
GOVERNING BOARD GUIDE & POLICY MANUAL



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I. INTRODUCTION

Central New Mexico Community College (“CNM” or the “College”) is one of America’s leading community colleges. The College is governed by a Governing Board (“Governing Board”). The Governing Board leads CNM by:

Setting appropriate expectations

- Inspiring performance
- Overseeing planning and execution
- Fostering development of capabilities
- Ensuring fiscal integrity and continuity of the College

This Governing Board Guide & Policy Manual has been approved by the Governing Board. It is a resource for the Members of the Governing Board. It is intended as a useful policy reference for CNM faculty and staff (sometimes collectively referred to “employees”). Students, faculty and staff, and members of the public are encouraged to review this Guide & Policy Manual to learn how the Governing Board functions and its responsibilities.

Please note that additional College-wide policies adopted by the Governing Board are published in the CNM Employee Handbook.

1.1 *Guiding Principles*

The Governing Board’s work is guided by the following principles:

- CNM’s educational offerings should be available to all who seek to further their education and training at the lowest possible student cost, while maintaining CNM’s overall financial sustainability.
- CNM’s underlying strength comes from:
 - The CNM Vision: Changing Lives, Building Community
 - The CNM Mission: Creating futures for our learners and partners through leadership in education, training and innovation
 - The CNM Core Values: Be Caring. Be Ethical. Be Inspiring. Be Courageous. Be Connected. Be Exceptional.

The President manages the College by implementing Governing Board policies. The Governing Board recognizes the benefits of transparency regarding its actions and its policies. The Governing Board honors and values the voter’s trust.

II. GOVERNING BOARD STRUCTURE

2.1 Statutory Structure

The Governing Board is created by the New Mexico State Legislature. **See NMSA 1978, Section 21-16-1 et seq.; See also NMSA 1978, Section 21-13-1 et seq. (NMSA 1978 refers to New Mexico Statutes Annotated; See APPENDIX 4 for Applicable Laws cited throughout this Guide)** Individual Members are elected from each of seven geographic districts falling within Bernalillo and Sandoval Counties. They serve as non-salaried public officers entitled to receive a per diem reimbursement. **See NMSA 1978, Section 10-8-1 et seq.**

2.2 Districting

CNM voting districts are designed to be of approximately equal population, considering communities of interest among other factors. Following the decennial census, the boundaries of the seven districts are reviewed and revised as necessary to reflect changes in population in each district. **See Section 21-16-5.1 NMSA 1978.** The then serving Governing Board considers various options for changes in district boundaries, inviting comments from district residents at one or more public hearings. The Governing Board then votes to adopt a single redistricting plan to be in effect for the succeeding ten years. The final redistricting plan is maintained in the CNM electronic/digital records storage system and is filed with the Office of the County Clerks of Bernalillo County and of Sandoval County.

2.3 Election and Term in Office

Members are elected by voters within the CNM district in which they reside. Governing Board elections are conducted as part of the New Mexico general election process. Members from districts 1,3, 5 and 7 stand for election in even numbered years, while Members from districts 2, 4, and 6 stand for election in odd numbered years. The term of office of a candidate duly elected to the Governing Board begins on January 1 following the candidate's election, upon being duly sworn (or affirmed). Each Member serves for a term of four years. Members may serve for multiple terms. **See NMSA 1978, Section 1-22-18.**

2.4 Governing Board Officers

The Governing Board elects a Chair, a Vice-Chair and a Secretary as officers of the Governing Board at the next regular Governing Board meeting after new Members have taken the oath of office. Governing Board officers serve a two-year term and may be re-elected for consecutive terms. Any Member desiring to become an officer shall notify the then-serving Chair. The Chair facilitates the Member's orientation to the office sought. The Member advises the other Members of the desire to serve. Members will take into consideration the standards of conduct applicable to the Members, the necessary time commitment and the duties of the offices in voting for officers.

Roles of Governing Board Officers:

- **Chair** - The Chair of the Governing Board presides at all regular and special meetings of the Governing Board. The Chair is responsible for understanding Governing Board governance policies and procedures, CNM's financial condition, its legal circumstances, and the Strategic Plan. The Chair, by example, sets high standards for Governing Board conduct. The Chair intervenes if conflicts of interest or other Governing Board performance issues arise. The Chair: (1) appoints committee members and committee chairs; (2) serves ex officio on all committees; (3) initiates the annual Governing Board evaluation of the President; (4) leads new Governing Board Member orientation; and (5) acts as a liaison between the Governing Board and the President to help ensure the Governing Board's policies and resolutions are carried out.
- **Vice Chair** - The Vice Chair is responsible for understanding the role of the Chair and steps in to fulfill the duties and responsibilities of the Chair when the Chair is unable to do so.
- **Secretary** - Following approval of the minutes by vote of the entire Governing Board, the Secretary certifies the minutes and ensures they are filed in the CNM permanent records, maintained in the Office of the President.

2.5 Vacancy

In the event a Member does not complete the full elected term, consistent with Section 4.2.1.11, the Chair initiates the identification, evaluation, and selection of a new Member, in consultation with the remaining Members. Within forty-five

days from commencement of the vacancy, the remaining Members, by majority vote, appoint a new Member who resides in the district in which the vacancy exists. The replacement Member shall serve until the next scheduled Governing Board election for the applicable district. **See NMSA 1978, Section 21-16-5.1(E).**

III. POWERS & RESPONSIBILITIES OF THE GOVERNING BOARD

The Governing Board holds all the rights, powers, duties and responsibilities conferred upon and vested in it by the State of New Mexico, including those prescribed by **Sections 21-13-1 to 21-13-27 and 21-16-1 to 21-16-22 NMSA 1978.**, consistent with the provisions of the Constitution of the State of New Mexico.

The Governing Board acts as a collective body. A Member's authority may be exercised only when acting as part of the Governing Board in a regular or special meeting, or in a duly authorized committee meeting. The Governing Board's fundamental powers and responsibilities include those below.

3.1 General Management Policies

Policy statements supporting the Vision, Mission and Core Values of the College are considered and adopted by the Governing Board. New policies or modifications to existing policies are considered in consultation with and, generally, upon the recommendation of the President. The policies provide guidance and set parameters for decisions related to the attainment of CNM's educational and other objectives. All policies are available for public inspection on the CNM website.

3.2 Vision, Mission, Core Values and Strategic Plan

In collaboration with the President, the Governing Board establishes and keeps current CNM's Vision, Mission, and Core Values. The Governing Board partners with the President in the development and implementation of a Strategic Plan. The Strategic Plan defines the guiding framework and objectives that CNM follows for a stated period of time. The Strategic Plan focuses on:

- Student Success – Students achieve their educational and career goals.
- Community Success – New Mexico and its people prosper.
- Organizational Excellence & Innovation – CNM leads as an ethical and effective organization.

The Governing Board has adopted, and periodically receives reports on, Key Performance Indicators to monitor progress under the Strategic Plan.

3.3 President

The Governing Board develops the position description hires and negotiates the President's employment contract. The Governing Board oversees and evaluates the performance of the President including development of a succession plan.

3.4 Delegation

The Governing Board, in its discretion, is empowered to delegate certain of its powers. In instances where the Governing Board has delegated one or more of its powers to the President, the President is authorized to further delegate execution of such powers to named designees. **See Section VI Delegations of Authority.**

3.5 Hiring/Delegation

State law empowers the Governing Board to hire all faculty and staff of the College and to manage employer/employee relations. The Governing Board has determined that College faculty and staff should be hired and managed by the President. **See Section VI Delegations of Authority.**

3.6 Employee Compensation Plan

In collaboration with the President the Governing Board annually adopts the Employee Compensation Plan.

3.7 Fiscal Oversight

The Governing Board oversees the raising, collection, investment, budgeting, expenditure and accounting of all College funds and property, and authorizes the issuance and redemption of General Obligation Bonds. The Governing Board adopts specific policies relative to fiscal management as required by law and as otherwise deemed appropriate. Duly adopted Governing Board fiscal policies, are contained in the Policy Manual which follows this Guide. General fiscal management of the College has been delegated to the President. **See Section VI Delegations of Authority.** Pursuant to a sub-delegation of authority by the President, relevant implementing policies and procedures are developed and maintained by the Vice President of Finance and Operations.

3.8 Investment of College Funds

The Governing Board is responsible for adopting and overseeing compliance with policies for investment of College assets, both unrestricted available funds and restricted or Endowment funds.

3.9 Tuition

The Governing Board annually sets tuition rates and student fees. The College follows the regulations of the New Mexico Higher Education Department (“HED”) in determining if a person is a resident or nonresident of New Mexico for tuition purposes.

3.10 Budget

The Governing Board reviews and approves the proposed Annual Operating Budget, unrestricted and restricted, for the next fiscal year prior to submission to the HED. It also reviews and approves all budget adjustment requests to be submitted to the HED.

3.11 Internal Audit

The Governing Board may require the President to address concerns related to CNM fiscal, personnel and administrative management policies and practices brought to its attention via internal audits.

3.12 External Audit

The Governing Board is obligated to undertake and oversee an annual audit conducted by an independent auditor. In accordance with the New Mexico State Procurement Code, and upon recommendation of the Audit Committee the Governing Board engages the independent auditor annually.

3.13 Master Plan Projects

As part of the annual CNM Master Plan process, after receipt of an independent real estate appraisal(s) establishing value, the Governing Board approves the acquisition and disposition of real property. It also reviews and approves capital outlay projects, which are defined as: (1) information technology projects, including but not limited to infrastructure and software purchases; (2) any undertaking that results in additional building square footage, including new construction, expansion, or renovation; (3) demolition; or (4) replacement project for an existing facility or facilities.

3.14 Real Property Leases

The Governing Board approves all leases of CNM College real property.

3.15 Contracts

Notwithstanding delegation of general management of the College to the President, as required by State statute or as a matter of past custom the Governing Board reviews and approves various transactions as required or deemed appropriate.

3.16 Instructional Programs

All instructional programs offered by CNM are designed to meet the College's Vision, Mission and Core Values. The Governing Board works cooperatively with the President to improve College academic programs, and to establish, alter or eliminate programs and other services as it deems appropriate for the education of the students and the structural health of the College. The Governing Board evaluates all instructional offerings annually. In doing so, the Governing Board considers, at least, the following criteria: community impact and support; student interest; job availability within the district, national, state and local employment trends; potential starting salary; budget implications; equipment, facility and supply needs; and potential for articulation and the impact on other educational offerings of the College. Based on relevant data presented by the CNM Administration, the Governing Board considers and approves new programs, and continuation, modification or elimination of current programs for the next academic year. The President is encouraged, where appropriate, to recruit and utilize community-based curriculum advisory committees to provide greater community involvement and relevance in the educational planning process.

3.17 Auxiliary Entities

The Governing Board is empowered to authorize the establishment of auxiliary entities deemed necessary or appropriate to fulfill or support CNM's Mission. The Central New Mexico Community College Foundation, CNM Ingenuity Incorporated and CNM Holdings Incorporated are separate legal entities established by the Governing Board under these general powers.

- **Central New Mexico Community College Foundation:** The Governing Board has entered into a memorandum of understanding ("MOU") with the CNM Foundation defining the relationship, the CNM Foundation organization and function, and the management and distribution of gifts and donations for the benefit of the College. The Governing Board has authorized the CNM

Foundation to accept living and testamentary donations of money and property for the benefit of the College. Presentation of memorials or other awards are fittingly recognized by the Governing Board. In no case will such recognition include a testimonial or endorsement by the College of a product or business enterprise. A copy of the CNM Foundation Amended and Restated MOU is available upon request to the President's office.

- **CNM Ingenuity, Inc.:** The Governing Board has entered into an MOU with CNM Ingenuity defining the relationship, the CNM Ingenuity organization and function, and the coordination of efforts to train students seeking specific hands-on work skills outside of a degree-granting system. A copy of the CNM Ingenuity MOU is available upon request to the President's office.
- **CNM Holdings, Inc.:** The Governing Board entered into an MOU with CNM Holdings defining the relationship, the CNM Holdings organization and function, and the management of real property (other than instructional space or College staff offices) acquired, managed and disposed of by CNM Holdings for the benefit of the College in the fulfillment of its Mission. A copy of the CNM Holdings MOU is available upon request to the President's office.

IV. GOVERNING BOARD OPERATIONS

The Governing Board is empowered to adopt, amend, and repeal rules regulating the internal operation of the Governing Board. Any rules of the Governing Board, not specifically prescribed by statute, may be suspended or revoked by a majority vote of the Members.

4.1 Governing Board Meetings

Regular meetings of the Governing Board are held monthly at a place, date, time and manner determined by the Governing Board. The Chair or a majority of the Members may call a special meeting of the Governing Board to be held at a place, date and time determined by the Chair of the Member(s) calling the meeting, provided that every Member and the public are notified in advance as required by law. Reasonable public notice of all Governing Board meetings is given pursuant to the Open Meetings Act, **NMSA 1978, Section 10-15-1 through 4.**

A. Decorum: Meetings of the Governing Board are conducted in a manner that is open, honest, courteous, and respectful to all Members and guests.

B. Regular Meetings Schedule: The schedule for regular meetings of the Governing Board is set annually. The date of a regular meeting may be

changed by action of the Governing Board provided that every Member and the public are notified in advance.

C. Closed Session: A meeting or a portion of a meeting of the Governing Board may be closed to the public in compliance with **NMSA 1978, Section 10-15-1(H)**.

D. Quorum: All Governing Board meetings require the attendance of a quorum, which consists of a majority of the Members. If the Chair determines that a quorum will not be attained for any regular or special meeting, the Chair will advise the Members that the meeting has been cancelled or rescheduled. If a quorum, once obtained, is broken by the departure of one or more Members, the Chair will adjourn the meeting until such time as a quorum can once again be established.

E. Conduct of Meetings/Rules: Meetings are conducted in conformity with Robert's Rules of Order.

F. Procedures for Addressing the Governing Board: A public comment period is provided at the beginning of every regular meeting. A person wishing to speak may do so by prior written request submitted to the Clerk of the Governing Board at CNMGoverningBoard@cnm.edu at least 24 hours prior to the meeting. Individuals making requests to speak must provide their full name and the topic on which they wish to speak. Failure to comply may result in the denial of the public comment request. An individual may speak on any item that appears on the adopted agenda. However, an individual may speak only when recognized to do so by the Chair of meeting. All commenters must limit their remarks to two minutes unless otherwise permitted or restricted by the Chair. The comment period ordinarily is limited to a total of 20 minutes. The Governing Board also accepts written comments submitted by email to: CNMGoverningBoard@cnm.edu.

G. Meeting Agenda: Agenda items are determined by the Executive Committee of the Governing Board. Matters requiring action by the Governing Board are initially presented by College staff to the appropriate Governing Board committee(s) with appropriate supporting materials prior to the meeting at which committee action is requested. Upon committee recommendation the requested item is forwarded to the Executive Committee for inclusion on the Governing Board agenda. A person requesting the addition of an agenda item not vetted by a Governing Board committee must submit the request in writing to the Executive Committee via the

President's Office with appropriate supporting materials at least fifteen (15) days prior to a scheduled Governing Board meeting. No matter, which involves a CNM employee, may be considered for placement on the agenda until all administrative remedies have been exhausted, including labor contract dispute resolution procedures. A complaint against an employee is not an allowable agenda item. Upon receipt of the request, the President and Executive Committee meet to discuss and, if appropriate, schedule the item on the agenda. The President's Office notifies the person whether or not the Executive Committee has placed the item on the agenda.

H. Minutes: Written minutes are kept of the proceedings of all meetings of the Governing Board, including the place, date and time of the meeting, a list of Governing Board Members present and absent, and any invited guests. Motions made are clearly stated with the name of the Member making and seconding the motion. The general nature of all discussion is indicated. The vote is recorded, naming Members in support, opposed or abstaining. Minutes are approved by a vote of the Members at the next regular meeting. The minutes are kept on file in the Office of the President as permanent official records of the College and are also posted on the College website.

I. Meeting Materials: Materials needed for decision-making at any meeting of the Governing Board are sent to all Members at least two business days in advance of the meeting via the Governing Board management software system or email. Regular meeting materials include: the meeting agenda, minutes of the previous meeting, committee reports, the President's Report and any proposed resolutions, together with supporting information and documentation to be considered.

J. Committee Reports: At each regular meeting of the Governing Board, each standing committee chair reports on the work conducted by that committee since the prior regular meeting of the Governing Board.

K. President's Report and Proposals: At each regular meeting of the Governing Board, the President reports on matters the President deems significant, and any matter requested by the Executive Committee. The Members consider all proposals brought forward by the President or as presented by the President's designees.

L. External Auditor's Report: Once each year at a regular meeting of the Governing Board, the Governing Board receives and considers the findings in

the external auditor's report and considers for adoption the recommendations regarding the financial records of the College.

M. Annual Financial & Investment Reports: Each year the Vice President of Finance & Operations or designee presents the Annual Comprehensive Financial Report ("ACFR") to the Governing Board. The ACFR is available to the public on the CNM Website. The Vice President of Finance & Operations also presents an annual report on investment activities pertaining to the College's invested funds, including a description of the professional services employed, investment balances, general strategies applied, investment returns, and any anticipated changes.

N. Transparency: This Guide & Policy Manual and all its Appendices are published on the CNM website. All regular and special meetings of the Governing Board, and meetings of Governing Board standing committees, are open to the public in person, or electronically in the case of virtual meetings.

4.2 Governing Board Committees

The Governing Board conducts substantial portions of its work through standing committees comprised of its Members. The standing committees are: Executive Committee, Audit Committee, Capital Outlay Committee, Finance Committee, and Planning Committee. Committee members and chairs of all standing and ad hoc committees are appointed by the Chair of the Governing Board. Additional standing committees may be established by vote of the Governing Board. Ad hoc committees may be established as needed by the Chair for specific purposes.

No committee can act on behalf of the Governing Board or encumber CNM without express authority granted by the Governing Board. The quorum for any committee meeting is a majority of the committee members.

Each standing committee normally conducts a regular monthly meeting. The Governing Board regularly meets as a committee of the whole for Workstudy in preparation for each regular Governing Board meeting. All committee meetings are public. Members of the public are permitted to attend and listen to and observe the deliberations and proceedings; however, attendees are not permitted to participate in or disrupt the proceedings in any manner.

In collaboration with the President, the Chair determines items for presentation and discussion at Workstudy meetings. Members are encouraged to suggest matters for review and consideration. No formal votes are taken by the Governing Board at such meetings.

The Governing Board has delegated to each standing committee the powers and authority to perform the functions listed under Key Committee Responsibilities in the Committee specific sections below.

4.2.1. Executive Committee

The Executive Committee, which is comprised of the elected officers (Chair, Vice Chair, Secretary) of the Governing Board, meets monthly.

Key Committee Responsibilities:

1. Provide oversight of the Governing Board and its operation.
2. Establish the annual schedule for regular Governing Board meetings.
3. Hold standing committees responsible for achieving key responsibilities.
4. Review and approve Governing Board meeting agendas.
5. Ensure compliance with the New Mexico Open Meetings Act and all related regulations.
6. Review and recommend Governing Board approval of all new and revised College policies.
7. Review and recommend Governing Board approval of the CNM contract with a law firm for general counsel services.
8. Upon receiving a complaint, or upon its own initiative, determine whether a Member's conduct has violated the Code of Conduct set forth in this Guide & Policy Manual. A member of the Executive Committee is prohibited from participating in the review if the member's own conduct is at issue, in which case an alternate member is selected by the remaining members of the Executive Committee to serve for this limited purpose.
9. Plan and schedule opportunities for Member professional development.
10. Develop and set the agenda and identify objectives for Governing Board retreats.
11. Ensure the CNM Governing Board web pages are up to date.
12. Develop a process and maintain a succession plan for the Office of the President, and for Members in the event of an unanticipated vacancy.

4.2.2. Audit Committee

The Audit Committee ensures that appropriate policies and internal controls are established and implemented so that CNM can exercise proper management and control of financial and physical resources and minimize the College's

liabilities. The Audit Committee, in cooperation with the Vice President of Finance & Operations, selects and oversees the Director of Internal Audit (“DIA”). The Audit Committee meets monthly.

Key Committee Responsibilities:

Oversight of regular audits of College operations, both external and internal. The Governing Board relies upon the audit reports. It reviews findings, CNM Administration responses and considers recommendations for adoption.

Internal Audit

The Governing Board has adopted an Internal Audit Charter to provide guidelines relative to audits and evaluations of the College’s fiscal operation. A copy of the Charter may be obtained upon request to the DIA. The Audit Committee is responsible for the following activities:

1. Prepare a job description, specifying qualifications for the DIA, and ensure completion of the applicant search process. With the assistance of the CNM Human Resources Department, recommend selection of the DIA to the Governing Board.
2. Oversee and evaluate the performance of the DIA, and together with the President recommend improvements or corrective actions as necessary.
3. At the beginning of each fiscal year, the DIA prepares an Annual Internal Audit Plan (Audit Plan) listing the departments, offices, and activities scheduled for audit during the year. The Audit Plan describes the priorities and subject areas for internal audits, including follow-up items for issues identified in prior audits. The Committee members, other Members, and the President may recommend areas for inclusion in the Audit Plan. Topics covered by internal audits may include, but are not limited to, the following:
 - A. Payroll and position pay changes
 - B. Fleet management
 - C. Building construction
 - D. Resident tuition changes
 - E. Control of access to CNM systems
 - F. Financial aid loans
 - G. Reporting and minimizing theft and security
 - H. Purchase card policies and procedures.
 - I. Cybersecurity

The Audit Plan also provides the estimated time required to complete each audit. The Audit Committee reviews and recommends the Audit Plan for approval by the Governing Board.

4. Track progress of the items on the Audit Plan to ensure timely completion.
5. Coordinate the work of the DIA with the needs of the Governing Board and the President.
6. Review and recommend to the Governing Board acceptance of the findings and adoption of the recommendations contained in formal Internal Audit reports from the DIA.
7. Review and recommend to the Governing Board acceptance of the findings and adoption of the recommendations contained in special audit reports from the DIA.
8. With the approval of the Audit Committee, the DIA may obtain the services of certified public accountants, qualified management consultants, or other professional experts necessary to perform the activities required of the Internal Auditor Program.

External Audit

The College employs the services of an external auditor to evaluate the financial practices at the College against standard accounting principles and practices. The contract process for the external auditor is the responsibility of the College's procurement department. The Audit Committee has the following responsibilities for oversight of the activities of the External Auditor:

1. Recommend to the Governing Board the engagement of the independent external auditor and the terms, including compensation, for any services to be performed by the external auditor.
2. Review and comment on periodic reports on the status of the ongoing external audit and accept a final report upon completion of the audit.
3. Review the annual external audit report, together with the President's management responses and plans to address the auditor's findings and recommendations. Recommend acceptance to the Governing Board of the findings and adoption of the recommendations.
4. Evaluate the external auditor's performance annually, considering timeliness and thoroughness of services, costs and maintenance of independence, and make appropriate recommendations to the Governing Board regarding continuation or termination of services.

5. Oversee interactions between the DIA and the External Auditor with the Office of the State Auditor.

4.2.3. Capital Outlay Committee

The Capital Outlay Committee approves acquisition, construction and disposal of capital projects within the structure of the CNM annual budget and oversees tracking of progress on capital projects. A capital project is a project that helps maintain or improve a College asset. To be included in the capital budget, a capital project must meet one of the following criteria: information technology projects including but not limited to infrastructure and software implementation, new construction, expansion (including purchases of real property), renovation, demolition, or a replacement project for an existing facility or facilities. The Capital Outlay Committee meets monthly.

Key Committee Responsibilities:

1. Review and approve Master Plan related procurement/vendor selection estimated to cost between \$300,000 and \$1,000,000 (including gross receipts tax ("GRT")).
2. Review and recommend Governing Board approval of any Master Plan procurement/vendor selection with a potential to exceed \$1,000,000 (including GRT).
3. Review and approve procurement/vendor selection for any capital project not included in the annual Master Plan with an estimated project cost between \$300,000 and \$1,000,000 (including GRT).
4. Review and recommend for Governing Board approval procurement/vendor selection for any capital project not included in the annual Master Plan, with an estimated project cost exceeding \$1,000,000 (including GRT).
5. Review and approve change orders that increase the approved cost of a Master Plan project by more than ten percent (10%).
6. Review and recommend for Governing Board approval the acquisition and disposition of CNM real property.
7. When required by law, review and recommend for Governing Board approval all real property lease agreements.
8. Review and recommend for Governing Board approval of demolition or improvements to real property.

9. Review and approve the disposition of any item of tangible personal property with a current resale value of \$5,000 or less and worn-out, unusable or obsolete to the extent that the item is no longer economical or safe for continued use per **Section 13-6-1 NMSA 1978** and Audit Rule 2.2.2 NMAC. The resale value stated here is subject to change in accordance with state statute and/or the New Mexico Administrative Code.
10. Review and approve the disposition of any computer or server, even if the asset originally cost less than the capitalization threshold at the time of purchase, and the asset was not included in the capital asset inventory.
11. Review capital project status reports.
12. Review capital funding requests made to state policy-making bodies.

4.2.4. Finance Committee

The Finance Committee provides oversight of budget and financial activities and assures that resources are aligned to support the College's Vision, Mission and Core Values in a manner such that the College can maintain and strengthen its financial health and guarantee its long-term sustainability. The Committee oversees the CNM's procedures for compliance with applicable laws, financial and accounting standards and best practices. The Finance Committee meets monthly.

Key Committee Responsibilities:

1. Review and recommend Governing Board approval of the Annual Operating Budget – unrestricted & restricted.
2. Review and recommend Governing Board approval of the Capital Outlay Budget.
3. Review and recommend Governing Board approval of necessary budget adjustment requests for submission to HED.
4. Review quarterly budget status reports.
5. Review and recommend Governing Board approval of the Tuition & Fee Plan.
6. Review and recommend Governing Board approval of program course fees.
7. Review and recommend Governing Board approval of the Employee Compensation Plan.
8. Review and approve the HED Quarterly Financial Report.
9. Review, certify and recommend Governing Board approval of the accuracy of the Fixed Assets Inventory annually.
10. Review investment status reports quarterly.

11. Every three years, or sooner as needed, review and recommend Governing Board approval of any needed amendments to the **Investment Policy**, the **Fund Balance Policy**, and the **Debt Management Policy**.
12. Review and recommend Governing Board approval of any procurement with actual or potential value of \$1,000,000 or more that does not require approval from another Governing Board Committee.
13. Review quarterly CNM Ingenuity Restricted Fund reports.
14. Review and recommend Governing Board approval of banking signature authority changes.
15. Review and recommend Governing Board approval of all General Obligation Bond issuance and redemptions.
16. Review data that measure various aspects of CNM financial well-being.
17. Review unaudited quarterly financial statements and approve submittal to the HED, certifying to the HED that the Finance Committee has been informed of this information.
18. Review the CNM self-funded health insurance plan twice annually.
19. Review and approve the Legislative Nursing Endowment Fund Report annually and certify its status to HED.
20. Review and approve the Report of Actuals annually to the HED.
21. Review annually real property asset acquisition, improvements, leasing, demolition and disposal conducted by CNM Ingenuity and CNM Holdings.

4.2.5. Planning Committee

The Planning Committee oversees CNM short-term and long-term activities related to strategic planning and accreditation, and the alignment of resources with College activities. The Committee receives presentations from the President or designee reporting on Student Success, Community Success and Organizational efforts, goals and metrics. The Planning Committee meets monthly.

Key Committee Responsibilities:

1. Review and recommend Governing Board approval of, or modifications to, the CNM Vision, Mission, and Core Values statements.
2. Review and recommend Governing Board approval of the CNM Strategic Plan and Key Performance Indicators, including proposed modifications.
3. Review and recommend annually Governing Board approval of the CNM Master Plan, including proposed modifications.

4. Review and recommend Governing Board approval of the annual Official Academic Calendar.
5. Review institutional curricula changes approved by the College Curriculum Committee.
6. Review and recommend Governing Board approval of new degree and certificate offerings and the discontinuance of existing degrees and certificate offerings.
7. Review updates from Student Success, Academic Affairs, and Finance and Operations departments related to key process improvement and initiatives.
8. Receive updates on the status of Higher Learning Commission and program accreditation. Review results of annual accredited program update.

V. ROLES AND DUTIES OF INDIVIDUAL GOVERNING BOARD MEMBERS

Orientation: Each new Member of the Governing Board participates in New Member Orientation (See **Appendix 3**).

Annual Commitment Letter: Each Member of the Governing Board will sign the Annual Commitment Letter, a copy of which is attached as **Appendix 1**.

Generally, a Member serves by working in collaboration with the other Members to perform the functions of the Governing Board. The Annual Commitment Letter constitutes a code of conduct and provides more specificity on the role and the ethical duties and responsibilities of a Member.

Certain overriding expectations of a Member include the following:

- **Courtesy:** Display civility and courtesy towards other Members, the President, CNM faculty and staff, and the public.
- **Preparation:** Review the materials provided in advance of each meeting; be prepared to listen, discuss and evaluate the information provided, and then to make decisions.
- **Priority:** Ensure that CNM priorities are a personal priority. Devote the necessary time and attention to the business of the Governing Board, and understand the Vision, Mission, and Core Values of CNM and the policies which support them.
- **Attendance:** Attend all meetings of the Governing Board and assigned committees unless excused. Notification of absence should be given via

email, telephone or in person to the Governing Board Chair or Committee Chair as soon as possible prior to any regular or special meeting. In case of physical absence, a Member should make a good faith attempt to attend remotely via internet. Notification of potential early departure from a meeting should be given as early as possible to permit avoidance of breaking a quorum prior to completion of necessary business.

- **Committees:** Actively participate in each committee of the Governing Board to which the Member is assigned.
- **Independence:** Maintain independence in representing the Member's District and vote accordingly, realizing that unanimity of purpose often results in unanimous votes reflecting Governing Board cohesion.
- **Professional Development:** Take steps to increase the Member's professional growth. Members must attend scheduled Governing Board retreats, planning meetings, workshops and other development activities. Members are encouraged to subscribe to suitable professional publications, participate in professional organizations and engage in continuous learning.
- **Community Engagement:** Members support and participate in CNM special events. Members are encouraged to strengthen relationships with community partners. Community engagement is an ongoing, collaborative process in which Members work with the public to build understanding, guidance, and active involvement in higher education.

VI. DELEGATIONS OF AUTHORITY

A. Management: The Governing Board delegates day to day management of the College, its operations and general fiscal management, to the President.

B. Hiring/Delegation: The Governing Board delegates to the President authority to hire, assign and direct the work of employees; to promote and assign employees; to evaluate, demote, transfer, suspend, discharge or terminate employees; and to take such other employment actions as may be necessary in times of emergency.

C. Collective Bargaining: The Governing Board delegates to the President, authority to be exercised by the President's designee, to engage in collective bargaining with bargaining units serving as the exclusive representative of one or more groups of college employees. Collective bargaining agreements are subject to Governing Board review and approval.

D. Investment: The Governing Board delegates to the President, acting by and through the Vice President of Finance & Operations who also serves as CNM's Investment Officer, authority to invest the financial assets entrusted to the College for executing its Mission. The CNM Investment Officer shall ensure that investment guidelines implementing the College Investment policies are developed and kept online in the Source and on file in the Business Office of the College. The CNM Investment Officer, acting directly or through a duly authorized designee, is authorized to deposit, withdraw, invest, transfer and manage the financial assets entrusted to the College in any manner consistent with the Investment Policy of the College.

E. Signature Authority: The Governing Board delegates to the President authority to designate persons to sign checks and authorize wire transfers. The Governing Board also authorizes the President to designate persons and/or College positions authorized to legally bind the College by signing financial documents and other agreements, all to the extent permitted by law.

F. Electronic Transactions: The Governing Board delegates to the President responsibility for developing procedures for CNM electronic transactions, which must comply with the provisions of the Uniform Electronic Transactions Act. **See NMSA 1978, §14-16-1 et seq.**

G. Suspension of Rules: The Governing Board delegates to the President the power, in cases of emergency as determined by the President, to suspend all or any part of any rule or regulation pertaining to the administration of the College, other than those prescribed by law. The President reports the facts and the reasons for such suspension to the Governing Board at a Special meeting called by the Chair as soon as is reasonably possible following the suspension, or at the next regular meeting of the Governing Board, whichever is sooner. Any such suspension expires upon presentation of the report to the Governing Board, unless continued in effect by the vote of a majority of the Governing Board.

VII. POLICIES APPLICABLE TO THE GOVERNING BOARD

7.1. Code of Conduct

The Governing Board has adopted policies applicable to the role of each Member of the Governing Board, and more specifically addressing:

- Ethical Standards
- Conflict of Interest Standards
- Fiduciary Standards:

- Duty of Care
- Duty of Loyalty
- Duty of Honesty

These policies, which collectively constitute a code of conduct, are reflected in the Annual Commitment Letter to be executed by each Member (**See Appendix 1**).

7.2 Code of Conduct Enforcement

A Member shall report a suspected violation of the Governing Board's standards of conduct or any other apparent irregularity to the Chair, or if the matter involves the Chair, then to the Vice Chair. The Executive Committee will conduct a full and fair investigation of the allegations. Each Member is expected to cooperate fully with any investigation undertaken. A report of the results will be presented to the entire Governing Board, which will consider remedial action if warranted. If it is determined that a violation has occurred, in addition to any other action, the Governing Board may make an appropriate disclosure to governmental agencies, including law enforcement authorities. There will be no adverse action, retribution, or other reprisal for the good faith reporting of a suspected violation of Governing Board standards.

7.3 Criminal Background Check/Criminal Charge/Conviction

Members may be subject to a criminal background check, including fingerprints, to which every Member consents. The Board Chair, the President and the subject Member receive notice of a background check with findings. The details of a background check are not shared with any other CNM personnel.

A Member who is charged with a felony must provide written notice to the Executive Committee within three (3) days of being charged, stating the nature of the charge. If a serving Member is convicted of a felony or other crime the Governing Board act, as appropriate, to determine the existence of a Governing Board vacancy, and to fill such a vacancy.

7.4 Nepotism

Family members of the Governing Board shall not be hired as President, for internal audit positions or into any other positions prohibited by state statute. **See NMSA 1978, § 10-1-10.** Individuals hired before a Member is elected or appointed are not subject to this policy. For the purposes of this policy, family members include parents, children, spouses, domestic partners, grandparents, grandchildren, siblings, half-siblings, great-grandparents, great-grandchildren, aunts, uncles, nieces and nephews, mother-in-law, father-in-law, stepparent, son-

in-law, daughter-in-law, stepchild, step-brother, brother-in-law, step-sister, sister-in-law, adopted children, domestic partner children, and any other person who is a member of the employee's household.

7.5 Public Information

The Governing Board ensures that the public, CNM faculty and staff and students are informed of Governing Board actions by providing updates on the [Governing Board webpage](#).

7.6 General Activity Account

The Governing Board is responsible for adopting and overseeing compliance with policy regarding use of appropriated funds and the College's general activity account ("GAA"). The GAA account serves to fund community relations expenditures that include meals and entertainment, volunteer recruitment and participation in public functions and community organizations.

7.7 Employee Handbook

The Governing Board considers and approves the policies applicable to all employees which are published in the Employee Handbook. Provisions expressed in collective bargaining agreements supersede inconsistent Employee Handbook provisions if they would otherwise apply to members of the relevant bargaining unit.

Governing Board Guide Appendices

Appendix 1 – Annual Commitment Letter

Appendix 2 – Committee Approval Matrix

Appendix 3 – New Member Orientation

Appendix 4 – List of Applicable Laws

Appendix 1: Annual Commitment Letter

Central New Mexico Community College Governing Board Member Code of Conduct

Member Role

Acting individually, or in concert with my fellow Governing Board Members as circumstances indicate, as a Member of the Governing Board of Central New Mexico Community College (CNM), I, _____
[Name] agree to:

- Support the Vision, Mission and Core Values of CNM
- Develop and support policies advancing the Vision, Mission and Core Values of CNM
- Evaluate execution of CNM programs and policies
- Hire, supervise, evaluate and counsel the CNM President
- Attend all meetings of the Governing Board
- Participate in assigned committee meetings
- Participate in short- and long-range planning activities
- Ensure effective fiscal controls and accountability
- Approve the annual budget
- Ensure CNM meets all legal and corporate requirements
- Establish such programs, provide such courses and other services as are of benefit to the education of CNM students
- Oversee control and management of all College property and funds, and the use of such funds and property to fulfill College objectives
- Promote the College program to the public and seek the opinion and advice of citizens of my district about matters concerning CNM's education programs
- Work cooperatively with the CNM President and interested citizens in a continuous effort to improve the total College program
- Provide appropriate notice of resignation to the Chair of the Governing Board if ever I am unable to fulfill the commitments as a Governing Board Member
- Comply with the Governing Board Guide & Policy Manual

Ethics

As a Governing Board Member I agree to:

- Recognize and honor the fact that my fellow citizens have entrusted me with the educational development of the men and women attending this college.
- Recognize and honor the fact that the public expects my first and greatest concern to be in the best interest of every student without distinction
- Recognize that my private actions may reflect upon the reputation of the College, and act accordingly.
- Devote time, thought and study to my role as Governing Board Member so that I may render effective and credible service.
- Work with my fellow Governing Board Members in a spirit of harmony and cooperation despite differences of opinion that may arise during debates of issues.
- Base my personal decision upon all available facts in each situation, vote my honest conviction in every case unswayed by partisan bias of any kind, and abide by and uphold the final majority decision of the Board
- Acknowledge that as an individual I have no legal authority outside the meetings of the Governing Board and conduct my relationships with the college employees, the local citizenry and all communication media based on this fact.
- Acknowledge that the primary function of the Governing Board is to establish the policies by which the College is to be administered, and that the administration of the educational program and conduct of routine College business is left to the College President and employees.
- Reject pressure to use my position as a Governing Board Member to benefit either myself or any other individual or agency apart from the total interest of the College.
- Strive toward ideal conditions for the most effective service of the Governing Board to my community and state, in a spirit of teamwork and devotion to public education as the greatest instrument for the preservation and perpetuation of our representative democracy.
- Consent to any requested criminal background check necessary for the College to carry out its business.

Conflict of Interest

As a Governing Board Member, I will not knowingly:

- Disclose or use confidential information about the College to advance my financial or other private interest or that of others.
- Approve or make any payment or use of College funds with the intention that any part of said funds be used for any purpose other than that described in the documents authorizing payment.
- Participate in the negotiation or the making of any contract between the College and any business entity in which I have a financial interest, either directly or indirectly.
- Represent a private interest in any action or proceeding before the Governing Board.
- Request or receive any money, thing of value or promise thereof, that is conditioned upon or given in exchange for performance or promised performance of an official act.
- Render any commercial service to the College on a commission basis.
- Disclose or use confidential information about the College to advance my financial or other private interests or that of others.
- Use College assets or equipment for any unlawful or improper purpose or to promote any personal business interest.
- Serve on any College evaluation committee for proposals or bids without disclosing any potential conflict of interest prior to the start of committee business.
- Make decisions contrary to the ethical principles described in New Mexico's Governmental Conduct Act.
- Deprive anyone of rights in physical or intellectual property for my personal benefit in connection with any action undertaken or withheld.

And I will:

- Disclose any real, apparent or potential conflict of interest, making it a matter of record, through an annual procedure or when the interest becomes a matter of Governing Board action, if not otherwise anticipated. I will ensure the minutes of any meeting where this might occur duly show that I have abstained from voting due to the potential or occurrence of a conflict of interest.

- Not vote or use my personal influence on any matter, which might constitute a conflict of interest, provided that I may state my opinion or position on any matter described above, or answer pertinent questions to which I may lend my expertise, so long as I abstain from a Governing Board vote on the matter.

Fiduciary Duties

As a Governing Board Member, I agree to fulfill my fiduciary duties, generally, and as indicated in each of the following areas:

Duty of Care:

- Faithfully carry out my duties as the elected representative of my district.
- Act in accordance with CNM policies and procedures and comply with all applicable local, state and federal laws, in letter and in spirit.

Duty of Loyalty:

- Place the interests of CNM ahead of my own interests.
- Support all decisions made by majority vote of the Governing Board. I shall not discredit a member who votes for or against a Governing Board decision.
- Keep CNM confidential information private.
- Maintain familiarity with laws, regulations, and Governing Board rules applicable to my position. Questions about the legality or propriety of any action or failure to act are to be brought to the attention of the Chair and the CNM General Counsel, in advance whenever possible.

Duty of Honesty:

- Accurately report all relevant information to fellow Members, the President and employees of CNM and/or the public as appropriate.
- Refrain from misleading or misrepresenting facts, by omission, commission, or concealment in communications with fellow Members, the President, CNM employees, and/or the public.
- Refrain from using College assets or equipment for any unlawful or improper purpose.
- Refrain from requesting or receiving any money, item of value or promise thereof, that is conditioned upon or given in exchange for performance or promised performance of an official act.

My signature evidences my annual commitment to undertake and fulfill the obligations, duties and responsibilities of a Governing Board Member stated above.

Governing Board Member Signature:

Date: _____

Appendix 2 – Dollar Thresholds for Committee Approval

Governing Board/Capital Outlay/Finance Committees Review and Approval		
	Capital Outlay Comm. Approval	Full Governing Board Approval
Disposition of tangible personal property – current resale value of \$5,000 or less	X	
Procurement/vendor selection for any capital project not included in the Annual Master Plan w/ est'd costs of \$300k - \$1M	X	
Procurement/vendor selection for any capital project not included in Annual Master Plan w/ est'd costs exceeding \$1M	X	X
Master Plan Procurement/vendor selection w/ est'd costs of \$300k - \$1M	X	
Master Plan Procurement/vendor selection w/ est'd costs exceeding \$1M	X	X

Appendix 3 - New Member Orientation

The Governing Board Chair guides a new Member through the Orientation process. The process includes the following meetings for the new Member with the:

- Governing Board Chair
- Each serving and newly elected or reelected Member
- President
- President's Executive Leadership Team
- Executive Director of CNM Foundation
- Courtesy introductions to CEO of CNM Ingenuity, CNM Holdings, leaders of Faculty Senate and Executive Council of Students

The new Member is given the opportunity to tour all CNM campuses and CNM Ingenuity facilities during the first several months of service.

New members should review the CNM website. Attention should be given to The Source, the Employee Handbook and especially to *The Governing Board Guide & Policy Manual*. These resources offer the opportunity to learn about the College in general, and more specifically about the powers and responsibilities of the Governing Board and the policies the Governing Board has adopted over time.

An informational packet in digital form is provided to a new Member containing:

- CNM Factsheet
- Governing Board roster and contact list
- Governing Board committee schedule
- Governing Board Guide
- Audited Financial statements for CNM, CNMI, CNM Foundation, CNM Holdings
- Strategic Direction Plan
- Key Performance Indicators
- Organization Chart
- Campus Maps
- Acronym List
- Links to CNM Ingenuity, CNM Foundation, CNM Holdings, CNM Programs, STEMulus Center, FUSE MakerSpace and College & Career High School,
- Links to Employee Handbook and the Source

Additionally, all Board members receive a copy of: ***Trusteeship In Community Colleges, A Guide for Effective Governance***, published by the Association of Community College Trustees.

Support staff from the office of the President ensures the new Member is authorized to access all necessary CNM electronic/digital resources.

Appendix 4: List of Applicable Laws

Disclaimer: This list of state laws with direct or indirect applicability to CNM's Governing Board is not intended to capture every law that may apply to CNM's Governing Board. Rather, it is intended to reference some key laws for the convenience and awareness of CNM Governing Board members.

- **NM Community College Act**
- **NM Technical and Vocational Institute Act**
- **NM Governmental Conduct Act**
- **NM Procurement Code**
- **Sale of Public Property**
- **Per Diem and Mileage Act**

VIII. POLICY MANUAL

CNM Governing Board Policies Applicable to the College

Please note that additional College-wide policies adopted by the Governing Board are published in the CNM Employee Handbook.

8.1 Equal Opportunity

It is the policy of the Governing Board to provide equal employment opportunity without regard to age, ancestry, color, mental or physical disability, gender identity, genetic information, national origin, race, religion, serious medical condition, sex, sexual orientation, spousal affiliation, veteran status, or any other protected class in any of its policies, practices, or procedures in accordance with applicable federal, state, and local laws, nor will it condone any act of illegal discrimination or harassment on the part of its employees. This policy promotes inclusive recruiting, hiring, and retention practices for applicants and employees. All applicable federal, state, and local laws prohibiting unlawful discrimination are incorporated by reference.

8.2 Reasonable Accommodation

Upon request, CNM will provide reasonable accommodations to individuals with disabilities regarding conditions of employment as required by applicable federal, state, and local laws.

8.3 Professional Development

Successful delivery of the educational services offered by the College depends on the performance of all employees: administrative, instructional, and support. CNM supports professional development, and provides opportunities for continued development of employee competencies.

8.4 Articulation/Transfer of Credits

The Governing Board supports and promotes articulation whenever possible as a means of facilitating student achievement of educational goals. Articulation refers specifically to course articulation—that is, the process of developing a formal, written agreement that identifies courses (or sequences of courses) at the College that are comparable to and acceptable in lieu of specific course requirements at another higher education institution to which a student has the opportunity to transfer or where a student has the opportunity to matriculate for advanced study.

8.5 Public Records

The Governing Board recognizes the right of the public to examine any public record on file at the College. Accordingly, the Governing Board has adopted a policy for inspection of public records and acquisition of copies of those records. The policy and procedure are published in the **Employee Handbook**.

8.6 Naming College Facilities

The Governing Board, in consultation with the President, may choose to name facilities (buildings, room or areas) after an individual(s) or business entity(ies) with a history of exceptional contributions to the institution. Such designations are made in accordance with the following guidelines:

- An honoree may not be employed by the College or be a Member of the Governing Board or the CNM Foundation Board at the time of the designation. An honoree must have been disassociated from employment, the Governing Board or the CNM Foundation Board service for at least one year prior or have been deceased for at least one year prior to such a designation being made.
- An honoree has earned distinction through extraordinary service or financial contributions to the College and by having demonstrated exemplary character.
- A person who has contributed financially to a specific facility should be given strong consideration as an honoree if the amount contributed equals at least one-third of the cost of the facility.
- The Governing Board approves all honorary name designations for College facilities and may discontinue any such designations.
- The College reserves the right to physically alter any facility carrying an honorary name designation.

8.7 Procurement

State law requires all procurement for local public bodies to be performed by a central purchasing office designated by the governing authority of the local public body. The Governing Board is responsible for adopting and overseeing compliance with a policy for the procurement of services, tangible personal property, and construction which follows state statute. **See NMSA 1978, Section 13-1-97(C)**. On or before January 1 of each year and every time a chief procurement officer is

hired, the College provides to the state purchasing agent the name of the College's chief procurement officer and information identifying the local public body's central purchasing office. **See NMSA 1978, Section 13-1-95.2.** New Mexico's Procurement Code applies to every expenditure by the College for the procurement of items of tangible personal property, services and construction unless there is a valid exception provided by law. **See NMSA 1978, Section 13-1-30.** The CNM Purchasing Office is designated as the central purchasing office for all procurement as required by state law. The CNM Procurement Office maintains departmental guidelines and procedures for the procurement of items of tangible personal property, services, and construction that comply with New Mexico's [Procurement Code](#).

8.8. Alcohol and Controlled Substances

Revised: 3/12/24

The Governing Board has adopted a comprehensive policy regarding Alcohol and Controlled Substances. **See Employee Handbook 12.02.** While on CNM Campus or property the unlawful consumption, possession, manufacturing, distribution, selling, or serving of alcoholic beverages and controlled substances is prohibited.

8.9 Investment

General:

It is the policy of CNM to invest financial assets in its possession or control to generate additional proceeds with which to fulfill the Mission of the College. This policy applies to all funds held by CNM including, but not limited to, current funds, plant funds, bond proceeds, operating funds, Endowment funds, benefits reserve funds, debt service funds and any other funds which have been contractually delegated to CNM for management purposes.

Investment Responsibility and Control

As the recognized College Investment Officer, the Vice President for Finance and Operations is authorized to implement this Investment Policy either directly or acting through the Officer's duly appointed designee.

Investment Guidelines:

The guiding principles for managing and investing the College's funds are safety of principal, liquidity, yield and public trust. The President and the College

Investment Officer establishes unrestricted and restricted funds investment guidelines (Investment office policies) defining investment objectives, permitted investments, diversification targets, comparative benchmarks and guideline approvals. They understand and comply with statutory and internal reporting requirements.

Special Provisions for Endowment Funds:

Endowment funds are restricted funds and must be managed with special care. Restricted funds may not be comingled with unrestricted funds. Endowment Funds are treated with a special emphasis on preservation for permanent viability. Investments must take into consideration all special requirements established for those funds by Endowment Fund donors including permitted investments, restrictions on Endowment Funds use, and timing and conditions for disbursement. Investment Guidelines for Endowment Funds must account for these restrictions. To the extent any Endowment Fund requires reporting to donors, those requirements are documented and complied with.

Legal Restrictions

The College invests funds in conformity with federal and state laws and regulations, including Internal Revenue Services (IRS) regulations pertaining to tax exempt bonds, bond resolutions and indentures, and other pertinent legal restrictions. These laws and regulations include but are not limited to **NMSA 1978, § 6-8-1 *et seq.* and § 6-10-1 *et seq.*, NMSA 1978; Uniform Prudent Investor Act, NMSA 1978, § 45-7-601 *et seq.*; Uniform Prudent Management of Institutional Funds Act, NMSA 1978 § 46-9A-1 through § 46-9A-10 NMSA 1978; and Internal Revenue Code on Arbitrage, 26 USC § 148.**

Reporting and Governing Board Review

The College Investment Officer shall prepare monthly reports of investment activity and investment balances. Quarterly reports summarizing the activity and balances for the fiscal year shall be prepared as of September 30, December 31, March 31 and June 30 each year and presented to the Finance Committee at its first meeting after which the reports are available. The Investment Officer will present a fiscal year annual report to the Governing Board regarding investment activities engaged in during the prior year. The Board shall review this investment policy, as necessary, but at a minimum every three years. Any changes made by the Investment Officer to the investment guidelines shall be presented to the Finance Committee of the Board as an informational item.

8.10 Fund Balance

It is the policy of CNM to maintain adequate fund balances given the intermittent nature of inflows of funds to the College. The Governing Board has adopted a Funds Balance Policy for maintaining fiscal stability to provide a framework to guide decisions impacting this area. Sufficient fund balances are required to cover monthly budgeted expenditures to maintain positive cash flow. A fund balance of a minimum of twelve percent (12%) and a maximum of twenty-five percent (25%) of operating budget expenditures is to be attained when the annual budget is approved by the Governing Board. The actual fund balance shall be increased or decreased by Budget Adjustment Requests during the fiscal year. The Governing Board is responsible for overseeing compliance with this policy and assuring the long-term fiscal stability for the College.

8.11 Debt Management

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Central New Mexico Community College District (the “District” or “College”)

Debt Management Policy – Purpose

The College recognizes the foundation of any well-managed debt program is a comprehensive debt management policy. The Debt Management Policy sets forth the parameters for issuing debt and managing the outstanding debt portfolio and provides guidance to decision makers regarding the purposes for which debt may be issued, the type and amount of permissible debt, the timing and method of sale that may be used, and structural features that may be incorporated. Adherence to a debt management policy helps to ensure that government maintains a sound debt position and that credit quality is protected.

It is the intent of the College to establish a debt management policy to:

- Ensure high quality debt management decisions
- Impose order and discipline in the debt issuance process
- Promote consistency and continuity in the decision-making process
- Provide all disclosures required by law and promote transparency
- Strategically assess the College’s financial condition and demonstrate a commitment to long-term financial planning objectives, and
- Ensure debt management decisions are viewed positively by the investment community, taxpayers and rating agencies

I. DEBT MANAGEMENT POLICY

The College's Debt Management Policy ("Debt Policy") provides for the following:

- Full and timely payment of principal and interest on all outstanding debt
- Impact of debt service requirements of any new proposed debt within the overall context of outstanding debt
- Post Issuance Compliance Guidelines that formalize post issuance compliance controls and procedures related to the College's financial and legal obligations. General Obligation (Limited Tax) bonded debt, System Revenue bonded debt and other revenue bonded debt shall be incurred only for those purposes and issued under terms as permitted by State Statute and approved by the College's Governing Board
- The College shall select a method of sale that achieves the financial goals of the College and minimizes financing costs. Such sales may be competitive, negotiated or private placement, subject to State Statute, the project and market conditions
- The College may use the services of qualified internal staff and outside advisors, including bond counsel and municipal advisors, to assist in the analysis, evaluation, and decision process
- The College shall make every attempt to earn and maintain the highest investment grade rating achievable
- The College shall maintain good communications with bond rating agencies to ensure complete and clear understanding of the credit worthiness of the College
- Finance team members (including but not limited to municipal advisors and bond counsel and may also include disclosure counsel) should be selected in accordance with the College's Purchasing Procedures and the Debt Policy. The selection should maximize the quality of services received while minimizing the cost to the College. Any subtractions or additions to the finance team members shall be subject to approval by the Vice President of Finance and Operations ("VP"). Selected advisors shall adhere to applicable Municipal Securities Rulemaking Governing Board ("MSRB") and the Securities and Exchange Commission ("SEC") rules and regulations
- Financial reports and bond official statements shall follow a policy of full, complete and accurate disclosure of financial conditions and operating results. All reports shall conform to guidelines issued by the Government Finance Officers Association ("GFOA"), SEC and the Internal Revenue

Service (“IRS”) to meet the disclosure needs of rating agencies, underwriters, investors and taxpayers

- Federal income tax laws restrict the ability to earn arbitrage in connection with tax-exempt bonds. Every effort shall be made to eliminate or minimize negative arbitrage

II. DEBT POLICY AUTHORIZATION AND ADMINISTRATION

Authorization

The College will issue debt in conformance with New Mexico State Law. The Governing Board may act by resolution to both authorize and approve the sale of debt or may choose to delegate approval of the sale may pursuant to state law. Current State Statues provide for the following:

General Obligation (Limited Tax) Bonds

- NMSA 21-2A-6 authorizes the College’s Governing Board (“Governing Board”) to issue General Obligation (Limited Tax) bonds for the purpose of financing certain capital improvements and computer hardware and software, as specified in that statutory section.
- NMSA 21-2A-8 authorizes the Governing Board to issue General Obligation (Limited Tax) Refunding Bonds for the purpose of refunding existing General Obligation (Limited Tax) Bonds when such refundings are deemed by the Governing Board to be in the best interest of the College.

Education Technology Notes

- NMSA 21-2A-13 authorizes the Governing Board to enter into a lease-purchase arrangements payable in whole or in part from ad valorem taxes, for the purpose of acquiring educational technology equipment whether the debt is designated as a general obligation (limited tax) lease, note or other instrument evidencing a debt of the College.
- NMSA 21-2A-14 authorizes the Governing Board to enter into a lease-purchase arrangement for the purpose of refunding or refinancing any lease-purchase arrangements then outstanding.

System Revenue Bonds

- NMSA 21-2A-9 authorizes the Governing Board to issue System Revenue Bonds for the purpose of financing any necessary buildings, structures or facilities, or to refund existing System Revenue bonds when such

refundings are deemed by the Governing Board to be in the best interest of the College.

University Research Park Revenue Bonds

- NMSA 21-28-8 authorizes a research park corporation, which may be formed by the Governing Board, to issue revenue bonds, payable only from the revenues or assets of the corporation, in order to carry out the purposes of the Act.

Administration

The VP shall review and recommend to the College's President both the finance team and structuring plans for all capital financings prior to the introduction to the Governing Board. The VP may employ the assistance of the College's retained municipal advisor and legal counsel in the development and ongoing administration of its debt management responsibilities.

Key debt management administration responsibilities include but are not limited to:

- Develop and maintain comprehensive supporting guidelines in accordance with the College's Debt Policy.
- Annually assess the College's ability to issue and repay debt utilizing financial benchmarks specified within the College's Debt Policy
- Review and evaluate results of debt financing operations including, but not limited to:
 - Issuance of long-term and short-term debt obligations,
 - Selection of bond type, structure, methods of sale and marketing of bonds, and
 - Investor and rating agency communications
- Review expenditures of bond proceeds and the status of various projects being financed, including the capital improvement program for timeliness of spent bond proceeds
- Review and evaluate services provided by legal counsel (including but not limited to bond counsel, disclosure counsel and tax counsel), municipal advisor (s), underwriters and other service providers in bond transactions for effectiveness and quality of service
- Review and revise annually the Debt Policy based upon review of operations
- Maintain Post Issuance Compliance Guidelines that formalize post issuance compliance controls and procedures related to the College's financial obligations

- Review and revise annually the Post Issuance Compliance Guidelines based upon review of operations and legal requirements
- Prepare an annual report to Governing Board on the following:
 - Results of previous year’s financings,
 - Rating agency reports and rating status,
 - Bond capacity and relevant comparable financial ratios,
 - All bond financings in progress or anticipated for the subsequent fiscal year, and
 - Any changes to the Debt Policy
- Develop and maintain the selection criteria for municipal advisor, underwriters, and other finance team members, appoint Ad-Hoc Committee under the direction of the College’s Purchasing Director on all underwriting Requests for Proposals (“RFP”) and recommend to the Governing Board the finance team for all College bonds, pursuant to the College’s procurement code

III. DEBT AFFORDABILITY COORDINATION WITH THE COLLEGE’S CAPITAL MASTER PLAN

As an important step within the annual development of the budget, the VP will annually assess the College’s ability to issue and repay its debt. At a minimum, the VP shall review and evaluate proposed financing plans in conjunction with the long-range financial plan, the capital improvement program, current financial position and financial policy to assess the College’s ability to issue and repay its debt. The VP shall recommend how much new debt, if any, the College may authorize.

IV. DEBT AFFORDABILITY AND CAPACITY MEASURES

A significant portion of the College’s Debt Policy should establish specific financial benchmarks that measure the population’s ability to pay, the burden upon the taxable property values and the College’s current debt servicing capacity. To this end, this section sets forth a step-by-step procedure for evaluating debt capacity.

A. General Obligation (Limited Tax) Debt

The approach, introduced in Table 1, is comprised of two levels of financial measures for evaluating debt capacity for General Obligation (Limited Tax) bonds. Level 1 establishes acceptable debt capacity measures as long-term

average targets. Level 2 establishes quantitative upper limits for debt capacity that should generally not be exceeded. Once an upper limit is exceeded, projects requiring new debt need to demonstrate an economic benefit, and overall conditions must allow benchmarks to return within the Level 1 long term average target levels within five (5) fiscal years or less.

TABLE 1.

LIMITED TAX FUND OBLIGATION MEASUREMENTS		
Level	Ability to Pay	Burden on Taxable Property Values
One	1. Direct Net Debt Per Capita \leq \$150	2. G.O. (Limited Tax) Debt Outstanding As % of Assessed Value of Taxable Property \leq 0.75%
	3. Debt Service as a % of Operating Expenditures \leq 7.5%	4. Tax Rate for Debt Service at or below \$1.00 per \$1,000 of Assessed Valuation
	5. Fund Balance as a % of Expenditures \leq 18%	6. Direct Debt as % of Full Value \leq 0.20%
Two	1. Direct Net Debt Per Capita \leq \$200	2. General Obligation (G.O.) Debt Outstanding As % of Assessed Value of Taxable Property \leq 1.25%
	3. Debt Service as a % of Operating Expenditures \leq 10%	4. Tax Rate for Debt Service at or below \$1.00 per \$1,000 of Assessed Valuation
	5. Fund Balance as a % of Revenues \geq 12%	6. Direct Debt as % of Full Value \leq 0.25%

(1) Direct Net Debt Per Capita—Creditors and credit rating agencies measure the population’s ability to pay by dividing direct debt (includes debt supported by general revenues and taxes such as G.O. bonds debt) by per capita income. The College will utilize the corresponding benchmarks as set forth in Table 1 to evaluate the population’s ability to pay for outstanding and proposed debt.

(2) G. O. (Limited Tax) Debt Outstanding as a Percent of Assessed Value of Taxable Property— This measure evaluates the portion of long-term debt burden that is to be repaid by local property taxes. G.O. debt is limited by NMSA 21-2A-6 to 3.00% of the value of taxable property from the last assessment.

(3) Debt Service as a % of Operating Expenditures — This measure evaluates the size of annual debt service requirements as a percentage of Operating

Expenditures. The measure assists the College in monitoring debt service levels and sets parameters for the size of debt service requirements to assist in mitigating outsized debt service growth.

(4) Tax Rate for Debt Service – State law permits a tax rate of \$5.00 per \$1,000 of assessed valuation in the initial year of issuance. The College targets a tax rate of \$1.00 per \$1000 of assessed valuation or less as directed by the Governing Board and actively manages its principal and interest payments to achieve the Governing Board approved tax rate.

(5) Fund Balance as a % of Expenditures — Measures the College’s total current fund balance as a percentage of total unrestricted operating expenditures. Provides an indication of reserve levels and ability of the College to manage expenditure spikes and temporary revenue declines.

(6) Direct Debt as Percentage of Full Value— this measure evaluates the burden of governmental direct debt upon the broadest possible measure of the College’s property tax base. Direct debt is the amount of all long-term debt (generally debt supported by general revenues and taxes such as G.O. debt) less sinking fund accumulations and less self-supporting enterprise debt. Self-supporting enterprise debt is excluded because it is repaid exclusively from revenues generated by the enterprise activity for which the debt was issued, e.g. enterprise revenue bonds or project revenue bonds. Full Value is defined as total fair market value of taxable property in the College, plus any exemptions and exclusions. Management will utilize the corresponding benchmarks as set forth in Table 1 to evaluate the population’s ability to pay for outstanding and proposed debt.

B. Revenue Debt

In addition to General Obligation (Limited Tax) debt, the College may elect to issue revenue bonds secured by a lien on and pledge of all or any part of any of the legally available revenues, income or receipts of the College, other than ad valorem tax proceeds. In order to demonstrate the College’s ability to pay debt service on the proposed revenue bonds, the College shall provide for an additional bond test as follows:

- Maintaining an additional bonds test of 3.0x (System Revenue Bonds) computed for a period for any twelve (12) consecutive calendar months out of the preceding eighteen (18) months. The additional bonds test allows the College to issue additional bonds, if the College can produce net revenues annually to pay 300% of debt service requirements on all outstanding senior parity obligations.

- Maintaining an additional bonds test of 1.25x for Research Park Revenue Bonds

V. FINANCING ALTERNATIVES

The College shall assess all financial alternatives for funding capital improvements prior to issuing debt. Pay-as-you-go financing should be considered before issuing any debt. Pay-as-you-go financing may include: grants from federal, state and other sources; current revenues and fund balances; private sector contributions; or partnerships with private or public entities. Once the College has determined that “pay-as-you-go” and governmental or private sector grants are not a feasible financing option, the College may use short-term or long-term debt to finance capital projects.

- A. The College will not fund current operations or normal maintenance from proceeds of long-term financing.** The College will confine long-term borrowing and capital leases to capital improvements, projects, or equipment that cannot be financed from current financial resources. In an effort to conserve debt capacity, the College shall borrow only when necessary and utilize pay-as-you-go financing to the extent possible.
- B. Short-Term Debt and Interim Financing - Maturity of one (1) year or less**
Short-term obligations may be issued to finance projects or portions of projects for which the College ultimately intends to issue long-term debt (or where cash is available in a debt service fund and can be “sponged” to retire bonds immediately thereafter); i.e., it shall be used to provide interim financing which shall eventually be refunded with the proceeds of long-term obligations. Short-term obligations may be backed with a tax or revenue pledge, or a pledge of other available resources.
- C. Bond Anticipation Notes (“BANs”)**
BANs, including commercial paper notes issued as BANs, may be issued instead of capitalizing interest to reduce the debt service during the construction period of a project or facility. The BANs will not mature more than 1 year from the date of issuance
- D. Long-Term Debt (Bonds) – Maturity over one (1) year**
Long-term General Obligation (Limited Tax) bonds shall be issued to finance significant capital improvements for purposes set forth by voters in bond elections and the capital improvement program or similar plans implemented by the College. Additionally, revenue bonds may be issued in response to

public need without voter authorization. Long-term debt may be incurred only those purposes as provided by law.

E. Education Technology Notes – Maturity not exceeding five (5) years

The Governing Board may determine the need to lease-purchase educational technology equipment pursuant to a financing arrangement where periodic lease payments composed of principal and interest components are to be paid to the holder of the lease-purchase arrangement and pursuant to which the owner of the education technology equipment may retain title to or a security interest in the equipment and may agree to release the security interest or transfer title to the equipment to the College for nominal consideration after payment of the final periodic lease payment. Additionally, the Governing Board may authorize the College to incur other forms of debt for the purpose of acquiring educational technology equipment.

VI. ISSUANCE OF DEBT OBLIGATIONS

All College debt shall be issued in accordance with the following policies:

A. Conditions of Sale

Unless otherwise justified, the issuance and sale of all College bonds, notes, loans and other evidences of indebtedness shall be subject to the following parameters:

- The average life of the debt incurred should be no greater than the projected average life of the assets being financed.
- The payment of General Obligation (Limited Tax) bonds shall be secured by the full faith, credit and taxing power of the College, subject to a maximum debt service levy of five (5) mills per thousand of assessed (taxable) property within the District at the time of issuance, and by the pledge of specified limited revenues accounted for in special funds, in the case of revenue bonds.
- Prior to the issuance of debt, the College will identify the revenue source and find that the revenue source is sufficient to pay debt service over the expected repayment timeframe when considering current and proposed debt.
- The timing of any borrowing should be coordinated to coincide as closely as possible to the cash flow requirements for construction or installation of the project and to meet the spend down requirements established by

applicable statutory and/or regulatory requirements, therefore minimizing potential arbitrage rebate.

- Pursuant to applicable statutory and/or regulatory requirements, a reimbursement resolution (declaration of official intent) must be approved by the Governing Board, if prior to a tax-exempt bond issue being sold, the College intends to spend funds from another source with the intent to reimburse the expenditures with tax-exempt bond proceeds. The reimbursement resolution must be approved not later than 60 days after payment of the original expenditure. Currently, the reimbursement allocation from bond proceeds must be made not later than 18 months after the later of: (i) the date the original expenditure is paid, or (ii) the date the project is placed in service, but in no event more than 3 years after the original expenditure. Certain preliminary “soft costs” expenditures (architectural, engineering, surveying, soil testing, etc.) may be recovered without a reimbursement resolution up to an amount not in excess of 20% of the bond issue.
- The term of every General Obligation (Limited Tax) bond shall be 20 years or less. The term of Education Technology Notes shall be 5 year or less. The term of System Revenue bonds shall be 30 years or less.
- New money General Obligation (Limited Tax) bonds shall be issued at a public competitive or negotiated sale on terms determined by the College in consultation with the College’s municipal advisor and bond counsel or may be sold at a private sale to the State of New Mexico or the New Mexico Finance Authority.
- New money Education Technology notes shall be issued at a public competitive or negotiated sale on terms determined by the College in consultation with the College’s municipal advisor and bond counsel or may be sold at a private sale to the State of New Mexico or the New Mexico Finance Authority.
- General Obligation (Limited Tax)s bonds may be issued for the purpose of:
 - erecting, furnishing, constructing, purchasing, remodeling and equipping buildings and utility facilities, exclusive of stadiums;
 - making other real property improvements;
 - purchasing grounds; and
 - purchasing and installing computer hardware and software with a useful life equal to or exceeding the maturity of the bonds.
- General Obligation (Limited Tax) bond issuances by the College are subject

to approval by the New Mexico Higher Education Department and subsequently by an election of a majority of qualified electors voting on the proposed issue.

- No General Obligation (Limited Tax) bonds shall be issued that create a total bond indebtedness in excess of three (3) percent of the assessed valuation of the taxable property within the College's district,
- Education Technology Notes may be issued for the purpose of funding tools used in the educational process that constitute learning and administrative resources and may include:
 - closed-circuit television systems; educational television and radio broadcasting; cable television, satellite, copper and fiber-optic transmission; computer, network connection devices; digital communications equipment, including voice, video and data; servers; switches; portable media such as discs and drives to contain data for electronic storage and playback; and purchase or lease of software licenses or other technologies and services, maintenance, equipment and computer infrastructure information, techniques and tools used to implement technology in colleges and related facilities;
 - improvements, alterations and modifications to, or expansions of, existing buildings or personal property necessary or advisable to house or otherwise accommodate any eligible education technology tools; and
 - expenditures for technical support and training expenses of college district employees who administer education technology projects funded by a lease-purchase arrangement and may include training by contractors.
- Revenue bonds may be issued for the purpose of:
 - constructing, purchasing, improving, remodeling, furnishing or equipping any necessary buildings, structured or facilities
 - In the case of University Research Park bonds, the College, as authorized by NMSA 21-28-5, may finance all or part of the costs of the research park, including the purchase, construction, reconstruction, improvement, remodeling, addition to, extension, maintenance, equipment and furnishing. Per New Mexico State Statue 21-28-9, bonds issued under the provisions of the University Research Park and Economic Development Act shall be deemed issued on behalf of the College but shall not be deemed to constitute a liability or a pledge of faith of the state or any political subdivision therefore or any

college/university. University Research Park bonds shall be payable solely from the revenue or assets of the research park corporation pledged for that payment.

- System Revenue bond issuances shall be authorized by resolution of the Governing Board and approved by a majority vote of the Governing Board. The New Mexico Higher Education Department and the State Board of Finance shall approve the sale of all System Revenue bond issuances.
- Bonds shall be sold at a price that does not result in a net effective interest rate exceeding the maximum net effective interest rate permitted by the Public Securities Act.
- Capital improvements should be developed, approved and financed in accordance with College Bond Resolutions and pursuant to the College capital improvement budgeting process.
- Principal and interest retirement schedules shall be structured to: (1) meet available cash flow available to service debt, (2) achieve a low borrowing cost for the College, (3) accommodate the debt service payments of existing debt and (4) respond to perceptions of market demand. Shorter maturities shall always be encouraged to demonstrate to rating agencies that debt is being retired at a sufficiently rapid pace.
- Debt shall be limited to obligations that are payable serially and have term maturities, but may be sold subject to optional or mandatory redemption.

B. Methods of Sale

Debt obligations in the form of bonds, notes, loans or other evidences of indebtedness of the College may be sold by competitive, negotiated public sale or private placement methods unless otherwise limited by state law. The selected method of sale shall be the option which is expected to result in the lowest cost and most favorable terms given the financial structure used, market conditions, and prior experience with each method.

Pursuant to NMSA 21-2A-6, new money General Obligation (Limited Tax) Bonds shall be issued at a public sale or may be sold at private sale to the State of New Mexico or the New Mexico Finance Authority.

VII. SELECTION OF DEBT STRUCTURES

A. Fixed Rate Bonds

In order to minimize interest rate risk, the preference of the College is to issue fixed rate debt; however, if an alternative structure is determined to be more

advantageous, the College may adopt an alternative bond structure subject to the defined constraints described herein.

B. Variable Rate Bonds

The proportional amount of debt attributable to specific pledged revenue that shall be issued in the form of unhedged variable rate securities shall be limited to a maximum of 20% of the total outstanding debt for which that revenue is pledged. In the case of tax supported variable rate debt, the level of variable rate shall not exceed 20% of the then outstanding tax supported debt which includes General Obligation (Limited Tax) and System Revenue debt. In considering the amount of unhedged variable rate debt to be issued, consideration shall be given to the amount of cash balances available to be otherwise invested as reserves and available as a natural interest rate hedge. Periodically, the VP with assistance from the municipal advisor shall analyze each outstanding variable rate issue to determine if the issue should be converted to a fixed rate or otherwise hedged. The College will consult with its legal advisors, municipal advisors and a selected derivative advisor for guidance in incurring or managing derivative products.

C. Tax-Exempt Bonds

In order to minimize interest cost, the preference of the College is to issue tax exempt debt; however, if an alternative structure is determined to be more suitable the College may adopt an alternative bond structure subject to the defined constraints described herein.

D. Taxable Bonds

The College may elect the use of taxable debt for those projects that have an intended use or other characteristics that preclude the use of tax-exempt debt or in other instances where the use of taxable debt can be shown to offer a financial advantage to the College. Any use of taxable debt requires Governing Board approval and is subject to applicable statutory and/or regulatory requirements.

E. Liquidity and Credit Enhancement Facilities

The College may seek to use liquidity (in the event there is an issuance of Variable Rate Bonds as provided above) or credit enhancement when such enhancement proves to be cost effective or to improve or establish a credit rating. When their use is judged prudent and advantageous to the College, the VP shall have the authority subject to Governing Board approval to enter into agreements with commercial banks or other financial entities for the purposes of acquiring lines or letters of credit, bond insurance or surety policies, etc.

Selection of enhancement providers is subject to a competitive bid process developed by the VP and municipal advisor and approved by the Governing Board.

a. Prerequisite to use:

The present value of the estimated debt service savings from the use of credit enhancement should be at least equal to or greater than the premium paid by the College to obtain such credit support; and criteria to be used in the appointment of credit provider include:

- An objective evaluation of responses to a request for qualification
- The short-and long-term credit ratings of the institution and the relative trading level of debt support by such credit provider
- Institution's experience with providing liquidity facilities to municipal bond issuers
- Competitiveness of fees submitted, interest charged on liquidity draws, maximum legal and administrative fees
- Ability to agree to College and state legal requirements; and
- Number and amount of liquidity facilities currently outstanding in the market

F. Optional Redemptions

The College's bonds may be subject to optional redemptions and early calls, consistent with the objective of paying the lowest possible interest cost. Early calls may permit the College to act upon decreases in interest rates by refinancing debt for the purpose of realizing debt service savings. The College and its municipal advisor will regularly evaluate optional redemption provisions for each issue, so the College does not service its debts at unacceptably higher interest rates. Debt will be structured with shortest optional redemption date which does not materially increase cost.

G. Reserve Requirements & Bond Insurance

In the issuance of bonds, the College may find it necessary to fund a reserve fund or acquire bond insurance in order to achieve the lowest possible interest cost. In each instance, the College and its municipal advisor will determine the appropriate reserve and or insurance option that allows for the lowest achievable interest cost while maintaining the marketability of the College's bonds.

VIII. REFUNDINGS

A. Refunding Bonds: The College shall consider refunding outstanding debt in order to:

- a. Generate interest rate savings,
- b. Restructure principal, or
- c. Eliminate burdensome bond covenants.
- d. A present value analysis shall be prepared that identifies the economic effects of any refunding proposed. Prominent among these are:
 - i. Time to call date,
 - ii. Negative arbitrage per maturity, and
 - iii. Structure of debt service savings.

B. Current Refundings

- a. Requires that the refunding escrow may not exceed 90 days. A current refunding transaction shall require a present value savings of a minimum of 3% of the principal amount of the refunding debt being issued and shall incorporate all costs of issuance expenses. A current refunding with present value savings of less than 3% present value savings must be for tax rate management purposes only.

C. Advance Refundings

- a. Requires the refunding escrow duration to exceed 90 days. Governmental refunding bonds issued after 2017 may only be advance refunded with taxable bonds. Consequently, the College should carefully weigh the benefits and opportunity costs of such an action; and unless otherwise justified, an advance refunding transaction shall require a present value savings of at least the principal amount of the refunding debt being issued and shall incorporate all costs of issuance expenses. A maturity by maturity analysis shall be conducted to include a determination of the negative arbitrage incurred in connection with the escrow established for a particular maturity. In the event of substantially all of the maturities of an advance refunding meet the criteria of Table 3, maturities not confirming to the savings matrix may be refunded in conjunction with the advance refunding bonds.
- b. The chart below illustrates the savings matrix for a fixed rate advance refunding of existing fixed rate bonds so that each individual bond maturity generates a net present value savings of at least the

following:

Table 3.

Minimum NPV Savings Decision Matrix				
Years from Call Date to Maturity Date	Years to Call Date			
		0 - 2	3 - 7	8 - 10
	0 - 5	0.50%	3.00%	3.00%
	6 - 10	3.00%	3.00%	4.00%
	11 - 15	3.00%	4.00%	5.00%
	16 - 20	4.00%	5.00%	5.50%

IX. REDEMPTIONS

Redemptions are payment or prepayment of College debt with available cash from either the debt service fund or other legally available funds of the College. The College shall consider redeeming bonds for the purpose of reducing future debt payments and related interest cost or for purposes of redeeming bonds for tax rate management purposes. The impact of a redemption should be evaluated on a present value basis by the College's municipal advisor.

X. INVESTMENT OF BOND PROCEEDS

Bond proceeds will be invested pursuant to the College's Investment Policy and Investment Guidelines. If the investment of bond proceeds is not addressed within the College's Investment Policy or Investment Guidelines or in the absence of a policy, the proceeds will be invested in US Treasury and or US Government Agency securities.

XI. APPOINTMENT OF PROFESSIONALS

- A. To provide systematic technical advice and support to the College and for the efficient competitive, negotiated or private placement sale of College debt, the Governing Board may approve the selection of qualified professionals including Bond Counsel, Municipal advisor, Disclosure Counsel, Arbitrage Rebate Services, and underwriters (if applicable).
- B. Such selection of qualified professionals shall be based on an evaluation of competitive proposals for separate advisory and underwriting services, as recommended to the Governing Board by the VP. In no case may the municipal advisor on any College credit serve as an underwriter in compliance with MSRB rules and regulations.
- a. Term of Appointments**
 - i. Appointments shall be effective for a term consistent with the College's procurement code, from the date of ratification of the award by the Governing Board, unless otherwise amended by the Governing Board.
 - b. Selection Process**
 - i. The College shall periodically publish a RFP that invites concurrent proposals from individual offeror to provide services in support of each of the College's anticipated projects.
 - c. Blackout Periods Imposed**
 - i. In line with the College's procurement policies, communication about an RFP or the selection process with members of a municipal advisor, or underwriting proposal review committee, College employees, or elected officials of the College by any employee or representative of an underwriting team under consideration for selection is explicitly prohibited from the date of publication of such RFP until recommendation of award by the Governing Board.
 - ii. Failure to comply with this requirement shall result in the applicant's disqualification.
 - d. Selection Criteria for Underwriting Firms**
 - i. Criteria to be used in the appointment of qualified financial advisor and underwriters shall include, but are not limited to:
 - ii. Demonstrated ability of the firm to structure an issue of debt utilizing the contemplated credit structure(s) efficiently and effectively

- iii. Experience of assigned personnel
- iv. Approach to proposed scope of work, including quality and applicability of proposed financing ideas
- v. Demonstrated capability to sell bonds to institutional and retail investors, especially to investors located in New Mexico
- vi. Demonstrated commitment and capacity of the underwriting firm or firms to put its firm's capital at risk, especially as evidenced by having successfully bid on prior competitive sales of College debt or by having underwritten the College's debt in adverse markets
- vii. Demonstrated secondary market support for debt which the underwriting firm or firms are retained, especially for the specific credit which is to be pledged
- viii. Fees and expenses
- ix. Weights for the above criteria may vary and shall reflect the unique requirements of the proposed engagement
- x. Other factors. Other factors are defined as those factors that have not been included as technical selection criteria, but are factors that in some instances must be considered in making the final selection. Their nature will not permit a meaningful numerical predetermination of relative significance of impact on the selection decision, and therefore, they are not numerically scored.
- xi. Failure to provide complete disclosure for each of the offeror firms to the following questions or misrepresentation shall result in disqualification. The provider must certify that, to the best of its knowledge, the information submitted in response to this section is accurate, complete and not misleading.

e. Selection Criteria for Municipal Advisors

Criteria to be used for in the appointment of qualified municipal advisors shall include but are not limited to:

- i. Qualifications and experience as a municipal advisor to higher education institutions and government entities in the areas of:
 - Issuance of tax exempt and taxable financings
 - Understanding of debt management and alternative financing methods and techniques

- Understanding credit ratings and rating agencies
 - Understanding relevant federal and State of New Mexico laws
- ii. Demonstrated capabilities as a municipal advisor
- Proven history of the firm to include number of years your company has been in operation
 - Appropriate credentials and expertise of assigned personnel
 - Accessibility of services including location of headquarters, other offices, and employees

f. Conflicts of Interest

- i. Each offeror's proposal shall list all potential conflicts of interest, whether required by law or not, of which the firm has knowledge or which may arise with respect to the representation of the College. The disclosure of all potential conflicts of interest shall include, without limitation, any circumstances which would create the appearance of a conflict of interest.

g. Regulatory Action

- i. Each offeror shall disclose any judicial or administrative proceedings of public record that have been filed against the firm during the five (5) years preceding the date of the proposal that concerned the offeror participation in a securities transaction.
- ii. Each offeror shall list and describe the current disposition or status of any litigation or formal or informal action taken by any state or federal securities commission, the MSRB, or any other regulatory body against the firm (or taken against any individuals now at the firm who will work under this contract) within the last five (5) years.
- iii. Each offeror shall disclose employment practices and describe the current disposition or status of any litigation or formal or informal action taken by the Equal Employment Opportunity Commission or any other regulatory body against the firm within the last five (5) years with respect to its employment practices.

XII. INVESTOR AND RATING AGENCY COMMUNICATIONS

A. Disclosure

- a. It is the College's policy to provide primary and secondary disclosure to all its bond investors on a periodic basis as required by the SEC Disclosure Rule 15c2-12 and SEC Antifraud Provision Rule 10b-5 and MSRB Rule G-36 as stated below:

SEC Disclosure Rule 15c2-12 requires that issuers of municipal securities undertake in a written agreement or contract for the benefit of holders of such securities to provide certain annual financial information to various information repositories.

- b. SEC Antifraud Provisions Rule 10b-5 requires that disclosure made by issuers of municipal securities be both accurate and complete in all material respects at the time the disclosure is provided.
- c. MSRB Rule G-17 requires, in the conduct of municipal securities or municipal advisory activities, each broker, dealer, municipal securities dealer, and municipal advisor shall deal fairly with all persons and shall not engage in any deceptive, dishonest or unfair practice.
- d. MSRB Rule G-23 establishes ethical standards and disclosure requirements for brokers, dealers, and municipal securities dealers who act as municipal advisors to issuers with respect to the issuance of municipal securities. Firms are prohibited from engaging in underwriting and remarketing activities with issuers of municipal securities with whom they maintain a municipal advisory relationship, as defined by MSRB Rule G-23.
- e. The College acknowledges the responsibilities of the underwriting community and shall assist underwriters in their efforts to comply with SEC Disclosure Rule 15c2-12, SEC Antifraud Rule 10b-5 and MSRB Rule G-36 as required by law or agreement with an underwriter.

B. Official Statement Filing - Primary Disclosure

- a. The College shall file its Official Statements on the MSRB's Electronic Municipal Market Access ("EMMA") system which is the official repository for municipal securities.

C. Comprehensive Annual Financial Report

- a. The College shall provide its Annual Comprehensive Financial Report ("ACFR") when it becomes public information and shall disseminate other information that it deems pertinent to the market in a timely manner. The College shall file its ACFR with EMMA on a timely basis as required.

XIII. SECURITIES DISCLOSURE POLICIES AND PRACTICES OF ADMINISTRATION OFFICIALS

In connection with the issuance of certain bonds, notes, and other municipal securities, the College is required to prepare and disseminate certain disclosure information in order to comply with Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, including a requirement for continuing disclosure of annual financial information and notices of certain material events. This policy shall centralize the information dissemination process, establish appropriate controls on disclosure statements made by the College and enable the College and its enterprises to comply with Rule 15c2-12, in order to assure the College's access to the capital markets as a source of funds for necessary and useful public undertakings of the College. This policy is not intended in any way to limit any person's access to public records or information, nor to infringe upon the normal political process, in particular the right of any elected official of the College to review, discuss, release, comment upon or criticize any information.

A. Policy

- a. Relying on the information brought to the attention of the Governing Board in its official capacity, the Governing Board shall review and approve a substantially final form of each official statement or disclosure statement relating to municipal securities as to which the College is the issuer or an obligated person for purposes of Rule 15c2-12. Each member of the Governing Board will be asked to alert the VPFO, the municipal advisor or bond counsel if upon information or

- belief they have reason to believe that an official statement or disclosure statement (i) contains any inaccurate information; (ii) includes an incomplete or misleading statement; or (iii) should include information material to a purchaser that is not currently included in the document.
- b. The VP shall be responsible for reviewing and recommending, prior to release to the public, all official statements and disclosure statements relating to municipal securities as to which the College is the issuer or an obligated person for purposes of Rule 15c2-12.
 - c. No official statement relating to any municipal securities as to which the College is the issuer or an obligated person for purposes of Rule 15c2-12 shall be issued or released to the public until and unless approved in writing by the VP.
 - d. No disclosure statement concerning municipal securities as to which the College is the issuer or an obligated person for purposes of Rule 15c2-12 shall be made, issued or released to the public by any employee, agent or official of the College until and unless such disclosure statement and the release thereof shall be approved in writing by the VP.
 - e. The College shall not bind itself pursuant to an undertaking relating to securities, such as certain types of private activity bonds, as to which it is not an obligated person for purposes of Rule 15c2-12. No undertaking relating to municipal securities as to which the College is the issuer or an obligated person for purposes of Rule 15c2-12 shall be binding upon the College without the written approval of the VP.
 - f. No disclosure statement, official statement or undertaking in respect of any municipal securities as to which the College is the issuer or an obligated person for purposes of Rule 15c2-12 that is issued or released to the public by any employee, agent or official of the College without the express written approval of the VP as required by this policy shall be deemed to be a statement or undertaking by or on behalf of the College.

B. Action

- a. Unless otherwise required by law, prior to releasing to the public any official statement or disclosure statement intended to be made public, all non-elected employees, agents and officials of the College shall report to and file with the VP any such proposed disclosure statement, together with such additional information requested by the VP, including certificates as to the accuracy of such disclosure statement,

and each such employee, agent and official of the College shall consult with the VP concerning such proposed official statement or disclosure statement.

C. Published Disclosure Statements

- a. All information and documentation requested by the VP that may be required to support the preparation of a disclosure statement, official statement or undertaking shall be provided by the appropriate College departments, as identified by the VP, on a timely, complete, and accurate basis.
- b. All disclosure statements, official statements and undertakings shall be compiled by disclosure counsel and reviewed by the VP and other counsel who are parties to the documentation. They shall be afforded, by the originating department, such unobstructed access to documentation and information, as they may deem appropriate.

D. Rating Agency, Investor and Media Communications

- a. All communications with rating agency personnel, including responses to their periodic questions, shall be managed through and approved by the VP.
- b. In order to ensure uniform market access to information that may be relevant to the valuation of the College's securities, the release of any information, whether in response to an ad hoc question or self-initiated, that may be potentially relied upon by the market to impute the credit worthiness of the College's debt, whether intended for that purpose or not, shall be reviewed by the VP and Disclosure Counsel to determine whether or not:
 - The information is already in the public domain;
 - The information is a disclosure event as defined by the SEC, requiring prompt EMMA filing; and
 - The information is full, accurate, complete and not misleading.

8.12 Diversity, Equity & Inclusion

It is the Policy of the Governing Board of Central New Mexico Community College to commit to providing a diverse, equitable and inclusive College experience.

The Governing Board of Central New Mexico Community College is committed to providing a diverse, equitable and inclusive college experience.

The Board is aligned to intentionally remove barriers to success in policy, programs and practices. The board will advocate for and monitor the goals of the following practices:

- 1) Identify and address educational and economic gaps for students in historically underserved or underrepresented populations.
- 2) Ensure equitable hiring and retention practices are used to build a workforce representative of the student body and surrounding community.
- 3) Cultivate an inclusive, thriving environment where a multitude of voices are heard and encouraged.
- 4) Support students and staff regardless of gender, ability or disability, age, sexual orientation, gender identity, race, religion, ethnicity, immigration status, country of origin, economic status, military or individuals impacted by the justice system.