Lobo Development Corporation Board of Directors

Minutes of the August 30, 2012 Annual Meeting of the Board of Directors

Board Members Present: James H. Koch, Chair, Don L. Chalmers, Vice Chair, Steven R. Beffort, Dr. Robert G. Frank, Paul Krebs, Louis C. Abruzzo, Stephen J. Ciepiela, Maria Griego-Raby

Board Members Absent: David W. Harris, Dr. Paul B. Roth

Also present: Kim Murphy, Associate Vice President, Amy Coburn, Keelie Garcia, Joshua Rogers, Gloria Muniz-Chavarria, Chris Vallejos, Walt Miller, Bob Doran, Karen Wentworth, et al.

MINUTES

I. Call to Order
   a. James H. Koch, Chair, called the meeting to order at 1:45 pm in the Science & Technology Park Conference Room, 851 University Blvd. SE, Suite 201, Albuquerque, NM.
   b. Chairman Koch established that a quorum was present.
   c. Board Members and guests introduced themselves.

II. Approval of 04/30/12 Minutes
   a. Motion to approve 04/30/12 Minutes made by Vice Chair Don Chalmers, with a second by Steven Beffort. All agreed.
   b. RESOLVED: The Board unanimously approved the April 30, 2012 meeting minutes as presented.

III. Financial Reports
   a. Steve Beffort provided an update through July 31, 2012.
   b. The enclosed financial reports show the status for the fourth quarter of FY 2011-12. A final, year-end report will be submitted after the audit has been approved. Income for the quarter was $781,489, expenses of $421,455, which is a net income of $360,034. Total year-to-date net income was $714,066 and total cash (combination of Compass Bank and UNM accounts) is $1,328,930.38. Also within the documents are a Balance Sheet and a P&L that explain all the individual elements.
   c. Maria Griego-Raby asked what was meant by “UNM Account.” Mr. Beffort explained that UNM holds money on Lobo Development’s behalf that earns interest and UNM controls those funds.
   d. Motion to approve made by Stephen Ciepiela, with a second by Louis Abruzzo. All agreed.
   e. RESOLVED: The Board unanimously approved the Fourth Quarter Financial Statements.

IV. Elections of FY 2012-13 Chair and Vice Chair
   a. Mr. Steve Beffort nominated James H. Koch to serve as Chair for FY 2012-13. Don Chalmers provided a second to the nomination. All agreed.
   b. Chair James H. Koch nominated Don L. Chalmers as Vice Chair for FY 2012-13. Maria Griego-Raby provided a second to the nomination. Mr. Chalmers explained that his term as a Regent expires 12/31/12 and he will not continue to serve. Therefore, this Board will need to choose another Vice Chair in January. However, he will continue to serve until that time.
   c. Mr. Chalmers asked about Dr. Roth as Vice President. Mr. Beffort explained that the appointment of Corporate Officers is separate from Board positions. David Harris as President appoints the Corporate Officers.
d. Unanimous approval.
e. RESOLVED: The Board unanimously approved the election of James H. Koch as Chair and Don L. Chalmers as Vice Chair of the Lobo Development Corporation Board of Directors for FY 2012-13.

V. Announcement of FY 2012-13 Officer Appointments
a. Steve Beffort referred the Board to a copy of a letter from David Harris. The Bylaws of the Corporation indicate that the President, who is elected by the Board of Directors, has the authority to appoint officers of the Corporation. At David’s direction, the officers for FY 2012-13 (one year terms) will be Paul Roth as Vice President, Steve Beffort as Secretary/Treasurer, and Kim Murphy as Associate Vice President. It does not require approval; it is the authority of the President and is presented at the Annual Meeting.
b. No questions from the Board.

VI. Approval of FY 2011-12 URPEDA Compliance Document
a. Steve Beffort explained the purpose of the document to the Board. The Research Park & Economic Development Act has requirements in it that the audit company engaged by the University, which Lobo Development is a portion of, will only audit financial matters, and will not audit compliance issues. The University and all of the Research Park Corporations had a dilemma because the law requires auditing in some procedures and processes. The University approached Sutin, Thayer and Brown to request direction. They provided their opinion as to items that should be responded to by the Corporation each year that would satisfy the requirements of these compliance issues. This document identifies each of those elements that LDC complied with. Once approved by the Board, this is an addendum to the audit file to indicate that LDC has made the appropriate efforts to be in compliance with the law with this action. It is reviewed to ensure the dates are updated and any other changes are made. Mr. Beffort requested approval of the compliance document.
b. Motion to approve made by Louis Abruzzo with a second by Stephen J. Ciepiela.
c. Mr. Ciepiela asked about the information in the document and whether there have ever been any problems or questions. Mr. Beffort explained that no, there have not been any problems or questions and that this is the same document, with the appropriate references adjusted, that Lobo Energy uses and other Research Park Corporations to be in compliance with the law.
d. All agreed.
e. RESOLVED: The Board unanimously approved the FY 2011-12 University Research Park and Economic Development Act (URPEDA) Compliance Document.

VII. Approval of FY 2012-13 Operational Budget
a. Chair Koch asked Steve Beffort to present the budget. However, Mr. Beffort explained that Mr. Kim Murphy would cover the budget information.
b. Mr. Murphy reported to the Board that their packets had two items that related to the budget. The document titled “FY 2011-2012 Operating Budget” has two columns. One is titled “FY 2012 Budget” and the other is “FY 2012 Actual”. This is the Summary Budget that was approved by the Board of Regents last August and there is a comparison of the year-to-date actual to the approved budget. He noted a few favorable comparisons. First of all, the beginning balance was slightly greater than what
was anticipated. Secondly, the revenue was approximately $230,000 above the original estimation. Overall expenses were very close to the anticipated budget and there is a positive addition to the beginning balance of $251,000. He highlighted, under the expense column and Lobo Development Operations, the Operating Budget had a favorable comparison. The two items below were a Real Estate Dept. reimbursement and a refund of an advance payment. These relate to the fact that in the early years, the Real Estate Dept. provided financial support to Lobo Development. These payments complete the reimbursement of those funds advanced by the Real Estate Dept. At the end of this fiscal year, no further amounts are owed to the Real Estate Dept. and the Real Estate Dept. is no longer providing financial support to Lobo Development.

c. Chair Koch asked for questions. No questions from the Board.

d. Mr. Murphy began to explain the FY 2012-13 Operating Budget which reflects an unaudited beginning balance of nearly $1.4 million dollars. Revenue projections for this year include a Student Housing Project for $484,000, which relates to the ground rent that would be coming from the Main Campus project (Casas del Rio). Anticipating, and guessing at this point because LDC does not have any contract rent that is coming from commercial projects. The budget is based on the estimate that by the end of this fiscal year, there will be some ground rent of approximately $150,000. $350,000 from Mesa del Sol related to the Fidelity Building, which is not true “contract rent.” This amount is anticipated based on the cash flow projections of that building from Forest City. The Gibson infrastructure line item is being referred to as a “reimbursement”. This is not a contractual amount yet, but it relates to the amount of money this Board approved for the first phase of Gibson Infrastructure. That project was primarily related to the Fire Station but benefits the other commercial development sites on Gibson.

e. Chair Koch asked Ms. Griego-Raby if she is familiar with that site. She replied that she is.

f. Mr. Murphy continued reporting on the FY 2012-13 Operating Budget. He explained that, while this is not a contracted amount, in preliminary conversations with Fairmont there was a discussion about when LDC reached a development agreement on that particular area, they would compensate LDC for the expenditure for infrastructure. This is estimated at approximately $625,000.

g. Dr. Frank asked when the Fire Station is supposed to be operational. Mr. Murphy replied that it is supposed to be the end of this year.

h. Mr. Murphy continued his explanation of the FY 2012-13 Operating Budget. He focused on the expense items, explaining that this was an estimate of project expenses for South Campus, primarily relating to the consulting contract with Forest City and legal expenses for completing the Fairmont Master Development Agreement as well as the ground lease form that LDC used on South Campus. Additional expenses are anticipated for predevelopment planning for Central Campus sites as well as North Campus sites. The bulk of the Gibson Infrastructure has already been expended in FY 2011-12. There is an expected additional amount to complete payment of that infrastructure, which is estimated at $150,000. Mr. Murphy explained that he will go into more detail in Executive Session regarding the hiring of staff for Lobo Development. Lobo Development is now a fully functioning company and so management administrative expenses are estimated at $450,000. Overall, we are expecting that we will add approximately $550,000 to LDC’s reserves and end up with an ending balance at the end of the year at nearly $2million.
i. Vice Chair Chalmers asked about the Student Housing ground rent on Main Campus. His understanding was that the positive cash flow would be used to do some improvements on existing dormitories so they could be competitive. Mr. Murphy answered that the University Housing Department and Walt Miller can address that. The University Housing Dept. has reserves and they have made some improvements this year. He understands they are planning additional improvements. The money for this year has not been allocated for that purpose. Vice Chair Chalmers suggested a detail explanation of what has been done. That was part of the plan: to make cash flow on new projects and then bring some of the substandard dorms and deferred maintenance issues up to higher standards. He would like to see where the money is, where it came from, and what it was spent on and is the Board happy with where University Housing is. Chair Koch mentioned that the Board also discussed that the revenue would help UNM on bonding to modernize our older dorms. Mr. Murphy agreed that yes, both Chair Koch and Vice Chair Chalmers are correct. Mr. Murphy has been waiting for financial analysis from the UNM Housing Dept. regarding the same information the Board is seeking as to where they are financially, where they are operationally and in their reserves, and what the plan is for the rest of the housing. Vice Chair Chalmers mentioned that he suspects that all the Regents and this Board are interested because the seed money is a result of activities of Lobo Development.

j. Ms. Maria Griego-Raby asked for clarification of the $75,000 expense for Central Campus under Student Housing. Mr. Murphy explained that it is predevelopment planning work for future phases of housing on Main Campus. It is not related to existing housing. It may or may not occur this year or at all, but a line item was added for the possibility of ACC moving forward for a future phase of development.

k. Vice Chair Chalmers asked for detail of the Management and Administrative expenses. Mr. Murphy will provide the information to the Board. Mr. Beffort asked Chair Koch if he would like the information at the next Board meeting or sent out as a supplemental document. Chair Koch requested a supplement be sent out prior to the next Board meeting. The Board will discuss at the next Board meeting. Mr. Beffort and Mr. Murphy agreed that they have the detail and will send out the information to the Board.

l. Motion to approve the FY 2012-13 Lobo Development Corporation Operating Budget by Steven R. Beffort, with a second by Stephen Ciepiela. All agreed. No further discussions.

m. **RESOLVED:** The Board unanimously approved the FY 2012-13 Lobo Development Corporation Operational Budget.

VIII. Approval of FY 2012-13 Meeting Schedule

a. Chair Koch asked the Board to review the suggested schedule. He explained that he intends to follow the schedule without moving any dates unless there is a dire emergency. However, due to Regents meetings being moved, it may be necessary to reschedule a Lobo Development Board meeting date.

b. Motion to approve the FY 2012-13 Lobo Development Board of Directors Meeting Schedule by Maria Griego-Raby, with a second by Louis Abruzzo. All agreed. No discussions.

c. **RESOLVED:** The Board unanimously approved the FY 2012-13 Lobo Development Board of Directors Meeting Schedule.
IX. Walt Miller, UNM Student Housing Director
   a. Chair Koch invited Walt Miller, UNM Student Housing Director, to update the Board on the status of the UNM dorms. Chair Koch asked whether a few years ago UNM had 2700 rooms. Mr. Miller confirmed this information. Chair Koch then asked how many rooms there are now. Mr. Miller explained that UNM now has 3800 on the Main Campus and 864 in Lobo Village, which is almost double what UNM previously had.
   b. Chair Koch asked Mr. Miller to discuss the occupancy in the two newest dorms. Mr. Miller reported that of the two newest facilities, the four buildings of Casas del Rio are almost 100% occupied. They are still in “shake down” where students are making changes, adds, and deletes. Within the next week, he will have a harder number of actual contracts of occupants. In the institutional housing, as of last week, they were at 77% occupied and those were also being changed based on enrollment activity. Overall, there has been a significant increase of freshman who are living on Main Campus, which is one of their targets; to go after the freshman class. With that regard, UNM has hit the right audience with the new project. Mr. Miller continued to report that the move-in, which took place about two weeks ago, was extremely smooth. Because of all the new facilities, the number of people, and the way it was staged, it was not unfriendly to the movers coming in. There were very few complaints. President Frank said he has not heard of any complaints. Mr. Miller explained that the new project went very well; it was done quickly and it was on-time. There is still some work to do; to start focusing on the institutional housing and get those up to 98%. He is hoping, within the next 30 days, to have some administrative recommendations coming forward to do that. He continued to explain that they really need to step that up. He has already initiated conversations with the ACC development people asking how to get that done. UNM needs to look at where it goes down the road and where the future takes it with student housing.
   c. Chair Koch asked the occupancy of Lobo Village. Mr. Miller answered that it is about 99-100%.
   d. Dr. Frank asked to comment and compliment Walt Miller because over the last few weeks, there have been some real challenges. The Journal was very critical of how Lobo Village was handled and, in all fairness to the Journal, UNM deserved the criticism. UNM was not as tight as it should have been. Walt was the cavalry who rode to the rescue for midnight visits to Lobo Village on several occasions and has learned all the activities of Lobo Village late at night. The relationships with ACC have improved substantially and UNM is on the verge of having the entire situation better managed. There have been substantial inroads and Walt has been the lead on that for UNM. ACC has been a good partner with us. UNM will do better, but we are much better than we were and I thank Walt for his leadership and most of all, his can-do spirit. UNM is on its way to really good things.
   e. Vice Chair Chalmers asked about the 77% occupancy of institutional facilities and where that is. Mr. Miller answered that meant Coronado dorms, Redondo Village, etc. Vice Chair Chalmers asked about the new project on campus. Mr. Miller explained that it is almost 100% (98-99%). Vice Chair Chalmers asked about the fact that the older dorms are at 77% and wondered if those occupancy rates can be raised by spending more money on modernizing those facilities. Mr. Miller answered that yes, although he thinks it is a combination of remodeling, upgrading, but also establishing procedures of how UNM recruits students; it is just not one fix. What they are seeing is the high demand for single rooms. He explained that when he talked to ACC during the beginning of the Casa project, it was all about single rooms. As UNM looks at generating money to maintain bond
payments, this trend will need to be included. Mr. Miller reiterated that UNM needs to look at who the customers are and that a lot of the students have come from single bedroom units at home. They do not want to be sharing with anybody for four years. Some administrative work needs to be done.

f. Dr. Frank agreed that the older dorms need to be refurbished; Coronado and Hokona are two dorms that really need attention. UNM has refurbished them somewhat but they need more attention. A revenue cycle needs to be created that is regular so we are not “occasionally” coming back. For example every 5th year Student Housing is attending to these things; some year needs to scheduled so it is automatic and students know UNM is attending to them.

g. Chair Koch explained that when the two new dorms were built, the object was to get those new dorms up and then make a big effort to remodel the other dorms as quickly as possible. There were 2700 and now there are close to 5000, so UNM really needs to start concentrating on bringing the dorms up to par.

h. Dr. Frank explained that UNM needs to get 6000 students living on campus. Mr. Miller believes this can be done in chunks of 500 so if any are offline they can come back with 500+ chunks. UNM is in a pause stage right now and he wishes we were in a build stage. He explained, in his view, that UNM needs to be quickly looking ahead to either get refurbished and go 500 more or something like that.

i. Mr. Steve Beffort asked Mr. Miller how the reaction from the students with the substantial amount of remodeling that was done this past year. Mr. Miller explained that the SRC is where the biggest dollars were spent and was remodeled right down to the frame. They were remodeled as if they were brand new construction moving. This was one of the units with high capacity. Mr. Miller reported that because the students were told that it was going to be done and it was. Our renewals for upper classmen were high this year. They have the single bedroom. They share the kitchen, but the private bedroom is the real thing they are looking for. The more UNM makes those products look very current, the better. The other resident facilities need that same treatment. UNM needs to modernize as well as provide the infrastructure to support this.

j. Vice Chair Chalmers explained that the whole idea of having more students on campus is that they get more involved in the university; they are involved, pay better attention, and become better students. Vice Chair Chalmers asked if UNM is in a position to track this success to make sure that it actually works. If UNM is able to track, and it shows that it does work, that’s the emphasis that needs to get to the Board of Regents to invest in more on-campus student housing. We should not go on hunches, we need concrete data. We need to look at the group of students by dorm, the old ones, the Lobo Village, and then the off campus students as well.

k. Mr. Miller met with Institutional Research this week asking that same question. We want the data so we can get beyond just talking about and have actual proof.

l. Mr. Paul Krebs explained that now that there is more inventory and better quality housing on campus, Athletics is going to mandate that freshman student athletes who are on scholarship live on campus. They are trying to define what “scholarship” means and there will have to be some dispensation for local kids who live at home. Athletics is also trying to track the retention and the assumption is that they are going to be retained and ultimately graduate within their timeframe. We want to make sure is happening before the system is implemented, so it will be tracked.

m. Dr. Frank explained that if UNM gets to the 6000 on campus housing, it would be mandated that all first year students live on campus. They would get a community exemption so we could easily
handle and let students from Albuquerque opt out, but UNM should require all first year students live on campus. That creates that campus community that we want. That is what UNM is driving towards very quickly.

n. Stephen Ciepiela reported that he visited Coronado and had two questions. First of all, how old is Coronado and is it the oldest dorm? Walt Miller answered that Hokona is the oldest. Mr. Ciepiela explained that it seems like within Coronado many buildings could be built on that land. Secondly, are there any plans that you know of to put a student activities center/recreational center? For example, UNLV just built one that is very impressive. They moved all of their medical facilities in there and there are kids working out there and paying a fee to work out there that would normally go somewhere else. Is there anything on the table to talk about that? Is there any room? Mr. Miller answered that there is talk about it and the model they looked at was UNLV. This was chosen because of the location, which is close to the residential community so they are taking advantage of it, also. When you bring that many people on campus, you have to have the activities also.

o. Dr. Frank met with the ASUNM Student Government for undergraduates and the first issue on his agenda was to say to them “I want you to partner with me in a conversation about a Student Rec/Wellness Center.” Right next to Johnson Gym is our Student Health Center. Two or three years ago there was a proposal that never quite got off the ground, it was very complicated. Regent Koch was involved and Walt Miller was involved. It was going to go out onto Johnson Field, the parking lot on Central, which was close and answered a lot of these issues but it would have moved the wellness/student health center and the rec center together in that direction. It was the right proposal and I wish it could happen, but basically we need to resurrect that conversation and get a student fee and either bond money or some other money to redo that. I talked to them about going to see the University of Missouri that did a proposal like this. It turned out very spectacular. They said that Mr. Miller had proposed UNLV; either one of these would be fine. We will pick two or three, get the students to commit, and we will commit. It is what we need, so hopefully we can move all this forward with a lot of planning. Dr. Frank told Chair Koch that he would discuss the outcome of that meeting with him later.

p. Walt Miller reported on a new committee that was formed with Cheo (Torres) to study consolidation of the student health center and a wellness center with a recreation center. The committee is also looking at the potential of Johnson Center and taking a really good examination of Johnson Center so the center can still be used in a positive way. We know the core of that building is still a good, strong, heavy building. There are some pieces over the years that have been grafted to the center which I think we are going to look at taking back. The committee is looking to really study all of those things: Johnson, the Wellness Center, and recreation which can all work in a synergistic way.

q. Dr. Frank asked Mr. Miller if it was ever looked at to go across central onto the other side and a few of the older buildings on the south side could be taken out. Mr. Miller answered that it has not been looked at, but it is certainly something that can be studied. Originally the study was pushed up to the Stanford entrance and because there had been some anxiety that it was being pushed too close to Pearl Hall and there would not be expansion space that UNM might need for academic space, we are looking at aligning it more with Johnson but creating a linear on the east side of Johnson Center so that we get a much more celebrated façade like we see in many of these new rec centers on Johnson
field. He thinks there is a lot of potential there. He believes there is potential in the reuse of Johnson Center in a very synergistic way that could make it very complimentary.

r. Dr. Frank explained that he does not see much about Johnson Center which could be saved and used. Mr. Miller offered to walk him through there and show him the areas he mentioned. Maria Griego-Raby agrees that there are some good bones, but some of the additions have not been well thought out. Mr. Miller explained that there is a lot of use by Athletics and a lot of use by the College of Education in that facility and we are trying to make sure we give good balance so that as that starts to develop, we are making the right decisions in terms of scheduling.

s. Vice Chair Chalmers asked if the financing of this was supposed to be student fees. It was clearly a hefty student fee and the leadership said they would do it and then there was some pushback by the regular students, who said “I can’t afford it.” That will be an issue that you are going to have to take care of while you are talking about this. Chair Koch explained that the Student Regent really worked hard to get it together, but he just couldn’t get it done. Vice Chair Chalmers further explained that the student government said it was ok, but the students didn’t say it was ok, so there may be some pushback. It is a doable thing, but there will be pushback. Dr. Frank reported that he was thinking about how to address that and he came up with some sort of phased-in usage fees so that it is done year-by-year as opposed to dropping it all in one year and overwhelm the students. But we need to model it and think it through before we go there.

t. Mr. Walt Miller added that there are some models out there, UNLV is a good model, which had students that paid in and received credit so when they graduated, if the building was not open, they got something out of it. Chair Koch agreed that the concern of the students is that they won’t be here when it’s done and so they won’t get the benefit.

X. Commercial Development
a. Chair Koch requested that Kim Murphy provide information to the Board on commercial development, specifically for the new members. Mr. Murphy showed a PowerPoint presentation and provided handouts of the slides.

b. Mr. Murphy began by introducing himself as the Director of UNM’s Real Estate Dept. and an officer of Lobo Development (“LDC”). He explained that Lobo Development has staffed up with excellent people to support it in the predevelopment activities that help position UNM’s real estate assets so that we can be effective when we talk to developers and try to partner with or are looking at attracting users or tenants; all of that predevelopment work is extremely important. Approximately a year ago, Keelie Garcia was hired as our Administrative Operations Manager. A few months ago we Amy Coburn was hired, who had been a consultant for Lobo Development for a number of years, as our Director of Design and Development. At the same time, Gloria Muniz Chavarria was hired. She was LDC’s student intern for a couple of years. Josh Rogers, also a prior student intern, is on a consulting contract with LDC. Both Gloria and Josh are recent graduates of the Masters in Architecture program at UNM.

c. Mr. Murphy continued to explain that within the slides there will be a number of themes that come out of the summary. Since this is the Board’s Annual Meeting, we will summarize the activity of this past fiscal year, where LDC is currently, and where it is going. Those themes of Lobo Development are (1) the creation of the enterprise; getting Lobo Development established, working through
articulation of our mission/vision/goals, creating identity for the corporation, staffing the
corporation, putting the support systems in place and then ongoing activity related to the strategic
plan, (2) positioning UNM’s real estate assets through value-added predevelopment work, which is
market/feasibility, conceptual design, engineering studies, and prospecting for tenants and users, (3)
the partnerships that are created with the development entities or with the consulting entities. It is
only through these partnerships that LDC will be successful in being able to add value to UNM’s real
estate assets and accomplish the objectives of creating a quality campus environment. LDC is
working constantly at strengthening and expanding those partnerships. Those partnerships are
consulting and development and the relationships with municipal and local governments, and (4)
community engagement. This means being more participatory, more collaborative with internal and
external constituencies focusing on communications and trust-building.

d. Mr. Murphy continued to review the presentation and explained that the next few slides explain
what Lobo development is, the Mission, Vision, and Values. The Values are important to this
presentation because the presentation is outlined according to these Values of partnership,
leveraging public assets so that LDC creates value, investment so we can establish long term value on
UNM’s properties which result in financial resources for the institution, and the third basic value is
community, acknowledging the importance of internal and external constituencies and involving
those stakeholders in decision making.

e. The next item he explained was a slide emphasizing the core values of partnership, investment, and
community. He explained the recent examples, within the last year, of how LDC has accomplished
those objectives and fulfilled those core values.

f. Next he reported on the partnership with American Campus Communities for student housing
focusing on shared objectives of student success creating a better environment for students and
improving retention; all the things that were previously discussed.

g. Next he reported on Lobo Village, which was opened in August 2011. Highly successful, highly sought
after by students as reflected in a 44% renewal rate after the project had only been open six months.
He was told by ACC that corporate-wide, this was an unbelievable response and was unparalleled in
their organization. As Mr. Miller said, their current occupancy is about 99%.

h. Next, he highlighted that, in addition to providing upgraded or improved housing for students, the
University receives significant economic value from these projects with ACC. On a discounted cash
flow, present value basis, and the economic return to the University per square foot on vacant land
basis is nearly $10 per square foot. The most recent comparable sale in the South Campus area was
about $5.57, so it is almost double what could have been achieved if the land was just sold.

i. Next, he discussed Casas del Rio. Again, 100% occupied. The economic return is also substantial on a
present value basis. Because this particular project is not free standing, in other words, it is not self
supportive with respect to on-site parking and landscaping and so forth, a calculation was done that
translated this economic value to more of an apartment style of project. The conclusion is very
favorable resulting in current present value of $21 per sq foot versus the highest apartment land sale
in Albuquerque was about $8. Very favorable returns for the University on those two projects.

j. Next, Mr. Murphy reported that Lobo Development has a Strategic Housing Plan with ACC. To be
clear, ACC has provided their Strategic Housing Plan. A large part of earlier discussions was about
creating a strategic housing plan for UNM’s housing development and meshing the two together.
The slide he showed illustrated where the land could be available for future phases of ACC housing to the east of Casas del Rio, adjoining Johnson.

k. Mr. Murphy continued to report on significant partnerships. Sandia Foundation, a separate non-profit, has UNM as one of its beneficiaries. Last November, a planning study was done on the Lomas Corridor land, which is approximately 60 acres. The Urban Land Institute (ULI) came to Albuquerque to hold a five day panel advisory service study, where they brought in experts both in design and planning and development of real estate. ULI engaged the University and the local community in a series of interviews. He reported that it was a very successful project which began to flush out the potentials on the Lomas Corridor. Another added benefit of that study was creating awareness within the community of the potential of those sites. Within the PowerPoint presentation, there was a land use slide, the recommended land use plan that came out of that ULI study.

l. Another example of a successful partnership, Mr. Murphy explained, was with Forest City at Mesa del Sol. LDC, through UNM, is a partner in that development and has an economic interest in the land development of that project. LDC/UNM invested, with Regents approval, in some of the vertical construction for the approved buildings that Forest City constructed. That has been a very successful partnership. LDC branched off of that relationship to contract with Forest City in an advisory or consulting capacity to assist with South Campus to determine the best way to approach development. That relationship has also been highly successful.

m. Another significant partnership is the City of Albuquerque and the Fire Station.

n. Mr. Murphy continued to review the PowerPoint slides. He explained that a few slides concentrated on South Campus which resulted in where LDC is today; in the process of negotiating a Master Development Agreement with a significant development entity. The slides showed the properties on South Campus that are part of that Master Development Agreement.

o. The next slide showed a conceptual development plan developed with Forest City. It was an illustration of the potential. The actual development plan may not look exactly like this slide, but it indicates the potentials and what kind of uses would be logical to include given the market.

p. The next slide was included to indicate that LDC has ongoing projects, even though LDC will engage a developer for south campus. Lobo Development will need to stay engaged with that developer in order to represent a land owner’s (UNM’s) position with respect to the development of plans and design. One of the items that must be created since UNM is not subject to city zoning, is a separate document with the development regulations, outlining which uses are appropriate and which are not, what the building setbacks and building heights should be, etc. LDC utilized other successful projects, principally Mesa del Sol, for the development of these regulations. The developer will be developing design guidelines for the specific architecture and the specific tenants, signage, landscaping, lighting, etc. and LDC will want to review and approve those documents as they are developed. So there are ongoing development management activities that Lobo Development will be responsible for.

q. The next slide showed an example of the Gibson 45 acres and how LDC started with some market interest and a Forest City consultation. LDC worked through development agreements with the City of Albuquerque, worked through the subdivision plan, and the subdivision improvements agreement. Using Forest City, LDC went out and did market studies that showed the potentials in the property and developed conceptual plans. Forest City engaged in some predevelopment marketing to make
sure that the market study that LDC received was actually tested by response from users and was confirmed. LDC engaged in community outreach and had tremendous support from the adjoining neighborhood associations. Now LDC is at the point where it can turn this over to one of the development partners and get the process working to manage the whole development process.

r. The next section highlighted a few other areas of development opportunity. There are sites in the Science & Technology Park, additional sites in the Athletic Complex that could be appropriate for private development to compliment UNM’s institutional facilities, and a site north of and across the street from César Chavez which currently is a big earthen embankment. The slide showed how that could occur. Interestingly enough, the developer said that the projects on South Campus will need additional dirt. This site would be great to get that dirt and as a consequence it could create some development sites on the north side of César Chavez.

s. Mr. Murphy reported that LDC received interest from a hotel developer for a site on Lomas. There is a discussion in process with that developer on alternative deal structures. This is a highly regarded, well qualified hotel developer which was named the Hilton developer of the year for 2007. Chair Koch mentioned to the Board that this was the deal that the committee worked on and will be discussed; it is not a done deal. Mr. Murphy agreed that it is not a finalized deal; it is interest shown by an experienced developer who responded to a solicitation that LDC did a few months back.

t. Mr. Murphy reported on another potential site for future work on North Campus at University Blvd. and Camino de Salud. This area is adjacent to Health Sciences Campus and LDC has talked to Health Sciences and Hospital planners and administration about the need to include a limited amount of retail and service given the magnitude of faculty, staff, employees, patients, and other visitors to the Health Sciences Campus. He explained that having services available would be advantageous and the slide illustrates one idea of how that might occur.

u. Mr. Murphy reported on an additional site that has potential at Central and University, the northwest corner, where there was a former car dealership and UNM has university programs. He believes the University programs could be relocated. He explained that this is another important site that could provide services and amenities close to campus.

v. Mr. Murphy reported regarding Mesa del Sol. In addition to UNM’s economic interest in that project, the Film & Digital Media building was located in the town center and a participant in both the research side and on the facility side of a program is operated by the Japanese government called the “New Energy Industrial Technology Development Organization,” which is basically energy efficiency, alternative energy, and energy efficiency programs. He explained that it could to be very beneficial to LDC at Mesa del Sol and the University.

w. Mr. Murphy discussed the next slide which highlighted the UNM West Campus. This visual aid showed that in addition to UNM’s academic building and the Southwest Regional Medical Center, there are 130 acres remaining for development of a campus or support uses.

x. The last few slides explained a few of the community building activities that Lobo Development is involved in. There is one that is very exciting and important. It has many participants and people who have shown an interest in creating, on the South Campus and in the South Campus environs, an identity that would combine UNM’s athletic facilities, research facilities, commercial development, and housing into an identifiable district that would enhance the South Campus as well as enhance the role of the University by creating a special place that would be an identifier of the entire
metropolitan area. Other slides showed who the stakeholders might be, some of the public facilities
and amenities that are within either the South Campus or within close proximity to South Campus.
They are significant.
y. Mr. Murphy reviewed the next slide which showed the process LDC went through for the Main
Campus housing project. Over 110 public meetings were held in order to develop a planning
framework for Main Campus housing.
z. Mr. Murphy explained the last slide with was the Urban Land Institute report on Lomas Corridor.
aa. Chair Koch thanked Mr. Murphy and reiterated that there are a lot of things that LDC could
potentially work on.

Executive Session

1. Chair Koch requested a motion to close the meeting and proceed in Executive Session. Motion made by
   Maria Griego-Raby with a second by Stephen J. Ciepiela. All in favor. Meeting was closed at 2:50 pm.
2. Discussion and determination, where appropriate of potential purchase, acquisition or disposal of real
   property pursuant to Section 10-15-1H(8), NMSA (1978).
3. Discussion and determination, where appropriate, of limited personnel matters pursuant to Section 10-15-
4. Vice Chair Chalmers made a motion to reopen the meeting, with a second by Louis Abruzzo. All in favor.
   Meeting was reopened at 3:25 pm.

Certification that only those matters described in Item 2 and 3 above were discussed in executive session
and, if necessary, ratification of actions, if any, taken in executive session.

X. Adjournment
   a. Meeting adjourned by Chair Koch at 3:30 pm.

Minutes prepared from recording by Keelie Garcia.

Approved by Board of Directors:

\[\text{Date}\]

Steven R. Beffort, Secretary/Treasurer