
- Disaster Relief (~\$900K/2yr) (FAA)
- SCOPEX (~\$236K/1yr)
- Pony Express (~\$300K/1yr)
- Picatinny/Yuma (~\$240K/1yr)

## Submitted Proposals Pending Decision

- NASA Balloon Operations Contract (NBOC) (~\$105mil/7yr)
- Long Range Suborbital Vehicles (LSOV) (Telemetry and Missile Systems) Partnering with Kratos (~\$4mil/5yr)
- Disaster Relief III (~\$400K/2yr)

## Upcoming Proposals

- NASA Sounding Rocket Operations Contract (~\$2mil/5)

**\$5 Mil projected expenditure increase in FY 23 (not including NBOC)**



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# Strategic Partnerships for Economic Development



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# Investing in Our Future



Anechoic Chamber



Accredited SCIF  
(Sensitive Compartmented  
Information Facility)



Defense, Space and  
Aerospace Workforce



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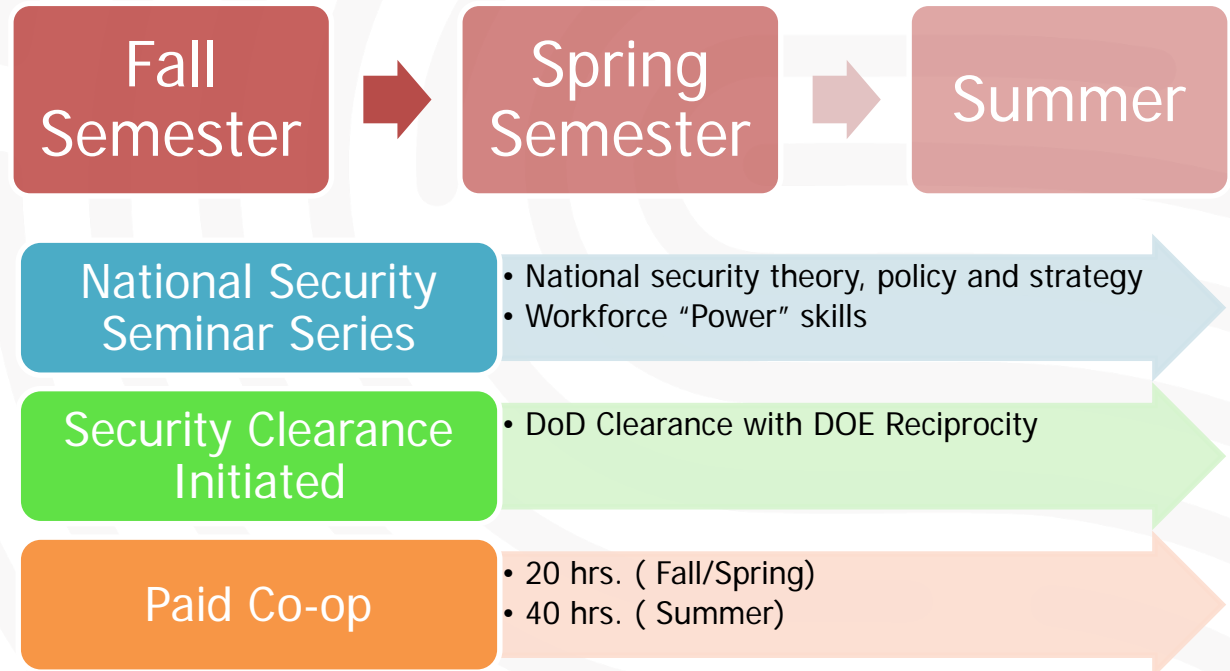
# CREW Classified Ready Employee Workforce

## Physical Science Laboratory at New Mexico State University

**Mission: To develop a diverse pool of classified-ready professionals with the necessary technical, professional and interpersonal skills required to pursue successful careers in support of national security.**

Demographics of the inaugural CREW cohort of 16 NMSU Students:

- 11 are from diverse racial/ethnic backgrounds-Hispanic (10), African-American (1)
- 2 Veterans (U.S. Army)
- 4 Women
- 3 first-generation college students
- Range in age from 20-31 years old
- Represent the following majors: Electrical Engineering, Computer Science, Aerospace Engineering, Engineering Physics, Mechanical Engineering, Information and Communication Technology
- Clearance initiated for 100% of cohort by January 2021.  
Today, 100% of students have Secret clearance (4 Top Secret)



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# Meet the Instructor



## Colonel Alan A. Wiernicki, United States Army (Retired)

- Chief Quality Officer for the El Paso Independent School District
- 26 years of active military service
- Air and Missile Defense Experience
- Commanded from Battery to Brigade level
- Held several key staff positions
- Veteran of several combat and operational deployments
- Appointed in September 2018 by Governor Abbott as a member of the Governor's Committee to Support the Military
- Education: BA in International Studies from the State University of New York College at Cortland, MA in Administration from Central Michigan University, and a MS in National Strategy from the National War College in Washington, D.C.

# CREW Program Partners

## Cohort 1 Partners (2020-2022)

- General Dynamics
- Los Alamos National Laboratory
- Northrop Grumman
- Physical Science Laboratory
  - Telemetry and Missile System Division
  - Quality Assurance
  - Information Security Operations Center

## Cohort 2 Partners (2021)

- Los Alamos National Laboratory
- Sandia National Laboratories
- X-Bow
- Physical Science Laboratory
  - Telemetry and Missile System Division
  - Quality Assurance
  - Information Sciences and Security System Division
  - Information Security Operations Center
  - Facility Security

***Goal is to enroll at least 20 students in Cohort 3***



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# Student Impact

## What have you liked most about CREW?

- CREW has given me a **new perspective on national security** in the U.S. **Before CREW, I had a very simple understanding of what national security meant**, but now I see that it is a much more complicated issue.
- It **opened my eyes to the importance of national security and my clearance**.
- **Having a work experience that cares about your future** and that wants to give you the best advantages they can get, is very much appreciated.
- **The interactive approach to learning about national security**.

## How is CREW different than other internships or co-ops you have participated?

- I feel like CREW is different because it has a large focus on **discussion with other students, which allows for the sharing of multiple opinions and we can get more viewpoints on the topics** we discuss.
- Unlike a boss at a job, I feel as though Jayme understands and wants us to succeed while ensuring she is keeping our interest. **It's much more focused around educating us**.
- CREW is a **flexible program** that works with your school schedule and still **delivers a great program**.
- The **level of mentorship is incredible**.

## End of Year 1 May 2021

"This is an opportunity not many people will have on their resume. **[CREW] is giving me a unique edge.**"

"**I think [having my national security clearance] has positively changed my life.** I am more aware of my actions and how they might reflect on future checks."

"[The CREW Program and having my national security clearance] is **going to open many doors for me. Blessed to have this opportunity...**"



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AROUND AGGIELAND

PETE'S CORNER

AGGIE PRIDE

FEATURES

ALUMNI CONNECTIONS

Type a Keyword

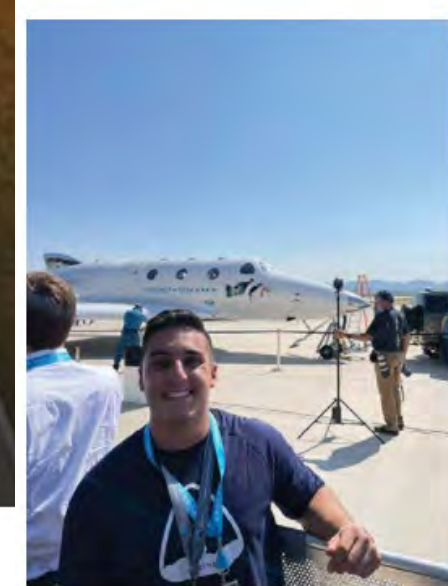


FEATURES

## The next frontier

### NMSU graduates aid commercial space travel advancements

TIFFANY ACOSTA • EDITION: FALL 2021



*Adam Flores attended the launch of Virgin Galactic's first commercial passenger spaceflight, Unity 22, in July 2021 from Spaceport America. Flores is an associate structural design engineer at Virgin Galactic.*



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# Strengthening and Improving Capabilities

- Global Shop ERP Software implementation
- Marketing
  - PSL Website
  - Social Media
  - KRWG
  - LC Bulletin
- Employee Development/Compliance Training
  - Forklift and Lift
  - True Colors
  - Drug Free Workforce
  - Shop Supervisor
  - Fire Procedures
- Collaboration
  - Facilities and Services
  - Environmental Health and Safety
  - New Mexico Space Museum

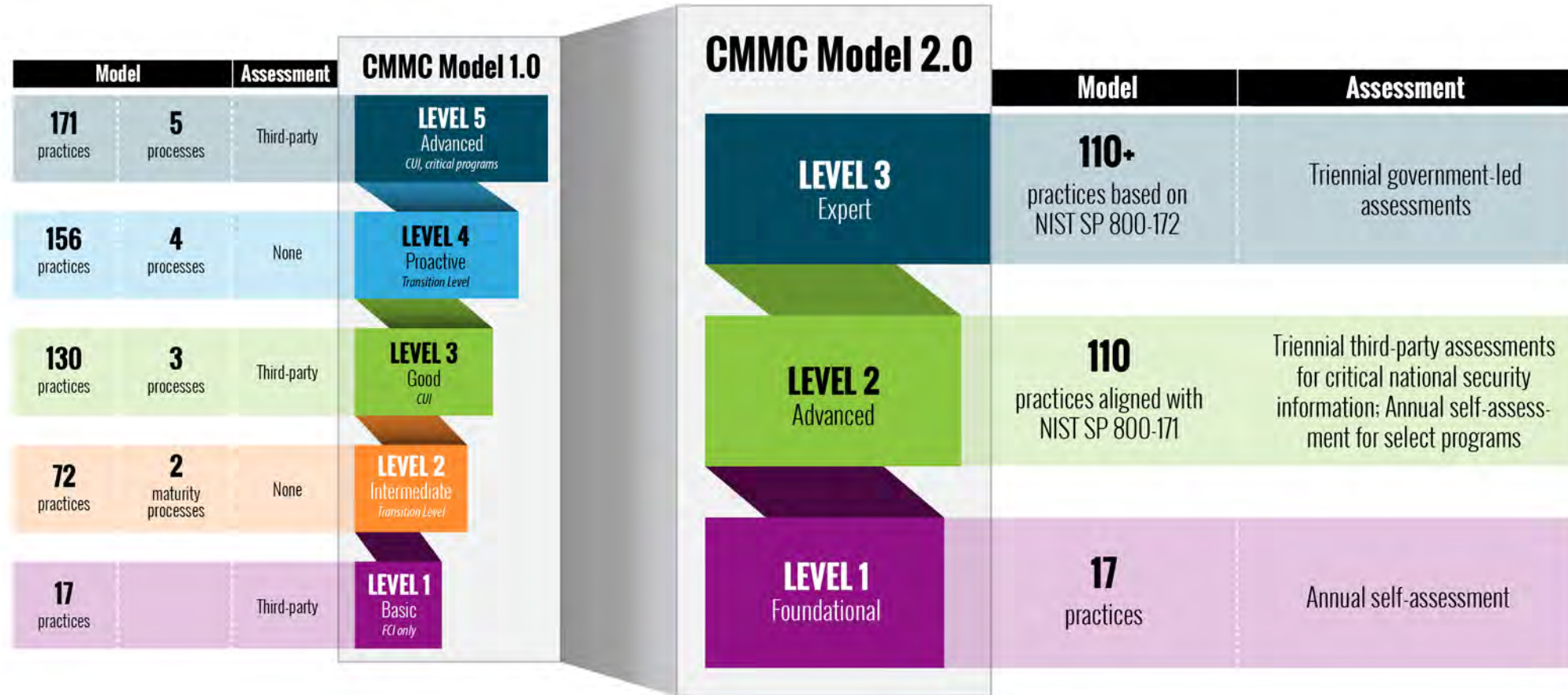


We succeed together



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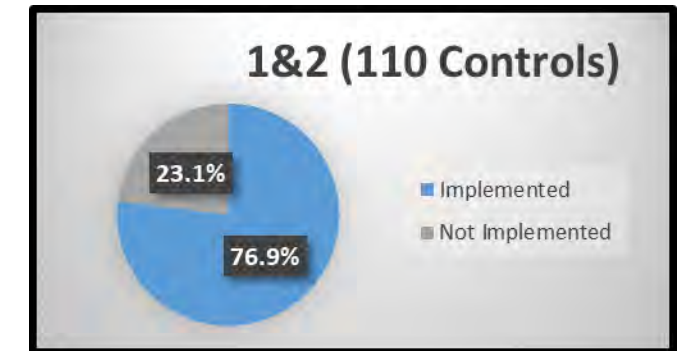
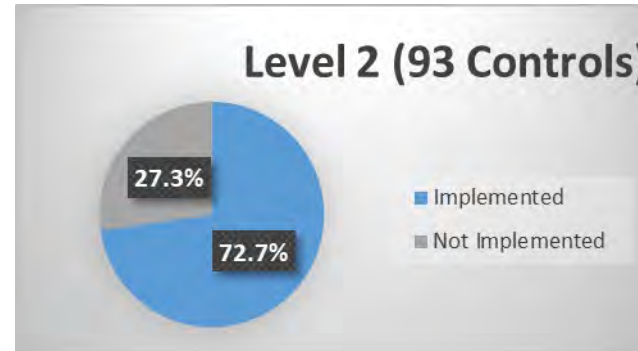
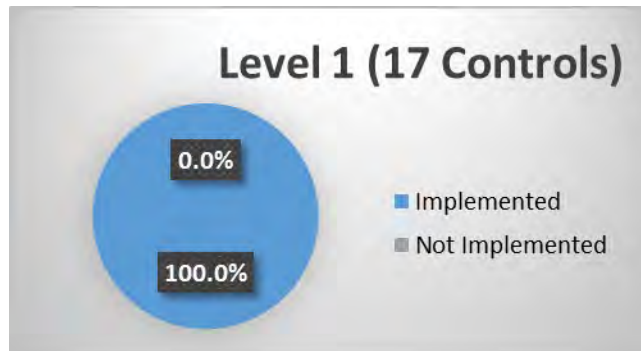
# Cybersecurity Maturity Model Certification



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- IT management/oversight shift and moving toward new networking model
  - Stood Up New PSL IT Section
  - Established Information Security Operations Center (ISOC)
- PSL's team is prioritizing the implementation of Cybersecurity Maturity Model Certification (CMMC) Level 2 ( Overall, 76.9%)
- Certain Level 3 (above and beyond) requirements are also being implemented simultaneously
- Below you will see the progress towards "full"\* implementation of the required controls
- (As of 1/31/22)



# Team Effort Leads to Success



**Luis Cifuentes** @NMSUVPR · 4h

Engineering, Operations, and Mechanical and Electronics Production  
@PSLNMState provided stratospheric support as part of successful test flight for Swiss company Sceye. Read more at:  
[bizjournals.com/albuquerque/in...](https://bizjournals.com/albuquerque/in...) #ElevateResearch @NewMexicoInno



NMSU ACES and 2 others



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# Thank You



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**Board of Regents Meeting**  
**Meeting Date: February 7, 2022**  
**Agenda Item Cover Page**

**Agenda Item # F-2**

- Action Item
- Consent Item
- Informational Item

**Presented By:** Sherry Kollmann  
Vice Provost  
NMSU-On Demand

**Agenda Item:** Update on NMSU-On Demand and NMSU Online

**Requested Action of the Board of Regents:** Informational presentation. No action required.

**Executive Summary:** This informational presentation provides an overview of NMSU Online (NMSU-O) strategy and projected enrollment growth based on established metrics. In addition, the presentation will present details about NMSU On Demand, micro-credentials that allows learners to upskill, re-Skill and acquire new skills. The NMSU On Demand overview presentation provides information about the results from the pilot and the goals for 2022-2023.

**References:**

N/A

**Prior Approvals:**

N/A