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December 10, 2015 Finance & Facilities (F&F) Committee Meeting

EVP for Administration

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THE UNIVERSITY OF NEW MEXICO
Board of Regents' Finance and Facilities Committee (F&F)
December 10, 2015 – Meeting Summary

Committee Members Present: Regent Jamie Koch, Regent Marron Lee, and Regent Ryan Berryman (participating as a Regent voting member).

Committee Members Absent: Regent Robert Doughty.

Non-Voting Members Present: Regent Bradley Hosmer.

Other Attendees: **Dorothy Anderson**, Human Resources; **Dianne Anderson**, UCAM; **Terry Babbitt**, Enrollment Management; **Cinnamon Blair**, UCAM; **J. Kyle Bodhaine**, S4 Development; **Joe Cecchi**, School of Engineering; **Bruce Cherrin**, Purchasing; **Tom Croston**, Gap Inc. and Popejoy Board; **Andrew Cullen**, Planning, Budget & Analysis; **Crystal Davis**, Staff Council; **Pamina Deutsch**, Policy Office; **Emily Fox**, ASM; **Robert G. Frank**, UNM President; **Rick Goshorn**, UNM Gallup; **Kathy Guimond**, UNM Retiree Association; **Sara Gurule**, Office of the EVP for Administration; **Jenna Hagengruber**, ASUNM; **David W. Harris**, EVP for Administration, COO & CFO; **Rick Henrard**, PDC; **Paul Krebs**, Athletics; **Argy Maniatis**, UCAM; **Lisa Marbury**, Institutional Support Services; **Texanna Martin**, GPSA; **Cenissa Martinez**, Office of the EVP for Administration; **Liz Metzger**, Controller's Office; **Tom Neale**, Real Estate; **Manu Patel**, Internal Audit; **Stefan Posse**, Faculty Senate; **Henry Relkin**, Relkin Law Firm; **Mallory Reviere**, Regents' Office; **Marcos Roybal**, University Services; **Maggie Shepard**, ABQ Journal; **Paul Silverman**, Geltmore LLC; **Melanie Sparks**, Institutional Support Services; **Kevin Stevenson**, Office of the President; **Tom Tkach**, Popejoy Hall; **Chris Vallejos**, Institutional Support Services; **Amy Wohlert**, Office of the President; **Jeff Zumwalt**, PPD.

Chairman Regent Koch called the meeting to order at 9:00 a.m. in Scholes Hall, Roberts Room.

- **Quorum established**
- **Regent Koch requested a motion to adopt the agenda. Regent Lee moved to adopt the agenda and Regent Berryman seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**

INFORMATION ITEM:

1. **Monthly Consolidated Financial Report for Main Campus.** Liz Metzger made the presentations. Information was provided to the Committee on the Monthly Consolidated Financial Report as of October 31, 2015. Ms. Metzger stated that all the financial detail was included in the EBook. Things are static and have not changed regarding enrollment and tuition for the Fall 2015 semester. The key right now is to monitor the spending campus-wide. The next milestone in these financial reports will be once Spring 2016 semester has begun. In February, spring enrollment will show if it has come in as projected. There were no anomalies as of the end of October 31, 2015 in the financial report.

Regent Lee moved to adopt the Monthly Consolidated Financial Report and Regent Berryman seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.

ACTION ITEMS:

2. **Finance and Facilities Committee Meeting Summary from November 18, 2015. Regent Berryman moved to approve the minutes and Regent Lee seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**
3. **Approval of Disposition of Surplus Property for Main Campus for November 2015.** Bruce Cherrin made the presentation. Regents' approval was requested for the disposition of surplus property for Main Campus for November 2015. There were eight items on November's disposition, none with net book value. In response to Regent inquiry, Mr. Cherrin stated that the term "cannibalized" means that the item has been taken apart and pieces have been used in other places. **Regent Lee moved to approve and Regent Berryman seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**
4. **Approval of UNM Golf Course Maintenance – Mountain West Golfscapes, Inc.** Bruce Cherrin and Chris Vallejos made the presentation. Regents' approval was requested for the approval of UNM Golf Course Maintenance with Mountain West Golfscapes, Inc. The University put out an RFP to renew the golf course maintenance agreement to include both the Championship Course and the North Course. There were two bidders, Mountain West Golfscapes, Inc. and Red Shovel. Mountain West Golfscapes, Inc. was the incumbent and did a great job in the year prior and was a great company to partner with. The agreement was 10% less than the prior contract. The University paid approximately \$1,098,712 for 2015, and with the new contract will pay \$999,138 in 2016. A discount was applied to the contract by using the company for both courses. For those reasons they were the chosen company. Red Shovel was more expensive on the RFP and had never entered into golf course maintenance. Mr. Vallejos felt that they would get more national attention on the RFP but did not. The level of quality required for upkeep on a course is intense, specifically with the various herbicides, fertilizer, and specialized equipment.

Mr. Vallejos provided background on the UNM Golf Courses which was placed under the Institutional Support Services (ISS) portfolio as they are auxiliary enterprises. The University outsourced the golf course maintenance eight years ago. There are two golf courses, the Championship Course, which hosts the Men's and Women's Division I Golf Teams, and the North Golf Course, which is a 9-hole course. Both courses are very competitive in the marketplace. The Championship Course hosts NCAA Tournaments. In response to Regent inquiry, the tournaments typically do not generate revenue. ISS has been working to best manage the expenses for the courses. The balance is maintaining the Championship Course at a specific quality level, such as Platinum, Gold, and Silver. Those standards are a bit higher than the current market place so it is necessary to have a contractor that is able to do that. **Regent Berryman moved to approve and Regent Lee seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**

In response to Regent inquiry, Mr. Vallejos stated that the golf courses are under the ISS portfolio because they are considered auxiliary enterprises as they are self-supporting and have no allocations. They need to break even or make a margin.

In regards to the agreement with the University and Bernalillo County, EVP Harris stated that Maggie Hart-Stebbins, Chairman of the County Commission, lives in the North Golf Course Neighborhood and approached the Regents in 2013 to see if they would be interested in doing a conservation easement. The conservation easement is an agreement in which the University would not change the nature of the North Golf Course for a period of 25 years, and in exchange the County would provide \$1.5M in funding from the Open Space Fund for improvements to the irrigation systems and surrounding areas to improve the open space for the community. The North Golf Course is the largest green space in the metro Albuquerque. The Regents saw it as the right kind of deal, policy statement, and a good gesture to the neighborhood and County. The Athletics Department also hosts one Cross Country meet here each year.

The University shut down the North Golf Course for three months and did improvements to the original irrigation system that was put in during the 1950s when it was a 27-hole course that stretched across Lomas, which was not a street at that time. Over the years with our growth of the Health Science Center and the Law School, it was trimmed down to 9-holes. The new irrigation system has been fully automated and can now be controlled to allow for water conservation, which has led to a 21% savings in water. When the project was brought before the State Board of Finance they really pushed for water conservation as a result of the upgrades. The University has its own water rights/resources and pumps its own water through an aquifer into its own supply. The University does not pay for water but only for the electricity needed to pump it. Jeff Zumwalt stated that the University has over 2,000 acre feeds of water rights, essentially established during the highest peak usage in the 1960s. Most of that is used on Main Campus for domestic purposes and at the North Golf Course. The biggest benefit to the agreement was the ability to invest into the infrastructure, which may not have been possible otherwise and has really improved the efficiency and effectiveness of the course. Sales have increased by 12%.

5. Capital Project Approval for:

1) **Farris Engineering Center Renovation.** Chris Vallejos made the presentation. Regents' approval was requested for the Farris Engineering Center Renovation capital project. The project provides for comprehensive renovation of the existing building and provides additional square feet for the Computer Science, Chemical and Biological Engineering, and Nuclear Engineering programs. The scope includes offices and laboratories, computer research rooms, administrative suites, and study and event areas. The building was originally constructed in 1967 and no longer meets the needs of its occupants as it is old and outdated. As the University competes in the marketplace to recruit and retain new faculty and students, this is an excellent project for Main Campus. The total estimated project budget is \$23,269,500, of which \$801,500 is coming from 2013 Severance Tax Bonds, \$20.5M is coming from 2014 General Obligation Bonds, and \$1.9M is coming from 2015 Special Session Severance Tax Bonds. **Regent Lee moved to approve and Regent Koch seconded. The motion**

passed item by unanimous vote with a quorum of committee members present and voting.

- 2) **Gallup Zollinger Library – Completion of Shell Space.** Chris Vallejos made the presentation. Regents’ approval was requested for the Gallup Zollinger Library shell space completion capital project. The project will plan, design, renovate, construct, equip, and furnish the lower level shell space of the Zollinger Library at the UNM Gallup Campus. The renovation of 8,250 square feet will help the library, which is a regional resource and at capacity, to help meet the need for student study space. The total project budget is \$1.35M, of which \$1M is coming from 2014 General Obligation Bonds and \$350K is funded from Gallup Campus Matching Funds. Mr. Vallejos stated that for capital projects on UNM’s Branch Campuses, they are required to find a local match on state funding. **Regent Berryman moved to approve and Regent Lee seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**

6. Approval of:

- 1) **Exterior Environment of McKinnon Center for Management.** Dr. Amy Wohlert and Emily Fox made the presentation. Regents’ approval was requested for the naming of the exterior environment of the McKinnon Center for Management for the Anderson School of Management (ASM). The McKinnon family donated \$5M several years ago to the University of New Mexico, specifically for the Anderson School of Management; the new facility will be named the McKinnon Center for Management. The University has naming guidelines and the \$5M does not reach that level, however the Naming Committee felt that it was a significant seed gift and ASM would not have been able to move forward on a new facility without that donation.

Furthermore, the McKinnons are major donors to the University and have given significant amounts of money to Athletics. They are a young family and the Naming Committee has no doubt that there will be more gifts forthcoming. The McKinnon family wanted the University to put their gift money into action as soon as possible. **Regent Lee moved to approve and Regent Berryman seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**

- 2) **Initial Naming Amount of Internal Spaces for the McKinnon Center for Management.** Amy Wohlert made the presentation. Regents’ approval was requested for initial naming amount of internal spaces for the McKinnon Center for Management. The naming committee normally does not bring interior naming to the Regents for approval, but is doing so to demonstrate that the Anderson School of Management has a concrete plan for seeking donations for all of the interior spaces. These spaces will conform to naming guidelines, or an appropriate percentage of the new construction costs. The Dean’s Suite has already obtained funding. For interior spaces, the school decides what is appropriate for a name, as far as what the person wants the room to be called. The school has their own standards for naming interior spaces.

Regent Berryman stated that he is aware that the redevelopment for the Anderson School of Management will have two phases and inquired if this is naming only for phase one.

Ms. Fox stated that although the redevelopment of the Anderson School of Management will be in phases, for now they are looking at calling the entire project the McKinnon Center for Management. If ASM receives another leadership gift and a donor expresses interest, the second phase may be revisited.

Dr. Wohlert stated that they've had that in mind all along and understand that the McKinnons would be very happy if another major donor stepped up, and they would share that glory. At this point, calling it the McKinnon Center for Management is ambiguous to whether it is first phase building or all buildings. It can be revisited should another donor express interest. **Regent Lee moved to approve and Regent Berryman seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**

The Naming Committee works under policies developed by the Regents on what general parameters should be expected when looking for gifts and development opportunities. The policy makes clear that anything which affects the exterior environment of the University must come before the Regents for approval, even if it is a relatively small space and donation amount.

Regent Lee inquired if there is a policy for removing names from buildings.

Dr. Wohlert stated that she does not believe it has ever come up but they are structuring more naming opportunities with fixed timelines. In this particular case, they do not have a sunset clause.

- 3) **Re-Naming of Lobo Baseball Field.** Amy Wohlert and Paul Krebs made the presentation. Regents' approval was requested to re-name the Lobo Baseball Field the Santa Ana Star Field; this is a time limited gift. Mr. Krebs stated that the Santa Ana Pueblo is making a \$1M donation, \$100K per year for 10 years. In addition to the naming rights, as a part of the partnership Athletics has agreed to do a number of things within the Santa Ana Pueblo such as clinics and other various opportunities for the young people in their community. It is a 10 year naming right after which the rights will expire and be available for the Pueblo to continue or to go back on the market. Regent Koch commented that this type of deal or sponsorship is not unusual but is great for Athletics and their fundraising efforts. **Regent Lee moved to approve and Regent Berryman seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**

7. **Approval of Lobo Development Corporation Board of Directors, Reappointment of Louis Abruzzo, Stephen Ciepiela, and Maria Griego-Raby.** Chris Vallejos made the presentation. Regents' approval was requested for the approval of Lobo Development Corporation Board of Directors re-appointments of Louis Abruzzo, Stephen Ciepiela, and Maria Griego-Raby. Regent Koch provided a brief background on the three board members. Mr. Abruzzo is a member of the Abruzzo family who owns many developments

in New Mexico and understands business, leasing, and management. Mr. Ciepiela was former President of the Alumni Association and has been very active with the University. Ms. Griego-Raby is a former Regent and served on the Board for six years and has been very involved in the community and with the University. **Regent Lee moved to approve and Regent Berryman seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**

8. **Approval of Ground Lease Agreement with 54 Development.** President Frank, Tom Neale, Paul Krebs, Paul Silverman, Kyle Bodhaine, and Henry Relkin made the presentation. Regents' approval was requested for the ground lease agreement with 54 Development. A video was presented which showed the proposed addition to the South Campus, which they believe will make huge improvements in creating an entertainment district on the South Campus.

President Frank stated this is a project that has been in the works for several years. He believes that it is a proposal that serves the University and its students well, specifically those students who live a Lobo Village. They are working with an excellent team and this is a significant step forward. Regent Koch was vital in making this project happen and his efforts are greatly appreciated.

VP Krebs stated that several years ago, the Athletics Department created a master plan for their portion of the South Campus. One item in the master plan was the potential for development in and around parking lots. Feedback from the community regarding potential development was very positive and the area is underserved. There were concerns within Athletics regarding the impact an entertainment district would have on income and concessions revenue, and the issues were addressed. Athletics is excited for the project and it will add energy and excitement to the area. In order to host more NCAA events it would be more attractive for the area to have an entertainment area with food and beverage.

Regent Koch stated that they have been working on this effort since Lobo Development was formed. The first project at South Campus was the Lobo Village dormitory. They have put out three RFPs for this type of development and the Fairmount deal did not come to agreement. Regent Koch stated that the University is fortunate to now be working with 54 Development as they are a local developer rather than out of state.

Mr. Neale introduced Paul Silverman and Kyle Bodhaine; they are principals with 54 Development, have extensive experience in development and construction, and are well known in the Albuquerque community. They have had robust negotiations to get to this point and are very comfortable in recommending approval of the ground lease. Key aspects of the ground lease were highlighted. It is a 25,000 to 30,000 square foot development on approximately one-acre of land at the southeast corner of University Boulevard and Avenida Cesar Chavez on the northern end of the football stadium parking lot. It will be a two story u-shaped building surrounding an entertainment plaza. To set the ground rent rate the land was appraised to provide market value estimates of the land. The appraisal came in at \$18/sq. ft. and the ground rent was computed at 9.8% of the land value, which equates to roughly \$1.75/sq. ft. for each square foot they take down for this development. For one acre, that equates to \$77K. The ground rent is structured with two income components; a base rent at \$75K per year that escalates at 10% every five years. There is a percentage rent

participation which is 0.2% of all gross sales generated on the site. It is a 40 year agreement with four, five-year renewal options, for a total term of 60 years if the development entity exercises all of its options. The University has a first right of purchase and first right of refusal in the event of requesting repurchase of the asset after 10 years. A list of permitted uses was discussed and included the entertainment district; sports grill, retail, restaurants, and mixed use commercial. The uses not permitted on the site were discussed and included pornography, adult entertainment, vaping, and marijuana sales which they believe protects the Regents now and in the future. A detailed development plan, which will have a refined site plan, building elevations, grading, and drainage drawings in a program plan will come back before the Regents in the future.

Mr. Silverman stated that the concept of blending food, beverage, and entertainment is a fast moving area in the real estate industry. There are several great examples around the country where these types of facilities have been built in Philadelphia, Pennsylvania; St. Louis, Missouri; Kansas City, Missouri; and Lincoln, Nebraska. 54 Development has an operator they are working with which is a division or Comcast called Spectra and includes event management, marketing, and food and beverage operations. The President of that company is Ken Young who also owns the Albuquerque Isotopes, so they believe this will work well given the interest he has in the area. Alcohol will be served on site and they will follow strict guidelines in the ground lease to make sure all state regulations are followed. The team is very excited about this opportunity and believes it is a great step towards transitioning parking lots into something dynamic for the University and city. Brian Urlacher, UNM Alumni and former NFL player, has agreed to lend his name and access to his memorabilia to the project. They believe it will be very successful project.

Regent Hosmer inquired if there are options to expand if the project is successful.

Mr. Silverman stated that his vision is to expand and become a larger entertainment district that will accommodate more entertainment and hospitality uses.

Regent Koch stated that the University is also in the process of closing on the Sunshine Terrace property, which is south of the WisePies Arena.

VP Krebs commented on parking issues and stated they will be looking into better use of space and parking garages.

Regent Berryman commented that this development is great for the University, Athletics, and also for the students on South Campus. **Regent Lee moved to approve and Regent Berryman seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**

9. **Recommendations for Consent Agenda Items on Full Board of Regents' Agenda.** Chairman Koch recommended action items 3, 4, 5, 6, and 7 to be placed on the full Board of Regents' consent agenda.

INFORMATION ITEMS:

- 10. FY17 Main Campus Base Budget Update.** Andrew Cullen made the presentation. An update was presented to the Committee on the FY17 Main Campus base budget. The Administration was asked to provide an update that would include the Instruction & General (I&G) funds, all Main Campus unrestricted, restricted, and plant funds. Mr. Cullen reached out to the various constituency groups to talk about the accelerated timeline. There are some overarching concerns expressed by Faculty Senate, Staff Council, GPSA, ASUNM, and Human Resources. A lot of the concerns had to do with having a full discussion amongst all the constituency groups and taking those points of concern or optimism and running them through the Budget Leadership Team (BLT), which has served to be quite successful over the last several years to inform the constituency groups on the drivers of revenues and expenditures for the upcoming budget. There was some concern on the potential 11% increase in health care premiums, and EVP Harris has challenged Human Resources to minimize that increase. The projection was relying on the first three months of the current fiscal year claims so it may change as the fiscal year progresses. On the revenue side, tuition and fees is the major driver of the I&G budget. State Appropriations are also very important to the University budget. The FY17 budget development timeline was presented, which was included in the meeting materials. The NM Legislative Session begins on January 19, 2016 and ends on February 18, 2016. The Governor's Veto deadline is on March 9, 2016. The Board of Regents will hold the Budget Summit on March 22, 2016 and approve the budget on May 13, 2016. Until the University finds out what the State Appropriation will be, it is difficult to lock down and commit to any numbers in the budget scenario.

A preliminary budget comparison was presented to the Committee. The broad overarching outlook on the budget is a -1% decrease in tuition and fees. There is a 69% increase in state, local, and institutional bonds due to the bond issue for capital projects. Academic Affairs is up slightly due to some new initiatives. There was a -2% decrease in staff salaries as a result of the labor line item eliminations. The Administration has been looking at labor reductions to meet the potential tuition and fee decrease. The growth in fringe benefits is driven by health care. The utilities are expected to increase 3% due to the increased costs and five-year average estimate. A budget scenario was presented to the Committee and it remained unchanged from what was shared to the Committee in October and November 2015. The only addition was the fee to cover the debt service associated with the \$55M bond package for capital projects. Those will go into the market for sale in early February, pending State Board of Finance approval. Those student fees, for students taking 12 credit hours, represent a 1.89% increase overall. The revenue reduction as a result of low enrollment was briefly discussed and Mr. Cullen stated that they are building a budget based on flat enrollment from the reduced enrollment levels recently experienced. The only change on the expenditure side was the offset of the debt service associated with the student fee increase. The Administrative budget reductions were presented to the Committee. Within the Administration, approximately 25 positions have been eliminated, and the overall savings associated with the 25 positions on a one-time basis is \$1.934M this year and \$1.942 moving forward. This includes the corresponding decrease in property insurance, liability insurance, and fringe benefits. All divisions under the Administration met with Mr. Cullen to discuss what could be absorbed, most of the budgets are very lean.

Many departments had no vacancies. All departments participated in a 1.5% reduction of their budget to put towards the tuition shortfall.

Regent Koch inquired about the 300 positions that are not filled and are budgeted and how some of those budgeted positions are being used for operating expenses. The Regents need to be presented with all options for the budget including the number of vacancies and benefits. Regent Koch would also like to see a system for merit based compensation for faculty and use the funding from vacant positions to be allocated towards that. Regent Koch would like to know what the number is of dollars that is being allocated for the positions, and what the dollars are being used for if they are not funding salaries.

Provost Abdallah briefly discussed the issue of faculty compensation, which is an issue that Academic Affairs is constantly working on especially regarding the retention of top faculty. The idea is to reduce the gap of what the open market is for faculty hiring and what faculty members make at UNM.

Stefan Posse thanked the Regents for engaging the Faculty Senate in the budget development process and for working towards a system for merit based compensation. The Faculty Senate Budget Task Force is working on coming up with ideas for the budget and they are working on engaging the faculty in the process. The faculty is very diverse and Faculty Senate wants to make sure everyone has a change to provide feedback.

Regent Berryman stated he had several discussions with GPSA and ASUNM regarding the proposed online delivery fee modification and they appreciate that it did not go up for vote yet. They needed a little more time to obtain the student perspective and there was a misconception that everyone is against the modification. It is not the students are against it, they just need further information regarding the fee modification.

Hilary Wainwright, GPSA Council Chair, commented that the main confusion to students was if it is an online fee or an overall course fee.

Terry Babbitt stated that the number one issue that should be addressed is the use of the online learning management system that the campus uses whether the course is online or not, to the extent of 87% of the course at UNM.

Jenna Hagenruber, ASUNM President, stated that ASUNM and GPSA held a town hall on the online fee discussion on December 7, 2015. Many undergraduate students are in support of this due to the amount of online courses they take. Another town hall will be held in January 2016 to provide more information to the students.

Regent Koch would like to have a report on the proposed online delivery fee modification at the next Finance and Facilities meeting.

Regent Hosmer stated that the cap at 3% on tuition and fee increases should also be looked at as an option because it may be a good idea to increase tuition in order to fund some Academic initiatives.

11. **UNM Capital Projects Executive Summary Report.** Chris Vallejos made the presentation. Information was presented to the Committee on the UNM Capital Projects Executive Summary Report. Mr. Vallejos stated that all projects are moving forward and no projects are in yellow or red status. There were four projects in planning and programming, four in design, and six in major construction. The workload is increasing due to the institutional bond that will be issued in January 2016. The report is positive and there is a lot of work with selection of architects across all projects to begin design and construction.

Regent Lee inquired about a section of black asphalt in front of Popejoy Hall and Mr. Vallejos stated that it is in the process of being fixed within six to nine months.

12. **Popejoy Hall.** Chris Vallejos, Tom Tkach, and Tom Croston made the presentation. Information was presented to the Committee on Popejoy Hall. A short video was presented with Tom Popejoy Jr. discussing the historical perspective on Popejoy Hall and a link to the video is available in the EBook meeting materials. After the video, slides were presented to the Committee with images and information on Popejoy Hall.

Mr. Tkach comes from New Jersey and has been with the University for 19 years. He came on as the Business Manager and became Director of Popejoy two years later. In the 1950s there was a lot of discussion surrounding building a performing arts center in Albuquerque, NM. Many University and city leaders felt it was important for the city to have a performing arts center. At the time, the only performance venues in Albuquerque were the UNM Carlisle Gym and the Albuquerque Civic Auditorium. The city and the University went back and forth on who would build the center and it was not until Tom Popejoy, former UNM President, pushed for it in the 1960s. In 1964 the University and community came up with \$500K for the center, and the University funded \$2.5M from a student fee increase of about \$15 per student towards the project. Mr. Tkach stated that Popejoy Hall was opened October 1, 1966 and it was heavily underwritten by the University. It was used by a lot of community groups, such as the New Mexico Ballet Company and the New Mexico Symphony. Popejoy Hall's first director was Bill Martin. During the 1980s, the University withdrew its funding of Popejoy due to other financial obligations to UNM and Popejoy fell into decline. When Mr. Tkach became Business Manager in 1996, audiences were small and Popejoy was losing over \$1M per year. Mr. Tkach became Director in 1998 and had four main objectives he wanted to accomplish for Popejoy.

The first objective was to optimize revenue from ticket sales by introducing new programming. Under this objective, the Broadway Series was introduced in 1998-1999 with shows such as Rent, Les Miserables, The King and I, and A Funny Thing Happened on the Way to the Forum. While these shows are million dollar runs, Popejoy will typically get only 5% of that revenue. The rest of the funding goes to the producers and for royalties. Many times when these Broadway Shows are scheduled, other departments or community groups may not use the Hall because the sets and stages are set up for these specific shows.

The second objective was to maintain a state-of-the-art facility in order to attract great performances and audiences. Under this objective, Popejoy has received state funding and private contributions for renovations to the facilities, such as \$1M seat replacement, \$585K sound system upgrade, and \$94K for acoustic curtains.

The third objective was to make Popejoy accessible to all New Mexicans. Under this objective, in order to keep Popejoy accessible to all New Mexicans they host over 38,000 school kids to the campus every year, many of them their first exposure to a University campus.

The fourth objective was to convince the University that Popejoy needed to start fundraising. Under this objective, the goal was to convince the University to allow Popejoy to begin fundraising. A Research & Polling, Inc. survey was done in February 2000. On the first year of fundraising they raised approximately \$856 for Popejoy Hall, and fundraising has continually increased over the years. In 2008, the Benefactors Lounge was opened as an addition to Popejoy Hall and raises the bulk of the annual operating dollars. Couples pay \$1,500 to belong annually and they can use the lounge before the show or during intermission. The Benefactors Lounge grosses approximately \$450K per year, and nets \$400K per year after supplies and operations. The Lounge has also given Popejoy access to donors and a place for dialogue. That sound system gift came out of a conversation that occurred in the Lounge, and it gives face time with patrons who can afford to make a donation to be in the Lounge for larger donations. Operating funds are important but Popejoy has many capital needs as well.

A Feasibility Study was conducted and reached out to 225 households that contribute towards Popejoy. The study asked them why Popejoy was important and if they agreed with the vision and mission and if they would invest in its future. Popejoy's Vision is to create an exceptional experience by maintaining the facility in order to attract artists and audiences to Popejoy. The mission is to make performing arts accessible to all New Mexicans and to bring great performances. The main question of the feasibility study was what makes Popejoy Hall a unique and special place within the community. The overwhelming answer was that there is no other venue in the state to attract the types of performances that Popejoy does. A donor bequeathed an estate gift of \$300K that allowed Popejoy to complete the Benefactors Lounge Expansion. Additional projects that Popejoy would like to complete in the future include renovations to the lower level lounge for \$775K, renovations to the balcony and public lounge for \$220K, and upgraded artist facilities for \$550K. Popejoy has launched a \$1.5M campaign to provide these significant capital improvements. There were 42 feasibility study interviews and \$530K was pledged over 5 years, including a \$250K gift from Southwest Capital Bank. Margaret & Turner Branch also provided a gift of \$250K as well for capital investments.

Tom Croston was introduced to the Committee and is the President of the Popejoy Board of Directors. Mr. Croston stated that he is the Vice President for Corporate Shared Services for Gap, Inc. in Albuquerque, NM and has been with the company and a New Mexican for 10 years. He has been a seasoned ticket holder at Popejoy Hall for 10 years. When Mr. Croston first got involved with Popejoy he learned that the Board was more of a fundraising board than a governance board. The more he became involved with Popejoy he realized that it is an asset to the community. He commended Mr. Tkach, Maryellen Missik-Tow, and all of the staff at Popejoy for the remarkable work they do. Mr. Croston stated that it is important for people to know that Popejoy is University founded and community funded. Popejoy's Board recognizes the need to continue to develop the asset to protect the future and they are signing up to take on more fundraising than they ever before. The recent

audit by the University highlighted one nominal finding of Popejoy's operations which demonstrates it is a well-run operation and proves credibility to donors. Mr. Croston remains committed in supporting the further development and advancement of Popejoy Hall.

Regent Lee inquired about the size of Popejoy's stage and if it is too small to bring more technical shows to Popejoy Hall.

Mr. Tkach stated that the size of the stage can delay certain shows from coming to Popejoy because it does take time for it to be reworked for the stage house. Eventually they would like to expand the stage house to get the larger shows to come to Popejoy. Expanding the stage would be \$2.5M if not more and would be difficult to accomplish without funding from the state or other sources. The expansion would run into the loading zone and currently that is a small space. They would need to identify a space for unloading trucks if they expand into that area.

- 13. Branding Initiative Update.** Cinnamon Blair made the presentation. An update was presented to the Committee on the branding initiative. Progress to date was briefly discussed. The University began the initiative in June 2015 and an RFP was issued for institution branding and marketing services. On September 4, 2015 a contract was awarded to 160over90 agency. The branding initiative is in the discovery phase and all of the University's existing research material and past collateral was given to the agency. The 160over90 team visited campus in October 2015 for four days and personally interviewed over 300 students, faculty, staff, administrators, alumni, community partners, Regents, and city and state leaders. A Brand Discovery Questionnaire was sent out to the entire University community to engage people who were not interviewed, and they received over 450 responses. The agency talked to donors, went on campus architectural tours, attended games, pep-rallies, and were immersed in the campus community. The agency came to the Brand Steering Committee on November 10, 2015 with the brand strategy to confirm that the insights leading the development of the creative work were on target. The Brand Steering Committee consists of 17 students, faculty, and staff from all over campus.

Ms. Blair briefly presented some discovery themes for the University of New Mexico, which included a sense of place, geography, climate, location, that the University is historically rooted, and the rich past is very important. Diversity is important, not just culturally but also socially and intellectually; we do more with less and have an adventurous spirit. UNM is viewed as the people's university and is the heartbeat of the state. UNM is a place where people can be themselves and explore their ideas. UNM is inextricably tied to the state of New Mexico. Things are done intentionally here and not by accident, and the connection to the land, culture, and people is what makes UNM distinctive. There was also a theme that the University is understated and does not tell its story well because of poor self-concept. The University is too humble at times. Trying to take pride in ownership with the University will be important to the branding initiative. The University is often seen as fragmented so without a unified brand concept is it easy to lose sight of the big picture. Finally, a major discovery theme was that the University is at a crossroads and on the edge of who it wants to be, and has the power to move forward.

Terry Babbitt stated that the branding initiative will be crucial to future enrollment at UNM.

COMMENTS:

None.

EXECUTIVE SESSION:

A. Vote to close the meeting and proceed into executive session.

Regent Koch moved to proceed into Executive Session at 12:06 p.m. and Regent Berryman seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.

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

C. Discussion and determination where appropriate of matters involving only one source or contents of competitive sealed proposals under the procurement code, *pursuant to Section 10-15-1 H (6), NMSA (1978)*.

D. Vote to re-open the meeting.

Regent Koch moved to re-open the meeting at 12:25 p.m. and Regent Lee seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.

E. Certification that only those matters described in paragraph B and C above were discussed in executive session, and any matters discussed in executive session will, if necessary, be subsequently ratified in the open session of the public meeting.

Regent Koch moved to adjourn at 12:27 p.m., and Regent Lee seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.