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August 8, 2017 Finance and Facilities (F&F) Committee Meeting

Senior Vice President for Finance and Administration

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THE UNIVERSITY OF NEW MEXICO
Board of Regents' Finance and Facilities Committee (F&F)
August 8, 2017 – Meeting Summary

Committee Members Present: Regent Marron Lee, Regent Robert Doughty, and Regent Alex Romero.

Committee Members Absent: Regent Tom Clifford.

Administration Present: Chaouki Abdallah, Interim President, Liz Metzger, University Controller.

Administration Absent: David W. Harris, EVP for Administration.

Presenters in Attendance: Andeelynn Doane, Captain, ROTC Air Force Unit; Chris Vallejos, AVP, ISS; Elizabeth Kuuttila, President, CEO & Chief Economic Development Officer, STC.UNM; Janice Ruggiero, Interim VP, Athletics; Joanna Katzman, Professor, SOM Neurosurgery; Howard Yonas, Chair, SOM Neurosurgery; Kurt Nolte, Professor, OMI; Michael Riley, Commanding Officer, ROTC Navy Unit; Lisa Marbury, Executive Director, ISS; Lisa McKay, Lieutenant Colonel, ROTC Army Unit; Melanie Sparks, Executive Director, ISS; Steve McKernan, CEO, UNM Health Systems; Tim Gutierrez, AVP, Student Services; Wendy Stires, Senior Associate VP Development, UNM Foundation

ACTION ITEMS:

- 1. Call to Order, Confirmation of a Quorum, and Adoption of Agenda.** Chairperson Marron Lee called the meeting to order at 12:38 p.m. in Scholes Hall, Roberts Room, and confirmed that a quorum was established. Chairperson Lee recommended removing item 5 from the agenda, to be presented at the September meeting. Chairperson Lee clarified that item 6 appeared in the E-book but not on the agenda. **Regent Romero moved to approve the amended agenda and Regent Doughty seconded. The motion passed by unanimous vote.**
- 2. Finance and Facilities Committee Meeting Summary from June 6, 2017.** **Regent Romero moved to approve and Regent Doughty seconded. The motion passed by unanimous vote.**
- 3. Approval of Capital Outlay Re-Submission to the Higher Education Department.** Lisa Marbury, Tim Gutierrez, Kurt Nolte, and Steve McKernan made the presentation. President Abdallah stated that feedback from HED led to requested changes to the original submission.

Ms. Marbury summarized changes from the original submission: College of Fine Arts renewal and replacement was reduced to \$1.5M to be coming from STB funds instead (more appropriate for planning than long term GO bonds); \$7M GO request for the ROTC Complex; \$6M for a Pre-Anesthesia clinic; \$8M for a Community Based Comprehensive Care Clinic; UNM-Gallup withdrew a \$1.5M request for a Career Technical Education Center. The Chemistry Phase II GO request remained at \$16M and was very well received by the Capital Outlay committee. They also have a \$3.4M request coming from STB or general fund monies for equipment replacement.

Mr. McKernan presented the information regarding the clinics, which will serve a broader interest than just UNM Hospital. The Primary Care Clinic is comprehensive and has a large psychiatric component and behavioral health component that would better deal with opiate addiction state-wide. The clinic would also help spread this methodology around the state of New Mexico. The Pre-Anesthesia clinic would help prepare patients whose health is not yet ready to have necessary surgery; putting those patients under anesthesia with complicated medical situations has significantly higher risk for infection and readmission to the hospital. The clinic would teach best practices for preparing a person for surgery before they actually go under anesthesia, to get the best outcomes.

Regent Romero inquired about whether these items were included in the initial request.

Mr. McKernan responded that these items were not in the initial request but have been on the University's list for a long time. The original request for Nursing was removed in favor of projects that could have state-wide teaching opportunities.

Regent Lee responded that the opioid issue, and the fact that the adolescent addiction program at Turquoise Lodge has closed, have statewide ramifications.

Dr. Kurt Nolte presented information on the request to update and replace the Advanced Imaging Modalities at OMI, specifically an aging CT scanner and an aging MR scanner. The MR scanner, which is used to evaluate abusive pediatric head trauma, other forms of head trauma, congenital heart disease, and for research, is fifteen years old and as of December 1st this year Siemens will no longer provide a service contract. The CT scanner is used harder than any other Phillips scanner in North America and is starting to fail on a repetitive basis. The purchase price is approximately \$1.4M for the CT scanner and \$2M for the MR scanner.

Regent Romero inquired about delivery time once the order on the scanners is placed.

Mr. McKernan responded the turnaround time could vary. The last time this type of equipment was purchased, in 2010, it took about three or four months.

Mr. Gutierrez presented on the request for new ROTC facilities. The buildings for Army, Navy, and Air Force ROTC are old (up to 70 years) and require large amounts in maintenance. There are few universities in the nation that have all three ROTC programs. In the process of renegotiating agreements across all services, the Commanders have noted that if UNM wants to continue to host them here, they believe it is very important to look at the facilities. The Commanders are meeting their mission to get 15 to 17 officers commissioned a year. The Commanders from each of the units spoke about their programs.

Captain Michael Riley Commanding Officer of ROTC Navy Unit stated that he has a special interest in this unit since he graduated from this unit in 1990, and his executive officer graduated from this unit in 1998, and it was in the same building. Captain Riley also stated that the construction engineers have looked at it and the back wall in one of the buildings is actually collapsing. The Navy has been here for 75 years continuously on this campus. They have produced 7 Navy Admirals, 3 Marine Corps Generals, and 1,800 commissioned

officers. They are still one of the largest sources for Hispanic naval officers' nationwide and that includes the naval academy. The Navy spends \$2.1M at UNM every year, including nearly \$1M in scholarships and stipends.

Regent Lee commented that they receive great accolades for what the ROTC programs do and the individuals they support, and acknowledged the problem of crumbling physical facilities. Similar to Honors College, we have great programming and great people but our physical facilities need work. Regent Lee supports this.

Colonel Lisa McKay spoke on behalf of the Army unit. Their program is slightly larger than the Navy and Air Force combined, with close to 100 cadets enrolled in the program. They focus on producing scholar athlete leaders. They are producing the future Army officers for the Nation and the leaders of our country. They recruit students to the University and contribute so much to graduation rates, but their facilities are underwhelming. The many opportunities for their cadets absolutely focus on academics, which is their top priority, and leadership skills. They could really benefit from a combined building to have shared facilities.

Captain Andeelynn Doane presented on behalf of the Air Force unit. Captain Doane focuses on recruitment and the facilities are not impressive when cadets visit for interviews. The facility as a house structure is very difficult in matters of protecting personal information when they have conversations among the staff. A combined facility would allow inter-service relations to benefit greatly and would help recruit cadets and their families to UNM.

Mr. Gutierrez stated that the units also produce close to 3,000 credit hours and noted that instruction is basically free since it is done by the members of the military program. The program and the reputation that these units bring to the University are great.

Regent Romero asked Mr. Gutierrez to explain the dollars that are coming into the University from the three areas.

Mr. Gutierrez stated that the money coming in to the University is made up of scholarships, stipends and military staff.

Regent Doughty moved to approve and Regent Romero seconded. The motion passed by unanimous vote.

4. Approval of Lobo Development Corporation Board of Directors Reappointments.

Chris Vallejos made the presentation, requesting approval of three board members for the Lobo Development: Louis Abruzzo, Stephen Ciepiela and Maria Griego-Raby. All three of these individuals have participated on the Lobo Development Board for a number of years and are very active in the community.

There were no questions or comments from the Regents.

Regent Romero moved to approve and Regent Lee seconded. The motion passed by unanimous vote.

5. ~~**Approval of FY 19 Research and Public Service Projects (RPSP).**~~ Item was removed from the agenda.
6. **Approval of STC.UNM Board of Directors Appointments.** Lisa Kuuttila made the presentation, requesting approval of two members to the STC Board of Directors. Julie Coonrod would be appointed as the Academic Dean recommended by the President, and approved by the STC nominating committee and also the STC Board of Directors. Joe Cecchi, who was a long time board member but now retired from the Dean position, would be appointed as a UNM Member.

There were no questions or comments from the Regents.

Regent Romero moved to approve and Regent Lee seconded. The motion passed by unanimous vote.

7. **Approval of Proposed Naming Plan for Collaboration Spaces at the Lobo Rainforest Building.** Lisa Kuuttila and Wendy Stires made the presentation on the proposed naming plan. According to Regents' Policy 2.11, plans for naming outdoor spaces require Regents' approval in advance of soliciting for that particular space. The naming plan has been approved by the UNM naming committee. Ms. Stires stated that they have been quite successful on a number of sales for the space, which they will be hearing about soon.

Regent Romero inquired about the total amount of all those opportunities.

Ms. Stires stated that it is close to \$900,000 total.

There were no further questions from the Regents.

Regent Romero moved to approve and Regent Doughty seconded. The motion passed by unanimous vote.

8. **Approval of Naming Committee Requests:**

1. **Pre-Approval to Rename the Great Friends of Track Stadium.** Elizabeth Washburn and Janice Ruggiero made the presentation. Regents' approval was requested for the Naming Request from the Athletics department for preapproval to rename the Great Friends of Track Stadium.

Regent Lee clarified whether they are renaming it track Great Friends of Track or something else.

Ms. Ruggiero confirmed that the Great Friends of Track Stadium is the current name and they have potential donor.

Ms. Washburn stated once the funding is secured, the naming committee will resubmit the request for final Regents' approval. This request was only for pre-approval.

Regent Doughty moved to approve and Regent Romero seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.

2. Creation and Naming of Center for Kinesio Taping Methods. Elizabeth Washburn, Howard Yonas, and Joanna Katzman made the presentation. Dr. Yonas stated Joanna Katzman is the head of the program under her department. Ms. Katzman has built a relationship with Dr. Kase, the President & CEO of the Taping company. These tapings are used around the world. The Taping company has been used in the Olympics and are used in academic sports center all over the world. Their corporate headquarters are in Albuquerque, NM. Ms. Katzman has built a relationship with the owner of the company and they would like the opportunity to work with UNM to add this Center. They are seeking a naming relationship in the Pain Center and requesting the naming to be the Center for Kinesio Taping Methods as a part of their Pain Center.

Regent Lee inquired if anyone from Kinesio was present. Dr. Kase was not present due to a prior engagement. Regent Lee also inquired if Dr. Kase would be at the Full Board of Regents meeting.

There were no further questions or comments from the Regents.

Regent Doughty moved to approve and Regent Romero 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.** Regent Lee recommended that item number 7.2 be added to the Full Board of Regents' agenda if a representative from the Center for Kinesio Taping can be present. If they are not able to attend then the item should be added as a consent item. Regent Lee recommended items 1, 2, 4, 6, and 7.1 to be placed on the Full Board of Regents' consent agenda, along with the minutes.

Regent Romero moved to approve and Regent Doughty seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.

INFORMATION ITEMS:

- 10. Discussion and Report on UNM Taproom Initiatives and Capital Investment Funding.** Chris Vallejos and Melanie Sparks made the presentation.

Ms. Sparks provided background information for Regent Romero. In 2016, there was a Grass Roots Initiative led primarily by students. Two passionate students, Gus Pedrotty and Sara Collins had a vision for this taproom. ISS and Food Services engaged with them to vet the concept through. They did exhaustive research and vetted the proposal with all the constituencies from campus including policy, legal, SRS, student affairs, faculty staff students, and also the surrounding community. A committee was formed which included ISS, Food Services with Chanel Weise, VP of Student Affairs Walt Miller, Chartwells, ASUNM

and GPSA. In spring 2017, Gus and Sara approached the School of Architecture to take on a project for the design of the space. From there the SOA established a class for one semester to come up with three optional designs, all located within the SUB. The cost of the conceptual drawings are estimated at about \$900K. The planning, designing and construction team then examined the drawings and applied their expertise of building codes, requirements, materials, labor, equipment, and project costs. Chartwells added the food component which came out to be \$1.3M.

Regent Romero inquired if it was possible to go out and find a sponsor without going through the current provider.

Ms. Sparks stated that Chartwells is the food service provider and they want to be part of this project. The concept of the taproom is to partner with beer makers and have those on tap.

Regent Romero stated he would think that there would be a lot of interest from various groups within the community.

Mr. Vallejos stated through conversations with the Brewers Guild, that a huge initial capital investment is probably the largest constraint. The local taprooms are already fully invested in the community.

Regent Romero added that this has been done all around country and there is probably existing research on the pros and cons on this type of project.

Ms. Sparks stated that Chartwells runs several taprooms throughout the country and are considered actively engaged. Much of the planning has been modeled after the tap room at Colorado State University, because they seem to have a very successful concept.

Mr. Vallejos also confirmed that Colorado State has a very robust program and they did model a lot of their concepts after them. It is very robust part of their student union, part of the culture within the institution. It would take some time to build that here at the University but the location they have chosen is really trying to engage the community as A.R.T gets complete and they start seeing their community partners. The Brewer's Guild is optimistic about the program and has said it would be a great opportunity for us to put on the map as places for people to come visit when they are in the City of Albuquerque.

Regent Lee asked what the next steps would be.

Mr. Vallejos stated finding funding would be the first step. Mr. Vallejos has overseeing capital projects for about 10 years on this campus and this is one project that has had great engagement from the students and community.

Regent Romero inquired if they would do some kind of pro forma.

Ms. Sparks explained that they are currently in that stage of planning. They can reprioritize some numbers they can modify parts, but \$1.3M is the current estimated cost.

Regent Romero stated it would give them a better feel for where the various pieces are.

Ms. Sparks stated right now without jeopardizing the current contract they can reconfigure \$300K, however, that still leaves a balance of \$1M.

Regent Lee stated if the community is engaged and the Regents want it, it will help us grow our core within the community, and no longer be viewed as a commuter college.

Regent Romero asked if we are the last to get into this type of business with the folks that are at our side.

Mr. Vallejos stated he does not believe so.

- 11. Report on Athletics.** Janice Ruggiero and Chris Vallejos made the presentation. Janice Ruggiero provided an informational update to the Committee on Athletics. Ms. Ruggiero stated it has been really busy year, and has hired a lot of coaches. They had to replace the entire Softball staff. In addition to that they have hired assistant coaches for Football, Men's Basketball, Men's Soccer, and, Women's Swimming. They are trying to help them get acclimated to all the different department policies within the community and within the University. They have met with all the head coaches to ensure with they have been given their FY18 budgets and have told them they ought to stay within budget. Their business office covers a lot of different transactions and their financial analyst has resigned. They will be looking to hire a CFO they will also replace that individual and then make sure their business office is correctly staffed. There is an ongoing special audit with the business office. Along those lines there have been numerous IPRA requests that need to be coordinated with several departments. Lastly they looked closely at the MOU with the Hospital and with that they have a clinic within their training room.

Regent Doughty wanted to thank Ms. Ruggiero for serving in this position during a difficult transition period and commended her work.

Regent Romero also thanked Ms. Ruggiero and said there were a lot of challenges that she has had to deal with. He also inquired about the search for a financial analyst and the editorial in the paper stating that we have not had that position in 2 years.

Ms. Ruggiero clarified it has been about a year and a half. They had an individual that was in there for a short period of time and then she took another job. Due to budget constraints, we held off on replacing the CFO.

Regent Romero stated that part of the challenge is to ensure that there are no upcoming surprises.

Mr. Vallejos stated he has been assessing the Athletics Department for the past 3 weeks. Mr. Vallejos has been doing a lot of interviews, checking in with facilities, assisting with recruiting efforts for coaches and sports administrators. There are a couple of things being concentrated on, including our relationship between athletics and the Lobo Club and with fundraising and suite sales. There has been good cooperation between athletics and the UNM Foundation. Henry Nemcik and his team are looking at that relationship and finding ways to

improve fundraising and become more strategic for internal controls. Secondly, we are trying to build a budget from the ground up. The approximate budget for athletics is \$33.4M budget with 22 sport teams. He and his team are formulating the budgets, and allocating costs and revenues by sport in order identify what it really is costing them to run the University of New Mexico Athletics program. Risk analysis will be performed to show where the risks are in the Athletics in terms of revenues and expenses.

Regent Doughty inquired about the Lobo Club and if there is an analysis being done. He also inquired if there an analysis is being done on the Lobo Club and its relationship to the UNM Foundation.

Mr. Vallejos explained analysis is being done based on ongoing observations and interviews. He stated he will be giving his opinion on the relationship between the Lobo Club, UNM Foundation and Athletics at a later date. Further discussion will need to take place with regard to the later question because there are MOA's currently in place between the Lobo Club and Athletics. Mr. Vallejos stated he has not spent much time working on the UNM Foundation and Lobo Club. He explained his first few weeks at Athletics was focused primarily on the Lobo Club and Athletics, and on operational and fundraising goals.

Regent Doughty stated an analysis should be conducted on all three entities.

President Abdallah commented they are in the process of conducting analysis. They have lawyers on both sides that are looking at the MOA's between the Foundation and UNM, and Lobo Club and UNM. A report on the analysis will be given to the Regents as we get closer to a conclusion.

Regent Romero commented that this is a great opportunity to look at everything and strengthen those areas. We should be able to understand the business model and how it flows once it is completed.

Regent Lee stated that coaches at Athletics also fundraise and this needs to be taken into account with other entities that are raising money to benefit one of the largest sections of the University. We expect student athletes to excel on the field and academically, therefore, Athletics should excel as a business.

Mr. Vallejos stated they have had similar conversations at Athletics as they have on main campus and probably at HSC and Branch Campuses. The business model needs to shift in a way to increase clientele and be able to match earned revenue with controlled expenses.

Regent Lee inquired if there have been any discussions about a possible sports annex to house the 22 sport teams in one location.

Ms. Ruggiero responded that there have been discussions regarding this matter, however, it has been difficult finding the right space to house the group in one area.

COMMENTS:

Justine Andrews, Associate Professor of Art History, provided comment on the need to update the facilities at the College of Fine Arts.

Patrick Manning, Associate Professor of Art History, also provided comments on the need for updated facilities for the college of fine Arts.

EXECUTIVE SESSION:

There was no executive session.

Regent Lee moved to adjourn at 1:59 p.m. and Regent Romero seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.