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University of New Mexico Board of Regents Minutes for May 7, 2015

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Minutes of the Meeting of the Board of Regents of the University of New Mexico
BUDGET APPROVAL
May 7, 2015
Student Union Building, Ballroom C

Members present

Robert M. Doughty, Vice President; Bradley C. Hosmer, Sec. Treasurer; James H. Koch; Marron Lee; Suzanne Quillen; Heidi Overton

Members absent

Jack L. Fortner

Administration present

Robert G. Frank, President; David Harris, EVP of Administration, COO, CFO; Chaouki Abdallah, Provost and EVP for Academic Affairs; Paul Roth, Chancellor for Health Sciences; Steve McKernan, CEO UNM Hospitals; Elsa Cole, University Counsel; Ava Lovell, Sr. Exec. Officer of Finance and Administration, HSC; Michael Dougher, Sr. Vice Provost and VP Research and Economic Development; Dorothy Anderson, VP HR; Helen Gonzales, Chief Compliance Officer; Eliseo 'Cheo' Torres, VP Student Affairs; Pamina Deutsch, Director Policy Office

Regents' Advisors present

Brian Colón, Alumni Association; Reneé Delgado-Riley, Staff Council; Pamela Pyle, Faculty Senate; Texanna Martin, GPSA; Rachel Williams, ASUNM; Bill Miller, Retiree Association

Presenters in attendance

Andrew Cullen, AVP, Planning, Budget and Analysis; Chris Vallejos, AVP Business Planning and Services; Melanie Sparks, Executive Project Director, Institutional Support Services; Matt Muñoz, Government Relations Specialist; Craig White, Dean Anderson School of Management; Mark Peceny, Dean College of Arts and Sciences; Ella Watt, Administrator and CFO, UNMH; George Williford, UNM Financial Advisor and with First Southwest; Katherine Creagan, Attorney, Modrall Sperling; Duane Brown, Attorney, Modrall Sperling; Laura Musselwhite, Dean of Instruction, UNM Valencia; Laura Blalock, HIT Program Coordinator, Lecturer, UNM Gallup

Others in attendance

Members of the administration, faculty, staff, students, the media and others

CONFIRMATION OF PRIOR SPECIAL MEETINGS IN EXECUTIVE SESSION

The Board of Regents met in a joint closed session with the Health Sciences Center Board of Directors on April 22, 2015 from 1:00 to 4:15 PM in Room 3010 of the Domenici Center for purposes of the discussion and decision, if appropriate, of strategic plans or trade secrets of public hospitals as permitted by Section 10-15-1H(9) of the Open Meetings Act (NMSA 1978). Members present were Robert Doughty, Jack Fortner, Bradley Hosmer, Jamie Koch, Marron Lee, and Heidi Overton. Regent Suzanne Quillen attended by phone. Members of the Health Sciences Center Board of Directors were also present. President Bob Frank, Provost Chaouki Abdallah, EVP David Harris, University Counsel Elsa Cole, HSC Chancellor Paul Roth, Physician-in-Chief Michael Richards, UNM Hospitals CEO Steve McKernan, and others from Administration were present. The matters discussed at the meeting were limited to those matters specified in the notice and agenda for the meeting. There were no items on which action was taken.

The Board of Regents met in closed session on May 7, 2015 from 7:50 to 9:00 AM in the Cherry Silver Room of the Student Union Building for discussion only of limited personnel matters as permitted by Section 10-15-1H(2) of the Open Meetings Act (NMSA 1978). Members present were Robert Doughty, Bradley Hosmer, Suzanne Quillen, Marron Lee, Heidi Overton, and Jamie Koch. Regent Jack Fortner was not present. The matters discussed at the meeting were limited to those specified in the notice and agenda for the meeting.

CALL TO ORDER, CONFIRMATION OF A QUORUM AND APPROVAL OF THE AGENDA

Regent Vice President Doughty called the meeting to order at 9:13 AM. A quorum was confirmed. Regent Doughty announced one modification to the agenda: removal of item III, Appointments to Committees and Boards.

The motion to approve the agenda as modified passed by unanimous vote (1st Doughty; 2nd Overton).

APPROVAL OF MINUTES

The motion to approve the minutes of the April 10, 2015 regular meeting passed by unanimous vote (1st Lee; 2nd Hosmer).

THE PRESIDENT'S ADMINISTRATIVE REPORT

President Robert Frank provided his administrative report to the Board. Graduation is a celebratory time at the University; UNM is one of the most diverse flagship universities in the country with a minority-majority student body and is designated as a Hispanic-serving institution. The goal of the University is to blend access, affordability, and value while focusing on degree completion. President Frank commented on the identity of the University and the aspiration to have a few simple words that describe the institution as a whole. The Administration hopes to focus on distilling these key words, with the goal of better defining the University's identity. Often, Athletics and the Health Science Center are at the forefront of people's awareness of UNM and people are less aware of Main Campus as part of UNM's identity. President Frank's office hopes to come up with key words, which inclusively signify the whole university and include a focus on faculty and programs.

President Frank highlighted the recent successes of several UNM faculty members: Dr. Mala Htun, Associate Professor of Political Science, was awarded the prestigious Andrew Carnegie Fellowship in its inaugural year; Katherine Crawford-Garrett, Assistant Professor of Teacher Education, was awarded a Fulbright to New Zealand; Ruth Trinidad-Galvan, Associate Professor of Language, Literacy, and Sociocultural Studies, was awarded a Fulbright to Mexico; Dan Quinn, Assistant Professor of Chemistry, received a CAREER Award in photovoltaics; and Daniel Phazelle, Assistant Professor of Electrical and Computer Engineering, received a CAREER Award in laser arrays. President Frank highlighted recent events in UNM Athletics. The Men's and Women's Tennis Teams went to the NCAA tournaments and the Golf Team advanced to the number four seed.

Commencement ceremonies will be May 8 and 9. There will be 3,500 students graduating, with 2,000 Bachelor's Degrees, 567 Master's Degrees, and 361 Doctoral Degrees. Kathleen Kennedy Townsend will be the keynote speaker at the Graduate Ceremony. Jim Hinton, CEO of Presbyterian, will be the keynote speaker at the Undergraduate Ceremony.

COMMENTS FROM REGENTS

Student Regent Overton thanked those present for the eight years she has been at the University as a student and for the past 2 years as a Regent. Ten years ago, the Combined BA/MD program was just a proposal, and this May, Regent Overton graduates in the second cohort of that program. Her residency will be at Johns Hopkins, in general surgery, and she plans to return to UNM after her residency to work in the UNM Hospital Cancer Center. Regent Overton congratulated everyone on the investments and contributions that have been made to ensure student success, including through programs like the Combined BA/MD program. She encouraged continued stewardship of vision, opportunity and education while keeping site of the most important thing, investment in students. Regent Koch commended Regent Overton for her accomplishments and her time as Student Regent.

BUDGET APPROVAL – FY2015/2016 UNM Consolidated Budget and FY2014/2015 Budget Adjustment Request (BAR)

Andrew Cullen introduced the item. The approved consolidated budget will be submitted to the Higher Education Department (HED). Mr. Cullen presented summaries of the FY2015/2016 budgets for Main Campus, the Branch Campuses, and the Consolidated Budget. The Main Campus budget of \$839 million is 0.7% over FY15 budget; tuition will increase 3% and fees will increase 4.66% for combined weighted increase of approximately 3.37%. The Branch Campuses budgets, totaling \$51.569 K, are a 4.1% increase

over last year's budget. The overall growth within the Branches is in research and public service. Tuition increases at the branches range from 4.17% to 7.26%, but enrollments are declining at the branches, so tuition and fee revenues and state appropriations are down. The UNM consolidated budget of \$2.799 million, which includes Health Sciences, is a 7.7% increase over last year's budget, equating to a roughly \$200 million increase, primarily attributable to the Health Sciences Center. (Exhibit A)

Ava Lovell presented the budget for the Health Sciences Center. There are two types of businesses, the academic side, which is about 20%, and the clinical side. Tuition and fees are 0.8% of the budget. Overall, the budget is a breakeven budget. (Exhibit B)

Motion to approve FY2015/2016 UNM Consolidated Budget passed unanimously (1st Koch; 2nd Hosmer).

Andrew Cullen introduced the FY2014/2015 Budget Adjustment Request (BAR). The BAR is for Main Campus, Branch Campuses and the Health Sciences Center, and is a document that must be submitted to the Higher Education Department. Mr. Cullen presented for Main Campus. The revisions for FY2014/2015 are driven by changes in a few broad categories that include a change in revenue projections, the use of reserves for one-time expenditures, and an increase in contract and grant activity. The overall change is a favorable \$2.7 million, due primarily to transfers with the Branches and Health Sciences in the plant area. The largest impact is the net increase in plant fund revenues and the net increase in expenditures related to that, which is due to the refunding of two bond issues. The original bonds needed to be paid off, which affected the expenditure side, and the revenue associated with the new bonds is also booked.

The Branch Campuses have an overall favorable change of \$2.5 million to net revenues. The drivers were the use of reserves to fund fixed cost increases and additionally some institutional support specifically at the Gallup Branch.

Ava Lovell addressed the BAR for Health Sciences; HED requires the BAR only for the academic enterprise and the hospitals. For the academic enterprise, the total net change is a positive \$4.9 million, which is under 1% of the total \$602 million academic budget. The drivers were an increase in revenue due to patient care revenue of \$16.6 million, offset by increased expenditures of \$12.1 million, also due to increased patient volume. For the hospitals, the net favorable increase is \$6.3 million, attributable to an increase in expenses due to patient volume of \$92.1 million, offset by an increase in revenues of \$98.4 million. This is 0.7% increase on the \$848 million budget.

Motion to approve FY 2014/2015 Budget Adjustment Requests passed unanimously (1st Koch; 2nd Quillen).

REGENT COMMITTEE REPORTS

FINANCE AND FACILITIES COMMITTEE

Regent Koch read the following consent items and motioned approval:

- a. Agenda item number 1, Approval of the quarterly Fiscal Watch Report
- b. Agenda item number 2, Approval of the Disposition of Surplus Property for Main Campus on lists dated March 23 and April 20, 2015
- c. Agenda item number 4, Approval of Capital Project for UNM Taos Core Drainage, Landscaping and Site Lighting
- d. Agenda item number 5, Approval of Lobo Development Corporation Annual Meeting Minutes and External Audit for FY3-14
- e. Agenda item number 6, Approval of Lobo Energy, Inc. Annual Meeting Minutes, External Audit for FY13-14
- f. Agenda item number 8, Approval of Memorandum of Agreement among the Regents of UNM, the UNM Foundation, Inc. and the UNM Lobo Club, Inc.

The motion to approve the consent items 1, 2, 4, 5, 6, and 8 on the Finance and Facilities Committee agenda passed by unanimous vote (1st Koch; 2nd Lee).

Contract Approval: Institution Services Dining Services RFP – Compass Group USA (Chartwells Division)

Bruce Cherrin, Chris Vallejos, and Melanie Sparks gave the presentation. Regents' approval was requested for the Institution Services Dining Services contract with Compass Group USA (Chartwells Division). Ms. Sparks outlined the process of choosing Compass Group USA (Chartwells Division) as the Institutional Dining Services provider for UNM, noting that in putting together the RFP a committee of diverse constituencies (students, faculty & staff) was convened. Three primary areas emerged for the RFP: programs and services, capital investment, and the financial package. Key changes already being implemented by Compass Group USA (Chartwells Division), which is the current UNM provider, speak to the priorities of the RFP committee. These changes include keeping the main dining facility, La Posada, open 24 hours a day to better meet student needs, making La Posada more networked (eg. wifi), and a collaboration with Athletics to provide healthy food to athletes, many of whose schedules are demanding.

In relation to capital investment, the RFP brought forward ideas regarding renovation and refreshing of multiple dining facilities on campus, with which the committee was pleased. Three companies bid on the RFP, bids were scored independently. Unanimously, based on these scores, the committee advises the Board of Regents to move forward with Compass Group USA (Chartwells Division) as the Food Service Provider for UNM. Food Service is a large contract with up to \$20 million in gross sales per year on the campus. Compass Group USA (Chartwells Division) came forward with a \$3.925 million capital investment in their proposal that will be put back into the facilities. The contract includes guaranteed commissions coming back to the institution to use in running the program, putting money into capital investments, and continued refreshment of venues across campus. Additionally, the Compass Group USA (Chartwells Division) contract offers a \$1.1 million signing bonus.

Motion to approve the dining services contract with Compass Group USA passed by unanimous vote (1st Koch; 2nd Lee).

Approval of Capital Outlay Submission to the Higher Education Department

Andrew Cullen and Ava Lovell presented the material. Capital outlay recommendations from all higher education institutions in the State must be submitted to the Higher Education Department (HED) by June 1. The University has significant facility renewal needs across all of the campuses. The University has some bonding capacity as noted on the document submitted for approval. Mr. Cullen noted the Health Sciences Center also has a 5-year capital outlay plan for approval, and it was agreed that both outlay plans would be combined for approval.

Regent Doughty confirmed with Mr. Cullen that Board of Regent approval of the outlay plans is a requirement by the HED, and the approval today does not lock the University into movement with regard to any facility on the list.

During discussion, Regent Hosmer suggested in the course of the capital outlay planning, that advantage be taken of the 4-year planning budget, and push basic anticipated capital outlay expectations into the future to account for how capital outlays will unfold and reach conclusions for the major investment projects.

Motion to approve the HED 5-year Capital Outlay Plan for the Health Sciences Center and approve the Capital Outlay Submission to the Higher Education Department as submitted through the Finance and Facilities Committee passed by unanimous vote (1st Koch; 2nd Lee).

Action item - Status Report on the Relationship between UNM and the UNM Alumni Association

Brian Colón, President of the Alumni Association, addressed the relationship between UNM and the Alumni Association, which has 175,000 members. Regent Koch gave a brief history of the Alumni Association, noting that it has not come before the Regents in 7 or 8 years, which is why he requested they present today. Dr. Karen Abraham, who has been with the Alumni Association for many years, is moving on. Brian Colón expressed gratitude toward Dr. Abraham for her many years of work.

The current MOU was originally entered into in 2000, and Colón believes renewal will ensure continued cooperation and success. Colón presented a summary of the key goals and work of the Alumni Association. The Alumni Association and Alumni Relations Office focus on continued engagement and

relationship building in order to facilitate long-term advocacy opportunities. The Alumni Association promotes government relations with projects such as Lobo Living Room and Lobos for Legislation and uses the Association's independent voice to support the University in the media. The Alumni Association is an independent voice that supports the mission of the University, advancing the university agenda through its work as an all-volunteer, non-profit organization. The Alumni Relations office is a UNM funded office that supports the University's relationships with its Alumni and all efforts of the Alumni Association.

Brian Colón presented a comparison of the University's investment in the Alumni Relations office over a 15-year period. The Alumni Relations office budget was \$634 K in 2000, and currently is \$667 K. This budget illustrates the ability of the Alumni Relations office and Alumni Association to withstand lots of change. The Alumni Association has engaged in enterprise through revenue producing programs to provide consistent income. Brian Colón presented on the Alumni Association's FY2013-2014 revenue and expenses. Addressing the Alumni Association's financials, royalties, programs and merchandise sales represented \$461 K in operating revenue; operating expenses were \$748 K. Operating revenue was supplemented by non-operating revenue of \$1.1 million from returns on the Association's independent holdings of around \$10 million (\$7 million in endowment and \$1 million with the Foundation), giving the Association a positive net revenue of \$821 K for FY14.

The endowment balance at the UNM Foundation as of December 31, 2014 was \$844 K. Distributions during FY 2015 from these holdings were \$31 K, for scholarships, repairs to Hodgkin Hall and the Chapel. Operating revenues are generated primarily through programs such as credit cards, license plates, and through the Mirage magazine.

Regent Koch requested that Colón speak about the capital investments made by the Alumni Association. Brian Colón addressed the \$2.5 million in capital investments made by the Alumni Association over the past five years, with the support of President Frank. These include the 'U' that sits on Hodgkin Hall plaza and renovation of the Chapel. Colón explained the structure and membership of the Alumni Board and its committees. The association is currently in the process of processing an RFP for management of its investments.

Regent Koch requested further information on the license plate program and the royalties with the UNM logo. The Alumni Association and the athletics program share income on the license plate program and royalties with the UNM logo. All proceeds are split 50/50, and there are the same revenues streams on both pieces, about \$850 K over the past 5 years in each program. Regent Koch requested the Alumni Association look into separating these two programs, and Brian Colón confirmed that they would be happy to enter into that conversation.

The Current MOU in place was provided as a handout to the Regents with revisions, noted as house-keeping updates, including updating the dates and changing the VP of Advancement title as that position no longer exists. The only quasi-substantive change is an increase in the time for notice of termination of the MOU, the Association has asked for more notice than in the previous MOU.

President Frank expressed concern at not having reviewed the changes to the MOU ahead of time. Regent Koch noted that the motion included President Frank's assistance in reviewing updates.

Motion to accept the Memorandum of Understanding between UNM and the UNM Alumni Association and that it be updated with Bob Frank's assistance passed by unanimous vote (1st Koch; 2nd Lee).

Information item - Capital Facility Improvement Plan

Andrew Cullen made the presentation. The primary purpose for this information-only item is to begin discussions that administration and academic leadership will need to have with the Regents. Discussions will also need to take place with students, because there is potential impact to student fees. Mr. Cullen emphasized discussions need to be around what is important for faculty and students. There are four or five buildings that could greatly improve both the academic experience and the student life component for students on campus. There have been discussions for about 10 years regarding the need to replace the Physics and Astronomy Building. The University is losing out on critical research dollars within the area of physics and astronomy because it does not have adequate lab space. The University has missed out on

at least a couple of important faculty hires in this area, and those lost faculty hires could potentially have brought research dollars to the University. The proposed replacement for the Physics and Astronomy building will be an interdisciplinary building with lab spaces that will serve engineering and other sciences. Some of the buildings, for example the Anderson School of Management, need systems replaced because of their age. Johnson Center has served the University well since the 1960's, but from a maintenance and an efficiency standpoint, electrical and H-Vac systems, it is extremely inefficient. To attract students to live on campus, they want excellent food service, good dorm spaces, and they want excellent recreational facilities. An improved rec center would attract more students to live on campus and provide healthy options for activities. When considering issuing debt to help fund some of these capital facility improvements, the reason to issue the debt would be that there are key facilities needed on campus that tie to the University's mission and will move the institution forward. The list of projects presented to the Regents strikes a good balance between providing the academic space for researchers and enhancement to the student life component. There was discussion about the proposed childcare addition. There was discussion about the Johnson Center expansion.

Regent Hosmer commented that one of the major risks is the loss of the ability to compete for talent, both for faculty and for students, and that these facility improvements will help with not only recruiting talent from within the State but for bringing the appropriate students and faculty in from outside NM and globally; this is an important investment.

Regent Lee said investments in infrastructure are key to making the University move forward, the issues pertain to how we get there with the moneys.

Information item - FY16 State Appropriations for Research and Public Service Projects (RPSP's) and Special Programs

Mathew Muñoz addressed each item on the list presented to the Regents. RPSP's are line-items for a specific purpose; they include research, public service, and certain other activities that do not qualify for I&G funding through the higher education funding formula. The RPSP's and Special Programs were approved this year from the Legislature. There was one that was vetoed; it was a UNM priority, the UNM Pain Center. There was discussion about Brain Safe Project with only \$175 K of secured funding. Regent Koch asked for clarification and information on the original contract. EVP Harris said there is research into that and there is no information at this time. Mr. Muñoz said the Brain Safe Project was originally a 3-year program for \$3 million, half to be paid by UNM.

Information item - UNM Regents' Endowment Fund Portfolio

Craig White, Dean of the Anderson School of Management (ASM), presented the item. The fund is managed by students in a portfolio investment class who also work with an advisor group made up of outside investment advisors. For the quarter, the students beat their benchmark, which is the performance of the S&P 500. Since inception, the fund is up 109%, relative to the benchmark S&P 500 performance of 100%. The fund has done well both on monetary returns, in educating students and also giving them networking opportunities with fund advisors. Regent Koch said the fund was created seven years ago and the Regents originally allocated \$1 million to the portfolio.

HEALTH SCIENCES CENTER BOARD OF DIRECTORS

Approval of UNM College of Nursing, UNM College of Pharmacy, and UNM School of Medicine May 2015 Graduates

Chancellor Roth introduced the item. There are 343 graduates from the colleges of nursing, pharmacy and medicine. Student Regent Overton announced that she would abstain from the vote.

Motion to approve UNM College of Nursing, UNM College of Pharmacy, and UNM School of Medicine May 2015 Graduates passed by unanimous vote; Student Regent Overton abstained (1st Hosmer; 2nd Quillen).

Approval of the Resolutions for the Pricing Parameters for the UNMH Bond Refunding

Ella Watt presented the item. The current mortgage balance runs at \$146.868 million with existing mortgage rate of 4.8%. With refinancing, the new mortgage balance will be \$115.000 million with a new

mortgage interest rate of 3.54%. The refunding will release about \$43.8 million of trustee held funds which reduces the refunding bond issue size. UNMH contributed \$13.98 million to fund the costs of issuance, \$1.75 million, and to replenish the Mortgage Reserve Fund of \$12.23 million. Annual mortgage savings during 2016 to 2031 will be \$3.634 million, a present value savings of \$26.571 million. The State Board of Finance has approved this. Regent Koch expressed thanks to Governor Martinez for her support of the bond refunding.

Regent Hosmer asked Ms. Watt for clarification on the original requirements of the HUD financing. Several accounts are required, a debt service reserve fund, collateral accounts, and a mortgage reserve fund. When the bonds are refunded, funds that are no longer needed in those accounts, due to the refinancing, can be used to bring down the principal balance of the bonds.

George Williford clarified the actual pricing of the bond issue occurred two days before the meeting, on Tuesday. They were going to be priced yesterday, but with the unsettledness in the treasury market, the underwriters, RBC, recommended pricing on Tuesday, which was beneficial. Interest rates continue to be near historic lows.

The Regents approved two resolutions.

The motion to approve the resolution ratifying and approving the execution and delivering of the FHA documents relating to the Regents of the University of New Mexico GNMA-Collateralized taxable hospital revenue bonds and authorizing any other necessary action to effect the delivery of the mortgage modification, passed by unanimous vote (1st Doughty; 2nd Hosmer).

The motion to approve the resolution setting forth the terms of the previously authorized Regents of the University of New Mexico GNMA-Collateralized taxable hospital revenue bonds, series 2015 in an aggregate principal amount of \$115,000,000, passed by unanimous vote (1st Doughty; 2nd Lee).

Approval of the HED 5-Year Capital Outlay Plan for HSC

(This item was approved earlier in the meeting when it was included in the motion to approve the Finance and Facility Committee agenda item number 7, Approval of Capital Outlay Submission to the Higher Education Department.)

Approval of UNMH Contracts: MedAssets Net Revenue Systems, LLC and UNMH Contract with Cerner Health Services, Inc. (formerly Siemens Medical Solutions)

Ella Watt presented the two items for approval. The MedAssets Net Revenue Systems item is for consultants. The Cerner Health Services item is associated with the conversion of the billing systems. Both items were approved by the Health Sciences Center Board of Directors.

Motion to approve the UNMH Contracts with MedAssets Net Revenue Systems, LLC and Cerner Health Services, Inc. passed by unanimous vote (1st Doughty; 2nd Overton).

Chancellor's Report

Chancellor Paul Roth provided his report to the Board of Regents on the Health Sciences Center (HSC). Chancellor Roth congratulated Student Regent Heidi Overton on her success as a both a Regent and a student.

Chancellor Roth commented on areas of partnership with the Main Campus. One area that is being looked at for future growth is the UNM West Campus, to expand not only the clinical enterprise in the form of growth for the Sandoval Regional Medical Center (SRMC), but to build a number of training programs on that campus as well. This would conform nicely with the expectations of the Rio Rancho community and Sandoval County. In addition, Chancellor Roth has been working closely with Provost Abdallah on a partnership around STEM-H programs, which is an issue of particular concern for the State of New Mexico. This partnership will impact both Main Campus, and the HSC as the goal is to admit more New Mexicans to professional schools such as the School of Medicine, College of Pharmacy, and College of Nursing. The University is particularly interested in admitting students from rural areas of the state where the public schools are at somewhat of a disadvantage. Building these programs jointly, with the Main

Campus and HSC, the University will be able to enter into elementary, middle and high schools and facilitate student training and education in the science and mathematics fields.

Chancellor Roth commented on the importance of job creation in Albuquerque and the metropolitan area. During the Great Recession, the only industry that continued to grow in the United States was health care and the HSC was no exception. Ava Lovell was charged with reviewing the past five years and the job growth out of the HSC. Since 2010, the HSC added 1,337 new, well paying, jobs to the Albuquerque and metropolitan area, which is a huge economic impact. In addition to the provision of direct patient care and the production of the next generation entering the workforce, HSC expends \$1 billion in wages to HSC employees.

There are two major research centers within the HSC, the Cancer Center and the Clinical and Translational Science Center. Both centers receive grants, and the way the NIH (National Institutes of Health) designs the grants is that only members of both areas have access to other grants. The HSC is getting renewed on the Clinical and Translational Science Center of about \$30 million, and the Cancer Center will be renewed about \$5 million. These two centers are some of the driving forces in the HSC research mission. Finally, the HSC is building a Brain and Behavioral Health Institute, which has to do with all of the Neurosciences, including Psychiatry, and it is expected the institute will begin on the same trajectory as the Cancer Center and Clinical Translational Science Center.

Information item - UNM Health System Update - Information item

Steve McKernan, CEO UNM Hospitals, provided an update on the UNM Health System, which includes the UNM Hospital, UNM Medical Group, and the Sandoval Regional Medical Center. All areas are busy as workloads and patient satisfaction numbers continue to rise. Safety outcome numbers are also improving. A new community based clinic on North 4th Street will be opening, and there will be a ribbon cutting ceremony on May 15.

Mr. McKernan noted a trend across the country with the affiliation of hospitals and health systems, especially with academic medical centers because of the special programs the academic medical centers provide. Dr. Richards visited hospitals around the state that want to continue to be community based and do not want to be bought out by chains. However, in the ever changing environment related to the Affordable Care Act, hospitals are aware that staying completely independent is not an option, so they need to have affiliations with other organizations in order to look at the continuum of care for their patients to ensure they have resources to provide that care. The Health System is currently working to understand the needs of these health providers, and explore creating more structured affiliations with those providers to move patients in a more effective manner between community providers. If UNM would be a resource, they need to obtain information effectively from the community provider and vice versa, which has been a difficult task for New Mexico because of the long distances between providers. There are programs currently in place such as Project Echo, the Telemedicine Program, the new Neurosurgery Program, and the CMMI Grant which provide services to all hospitals in the State of New Mexico. These programs are becoming invaluable for local hospitals to maintain their status as principle provider of care in their communities.

Regent Koch congratulated Project Search on their first graduating class. He commended all those who worked on getting funding and starting the project at UNM. Project Search is a national program to provide training for individuals with developmental disabilities. Mr. McKernan stated that Project Search has been an exciting program at the hospital and Health Sciences Center. There were 9 students enrolled in the class and 8 graduated. There is a very significant role these individuals can play as a part of the hospital team. With the help of Project Search and the Center for Developmental Disabilities, they were able to create a successful program. After completing training, many of these individuals were hired by the hospital and some went to other employers. Overall, this program is a win for everyone involved and Mr. McKernan thanked Regent Koch for bringing this program to their attention.

Information item - HSC Financial Update

Ava Lovell presented the March 31, 2015 third quarter-end reports that were provided in the agenda eBook.

ACADEMIC AND STUDENT AFFAIRS AND RESEARCH COMMITTEEUpdate from the Provost

The University has 3,500 graduates this spring semester, which is a record, including an 18% increase in the number of doctorates awarded, 343 graduates from Health Sciences, and 342 Native American graduates. One of our graduates is Student Regent Dr. Overton, who has been accepted at John Hopkins for a highly competitive residency. Provost Abdallah discussed long-term investments in innovative educational programming noting that Student Regent Dr. Overton is an example of the success of one such program, the BA/MD program.

Every 10 years, UNM gets accredited by the Higher Learning Commission. Our next accreditation process will begin in about 4 years, preparation began last year for this process. Accreditation is what allows UNM students to get financial aid; it is a needed seal of approval.

The four UNM Branches are currently reporting to the Provost's office. The MOU's between the Branch Advisory Boards and the Board of Regents, in coordination with the Provost's office, are under revision and will come before the Board of Regents soon for approval.

Professor Mala Htun received a prestigious award from the Carnegie Foundation, this is the first year the award has been given, and it was given to only 32 people out of thousands. We also have many other faculty that are engaged in research and teaching who are winning national awards, others are participating in graduation and hooding students.

Provost Abdallah outlined updates from schools. He has accepted the resignation of the Dean of the Law School; an internal search has begun. The new Vice President for Research will be announced on May 20; the offer has been accepted. The Global Education Office search is concluding and Provost Abdallah is beginning negotiations with one of the finalists recommended by the committee.

Regent Quillen asked if we are able to track where our graduates go, their employability, and if they stay in the State. Currently, the Provost's office is working with Workforce Solutions, developing dashboards about graduates from UNM and, more generally, all graduates in the State of New Mexico. Waiting to gain further information from them on where graduates go outside the state. Depending on the field, 50 – 60% of graduates stay in the state, among those graduating from the branches the percentage is higher. The disturbing trend is that if we look five years out we see many graduates leave the State. The University can graduate people, but we are concerned that the economy of the State is not absorbing them. That is part of the inspiration for projects like Innovate ABQ.

Approval of Spring 2015 Degree Candidates

Regent Hosmer asked Faculty President, Pamela Pyle, to introduce the item. The degree candidates were approved at the April 28 Faculty Senate meeting and at the April 30 Academic/Student Affairs and Research Committee meeting. There are a record number of graduates this semester with over 3,500.

Motion to approve the Spring 2015 Degree Candidates passed by unanimous vote (1st Hosmer; 2nd Quillen).

Approval of ASUNM Constitutional Amendment Change

Rachel Williams, ASUNM President, presented the item. ASUNM Constitutional Amendment will implement gender-neutral pronouns in the language of the Constitution to be consistent with the ASUNM Law Book. Ms. Williams presented to the Regents example quotes utilizing gender-neutral pronouns; the words 'he' and 'she' will be replaced with, 'they;' the words 'him' and 'her' will be replaced with 'their.' A linguist consultant confirmed the constitution will remain grammatically correct with the proposed changes. The proposed change received 81% approval from students. With the proposed changes, the ASUNM Constitution and its Law Book will utilize consistent pronouns.

Motion to approve ASUNM Constitutional Amendment Change regarding gendered pronouns passed by unanimous vote (1st Hosmer; 2nd Quillen).

Approval of East Asian Studies Bachelor Degree

Mark Peceny, Dean of the College of Arts and Sciences, presented the item. This degree replaces an existing Asian Studies Major with an East Asian Studies Major that will be within the Department of Foreign Languages and Literature. The existing degree is an interdisciplinary major; the proposed degree is more focused and will utilize investments made in faculty teaching Japanese and Chinese language instruction. This revised major will provide opportunities for students to excel in Asia and in a variety of disciplines that require language in order to succeed. Regent Hosmer inquired as to level of student interest. Dean Peceny responded there are currently about 50 students already taking courses, and there is potential to have up to 100 students in various stages to complete a major or minor. Regent Lee asked if the change would adversely affect any students currently enrolled in classes. Dean Peceny responded current students will be able to take either track they choose to graduation.

The motion to approve East Asian Studies Bachelor Degree passed by unanimous vote (1st Hosmer; 2nd Lee).

Approval of Health Information Technology Associates Degree

Laura Musselwhite, Dean of Instruction at the UNM Valencia campus, presented the item. This is related to the Valencia Branch's participation in the Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grant of \$15 million, awarded to the New Mexico state consortium of eleven community colleges beginning October 1, 2014. The grant is for workforce investment. This degree proposal provides the opportunity to establish a Health Information Technology (HIT) program at UNM-Valencia. The UNM Valencia curriculum will be taken directly from the UNM Gallup curriculum since UNM Gallup has an existing program.

Motion to approve UNM Valencia Health Information Technology Associates Degree passed by unanimous vote (1st Hosmer; 2nd Quillen).

Approval of Technology Healthcare Certificate

Laura Blalock, HIT Program Coordinator, presented the item. This is in response to the need for increased skills in information technology in the area of healthcare. This will be under the TAACCCT Grant as mentioned in the preceding agenda item. Students awarded the certificate will be equipped with skills to obtain entry level tech positions, helpdesk positions, assist in new initiatives in telemedicine and protection in data breaches. Regent Hosmer acknowledged there is increasing demand for the skill-set the certificate provides.

Motion to approve the UNM Gallup Technology Healthcare Certificate passed by unanimous vote (1st Hosmer; 2nd Lee).

Information item - National Trends in Economics of Higher Education – ECON 295 Class

Regent Hosmer introduced the item. It gives a background and context to the recently discussed issues and settled budgetary items the University underwent during the budget process. Professor Berrens has been a member of the budget leadership team (BLT) for the past two years. As part of the outreach charge of the committee, Professor Berrens created a new class on the economics of higher education. The class followed the University's budget process and the budget summit very closely. The students were asked to put the budget process at UNM into a national context to look at the economic trends around higher education. Prof. Berrens showed a series of slides and discussed the significant information on each. The first slide showed a scatter plot of 1,700, 4-year colleges across the U.S. on 3 axes relating to access, affordability, and completion. The data is 2012 IPEDS data. Access is measured by the percentage of pell grant recipients; affordability is shown as the net price, which is the actual price students who receive financial aid have to pay; completion is comparing 6-year graduation rate. The data showed that if the percent of students awarded pell grants were above 50% and the 6-year graduation rate were 50% or higher, a university would be in a relatively unique spot. Net prices are complex to measure and they fall on a distribution. The scatter plot depicts a slice of that distribution which is full time freshmen on financial aid. Another slice would be the high payers, those students who pay full price and are not on financial aid. The next slide depicted trends, from 1990 to 2010, in revenue sources for public 4-year institutions. The three revenue sources are: state and local funding; tuition and fees; and other, which includes endowments and federal monies. The graph depicted a decline in the proportion of total

revenues per FTE to public 4-year institutions that are contributed by state and local funding. This resulted in tuition and fees and other sources having to provide a larger share of the revenues as the state and local funding decreased. For UNM, state and local funding remains above the 50% share level, and has therefore not followed the national trend. New Mexico is part of a small handful of states where the state-responsible support remains higher than the student-responsible support. As a result, at the national level, there has been a cost-cutting trend. Institutions cut costs in three primary ways in the delivery of higher education: Volume cuts; capturing economies of scale; delivery of instruction with increased distance learning; and contracting with regard to labor and instruction. Nationally, part-time faculty has increased relative to full-time. UNM is at about 25% on part-time faculty. The next slide showed increases in published prices vs. net prices over the past 20 years. Price discounting, the difference or gap between the posted price and the actual price paid, has increased through the years. The universities raise their sticker prices to signal quality and then discount what actually gets paid. Over a 20-year period, sticker prices have grown at about 4% on a cumulative average growth rate, net prices at about 2%. Room and board prices are often included in the published tuition and fee prices. There is a significant gap between published net tuition and fee prices that include the room and board and those that do not include it. New Mexico is a lottery state, so the difference between the posted price on tuition and fees and the net tuition and fees would still have revenues coming from the State. In most states, where lottery funds do not contribute, there is simply price discounting. UNM is very low net price for a research institution, it is about the lowest one could get at about \$1,172 with 2.2% compounded annual growth rate over a 5-year period. Discounting generates flexibility in strategic pricing opportunities, and UNM has been discussing those already. The fourth slide shows there has been greater price discrimination. Public institutions have been forced into the monopolistically competitive market, and in order to compete they have had to adopt similar strategies used by the private institutions, raising the sticker price, offering more merit awards, and increasingly use price discrimination in order to produce cross-subsidies to generate revenues within the system. In conclusion, going to college and graduating remains an economical and valuable endeavor. The willingness to pay remains high. The last chart showed that over time, the net present value (NPV) of a bachelors degree, at the national level it is about \$300K. There is high variability across institutions and high variability across fields or majors. For UNM, the value of the degree is high. The average 20-year return on investment (ROI) of a UNM degree can be calculated to be \$310K, which is above the national average. The working life is about 40 years, from age 25 to 65, and so the 40-year ROI would be even higher. The rate of return on the investment is 9-10%. More data is coming in, and so there will be better comparative information on net price and the return on investment.

AUDIT AND COMPLIANCE COMMITTEE

Regent Hosmer directed attention to the summary report of the April 22, 2015 meeting that was included in the agenda book. The Clery Coordinator position is budgeted and the search is underway. UNM will have a dedicated Clery Coordinator to perform a critical and complicated task. The Clery requirements for reporting have increased and penalties for failure to comply can be high. The audit entrance conference took place. The University is fortunate to have in the State two very competent audit agencies that can handle the complex task of auditing the University, including the Healthcare operation. We expect a superb audit again this year.

COMMENTS FROM ADVISORS

Brian Colón, President, Alumni Association, noted this meeting as his last Board of Regents meeting as an Advisor. Colón condoned the student leaders at ASUNM and GPSA and the Student Regent for their collaboration and success. He noted that the ASUNM elections were a validation of leadership as President William's Vice President was elected as the next ASUNM President and that GPSA leadership was reelected. The student body has a strong voice through these three representatives. Regent Doughty expressed gratitude for Brian Colón's work.

Rachel Williams, President, ASUNM, commented on her experience as President of ASUNM. Shared reflections on why it is important to have a student on the Board of Regents and the shared role of governing bodies of all kinds within the University as stewards of student learning. Williams Introduced Jenna Hagenruber as 2015-2016 ASUNM President. President Frank thanked Ms. Williams, on behalf of the University, for her extraordinary service.

Texanna Martin, President, GPSA, gave an update on the work of GPSA over the past year. GPSA has advocated for outreach and built relationships with the Health Science and Law campuses. GPSA has funded over \$200 K in research and professional development for graduate students on campus. Priorities for next year include a graduate study space, better lighting on the law campus, and get the SFRB board up and running as soon as possible. Ms. Martin expressed gratitude to Student Regent Overton and outgoing ASUNM President Williams.

Renee Delgado Riley, President, Staff Council, addressed the many ways in which UNM has provided opportunity and impacted people in New Mexico, saying that positive institutional change comes from building community. Staff Council has made many institutional changes this year, significant achievements include: focus groups, debut of a new website, community engagement leave policy, signing and adoption of a strategic plan, monthly meetings with the Provost, revised governing documents, and institution of trainings for all leadership in Staff Council. An MOU has been signed to create an outstanding supervisor award for staff leader on this campus. Celebrating the 25th anniversary, Staff Council will bury a time capsule that will be opened in 25 years. Dr. Delgado Riley expressed gratitude to all staff who contributed to these achievements.

Pamela Pyle, President, Faculty Senate, reflected on graduation as a celebratory time for faculty that have worked closely with graduating students. The reciprocal and collaborative relationship between Faculty Senate and the Board of Regents has been excellent and unprecedented in recent history. She encouraged continued open communication between Faculty and the Board of Regents. Future Senate projects include a forum on the inherent tension between free speech and civility - respectful campus policies, and looking at all UNM policies and how they protect or skirt the 1st Amendment. Pyle expressed gratitude for a great year.

PUBLIC COMMENT (there were no comments)

VOTE TO CLOSE THE MEETING AND PROCEED IN EXECUTIVE SESSION

The motion to close the meeting and proceed in closed session passed by unanimous vote (1ST Doughty; 2nd Overton). The meeting closed at 12:03 PM.

Executive Session-Cherry Silver Room

1. Discussion and determination where appropriate of threatened or pending litigation pursuant to Section 10-15-1.H(7), NMSA (1978)
2. Discussion and determination where appropriate of the purchase, acquisition or disposal of real property pursuant to Section 10-15-1.H(8), NMSA (1978)
3. Discussion and determination where appropriate of limited personnel matters pursuant to Section 10-15-1.H(2), NMSA (1978)

The vote to open the meeting to vote on a litigation matter discussed in executive session passed by unanimous vote (1st Doughty; 2nd Hosmer).

The meeting opened at 12:43 PM. The doors were opened.

Regent Lee made the following motion:

I move for a vote pursuant to Regents Policy 1.1 that the Ph.D. degree awarded to [the former student discussed during executive session], formerly known as [the former student discussed during executive session], in December 2007 will be deemed to have been rescinded by the Board of Regents one business day following the full and final execution of a settlement agreement with [the former student discussed during executive session], and for the sole purpose of resolving the litigation that the student has initiated against the University and its former and current administrators.

Regent Hosmer seconded the motion. All were in favor. The motion passed unanimously.

The motion to close the meeting and proceed in executive session passed by unanimous vote (1st Doughty; 2nd Quillen). The meeting re-closed at 12:45 PM for further executive session discussion.

The motion to open the meeting and certification that only those matters described on the executive session agenda were discussed during closed session passed by unanimous vote. (1st Doughty; 2nd Hosmer)

The meeting opened at 12:46 PM

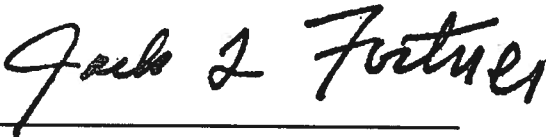
VOTE TO ADJOURN

Regent Fortner asked for a motion to adjourn.

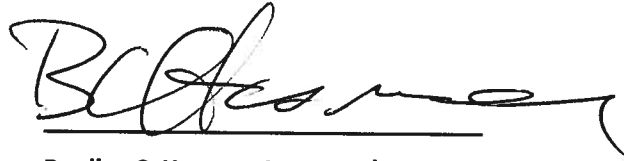
Regent Doughty asked for a motion to adjourn. Regent Lee motioned. Student Regent Overton seconded. All were in favor. The meeting adjourned at 12:46 PM.

Approved:

Attest:



Jack L. Fortner, President



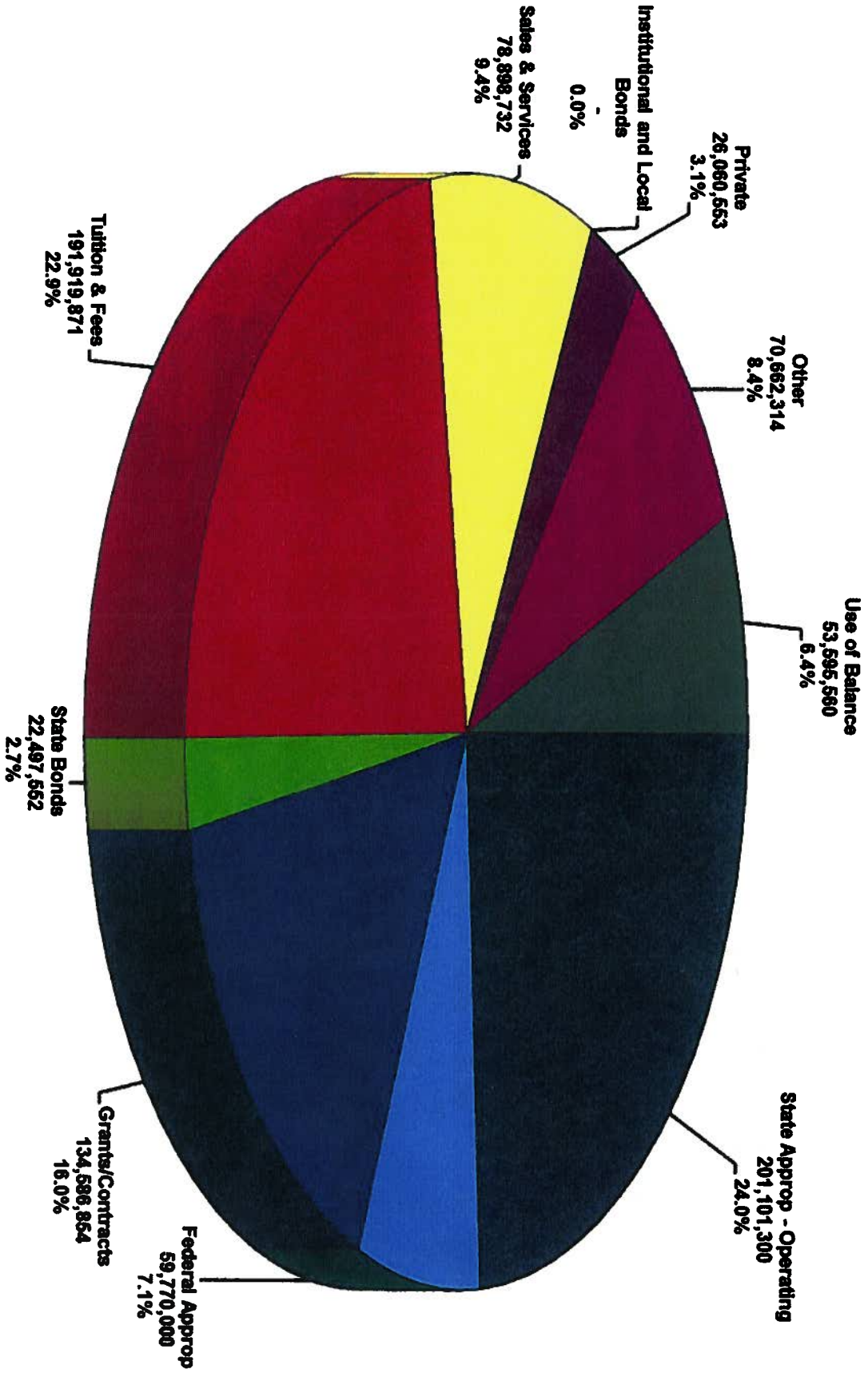
Bradley C. Hosmer, Secretary/Treasurer

Minutes originated by Mallory Reviere, Suzanna Finley, and Sara Gurule
Minutes finalized by: Mallory Reviere

UNM Main Campus Revenues

Exhibit A

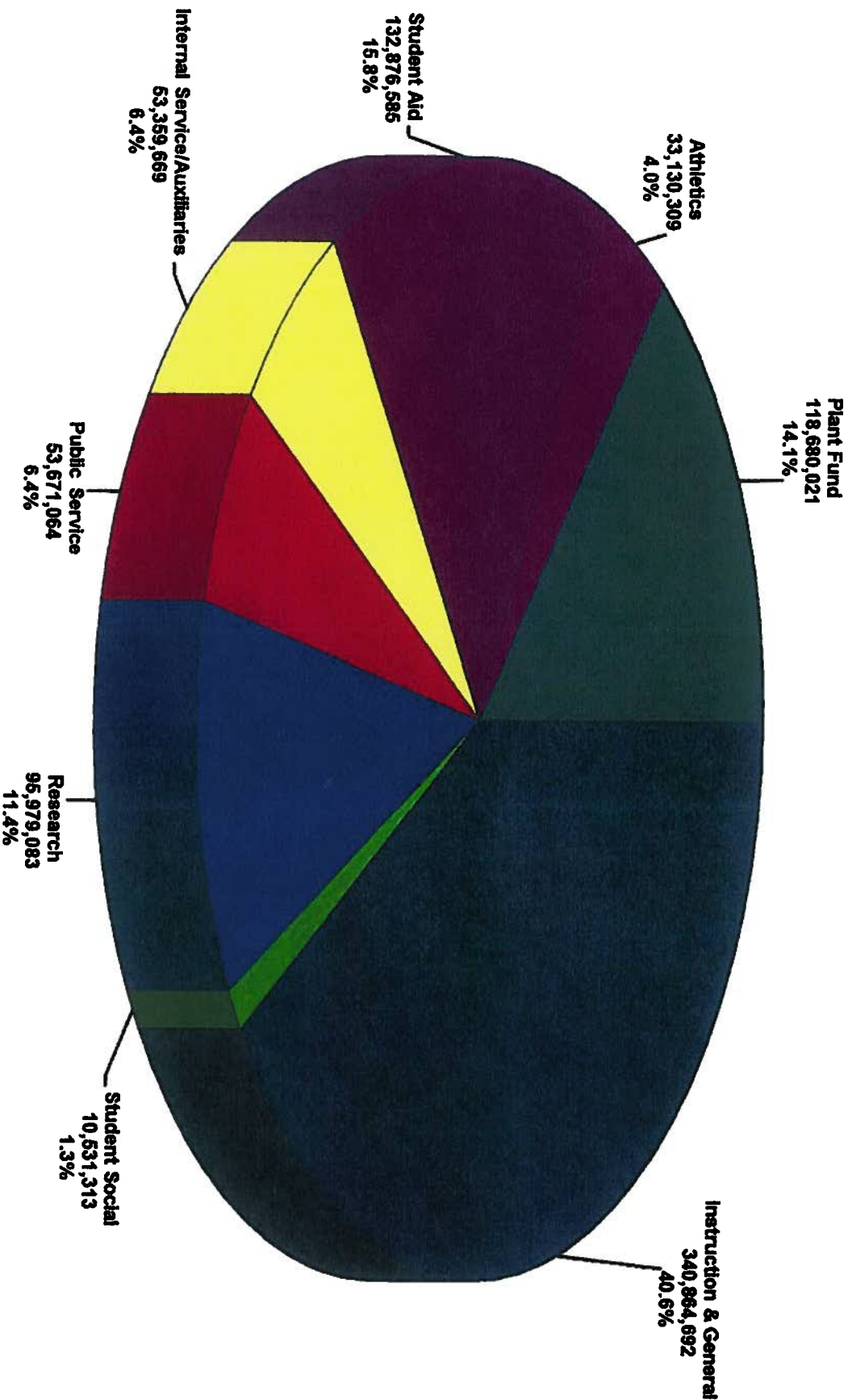
2015-16 Budget



Total Revenues \$839,092,736
An Increase of 0.7% over 2014-15

UNM Main Campus Expenditures 2015-16 Budget

Exhibit A cont.

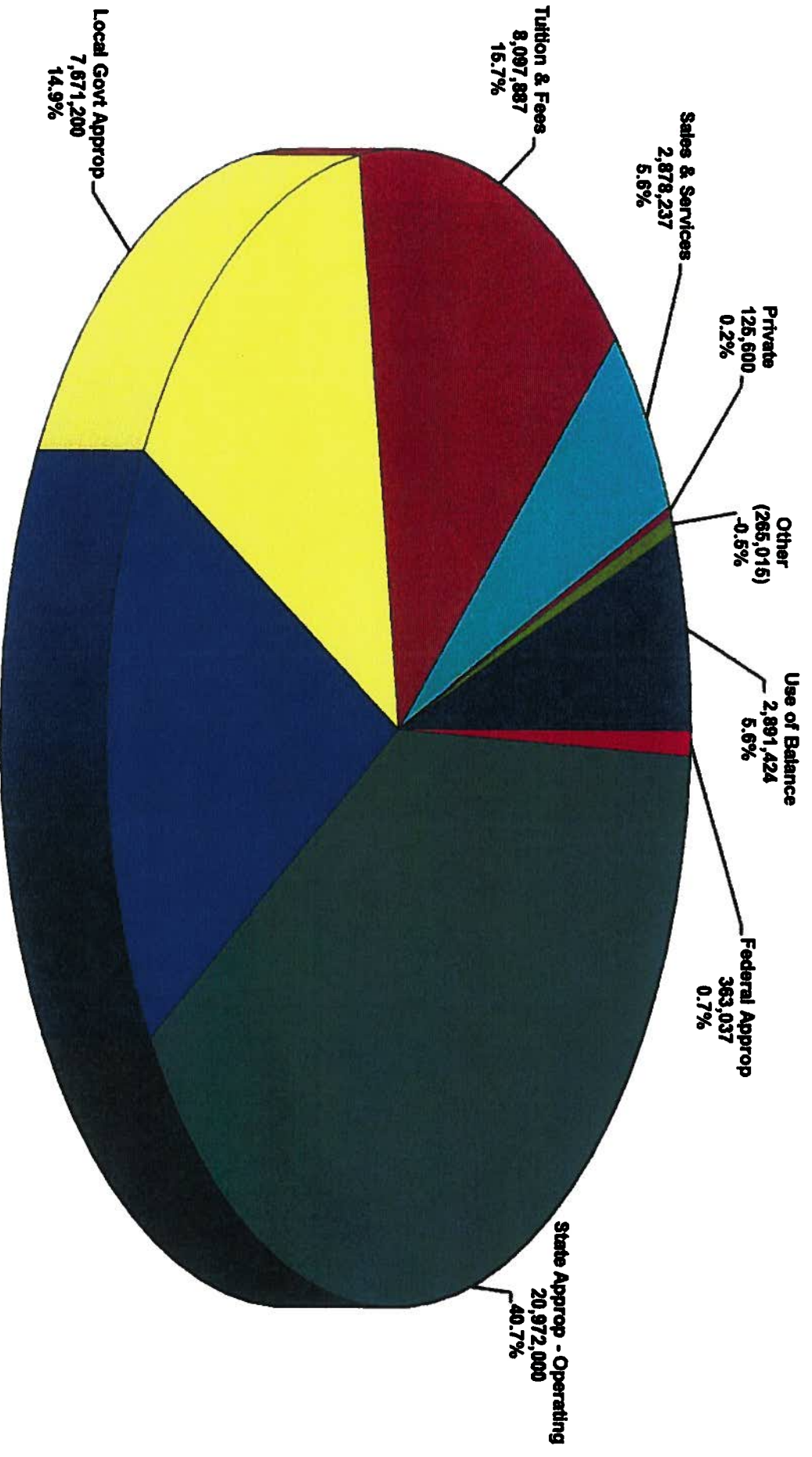


Total Expenditures \$839,092,736

An Increase of 0.7% over 2014-15

UNM Branches Revenues 2015-16 Budget

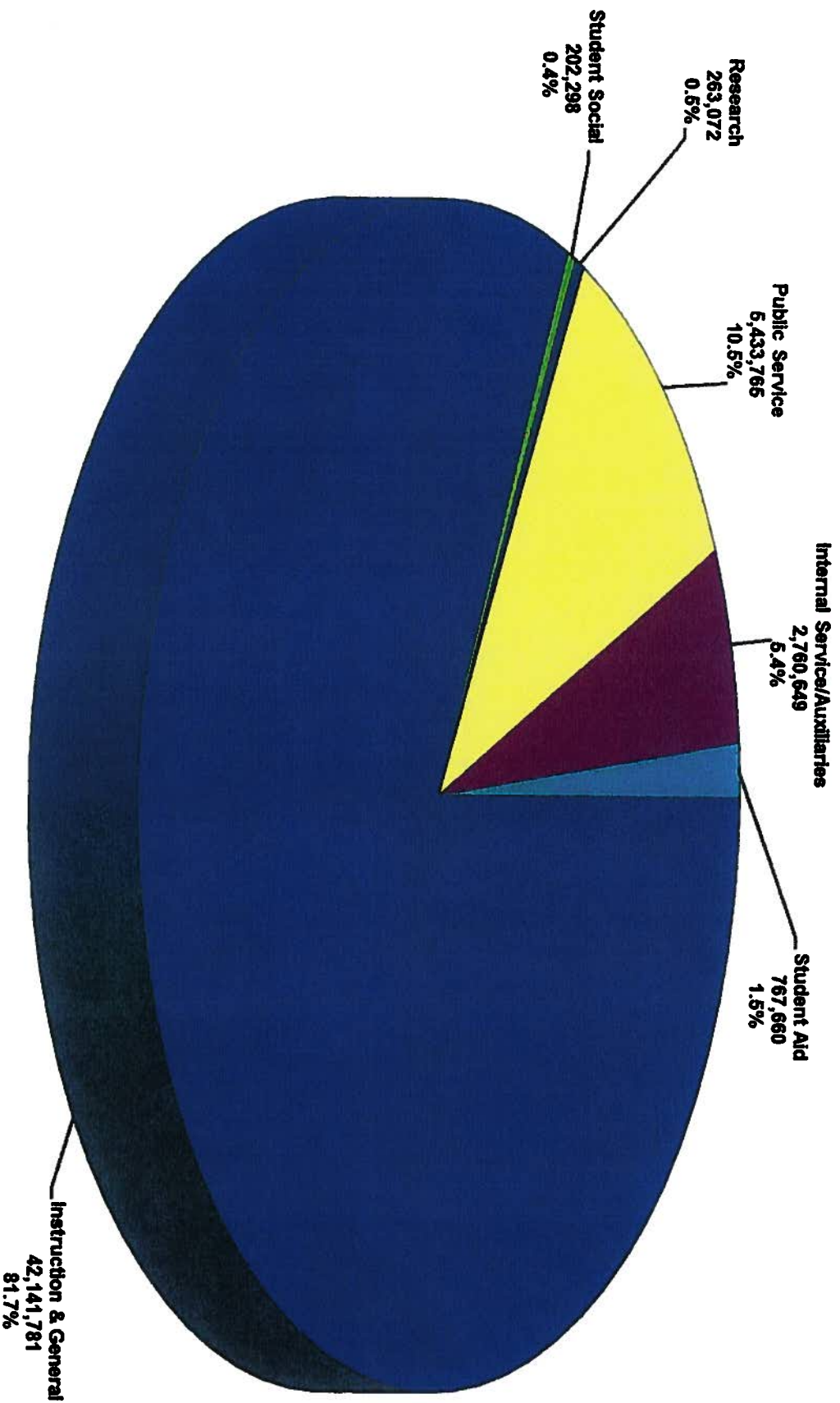
Exhibit A cont.



Total Revenues \$51,569,225
An Increase of 4.1% over 2014-15

UNM Branches Expenditures 2015-16 Budget

Exhibit A cont.

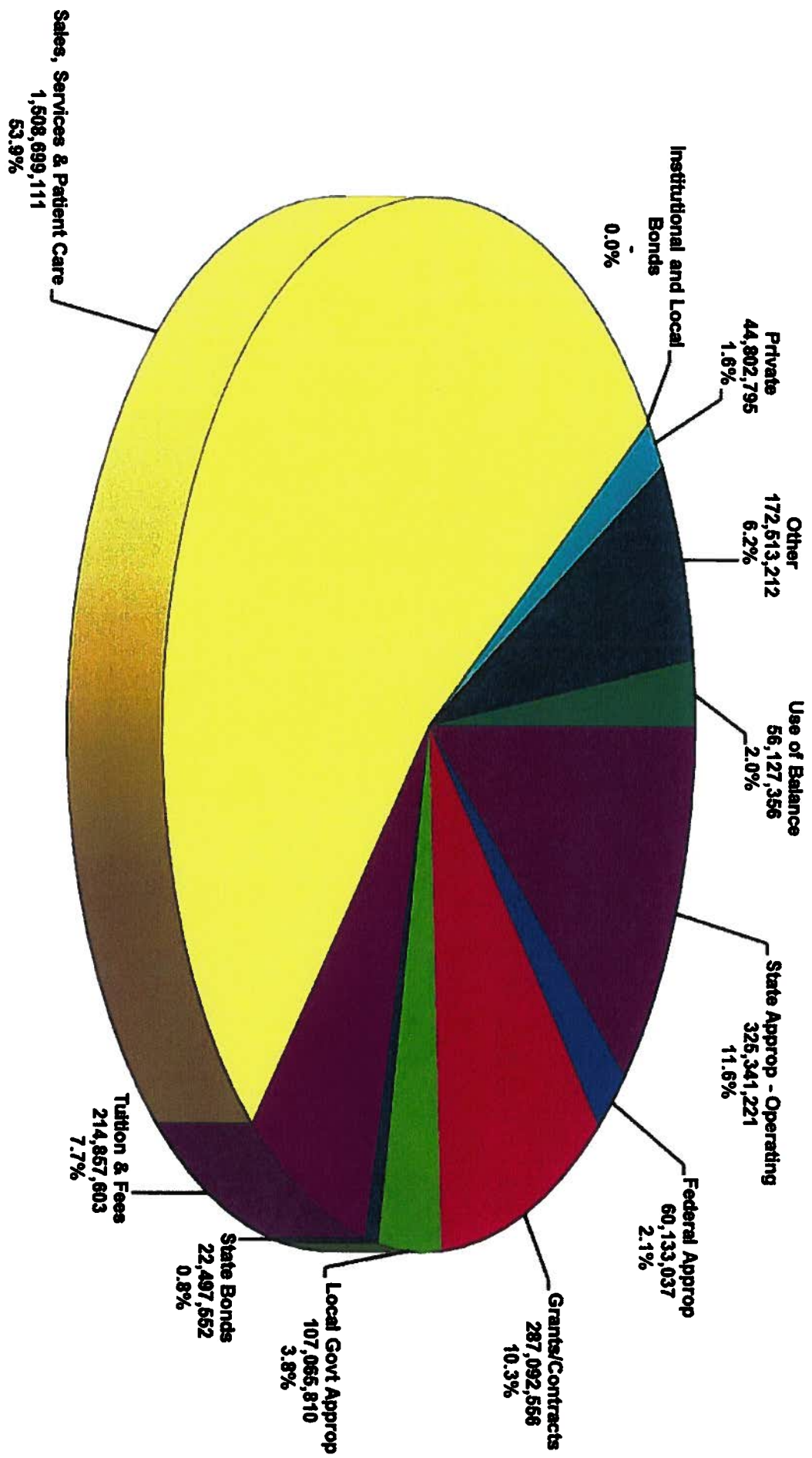


Total Expenditures \$51,569,225

An Increase of 4.1% over 2014-15

UNM Consolidated Revenues 2015-16 Budget

Exhibit A cont.

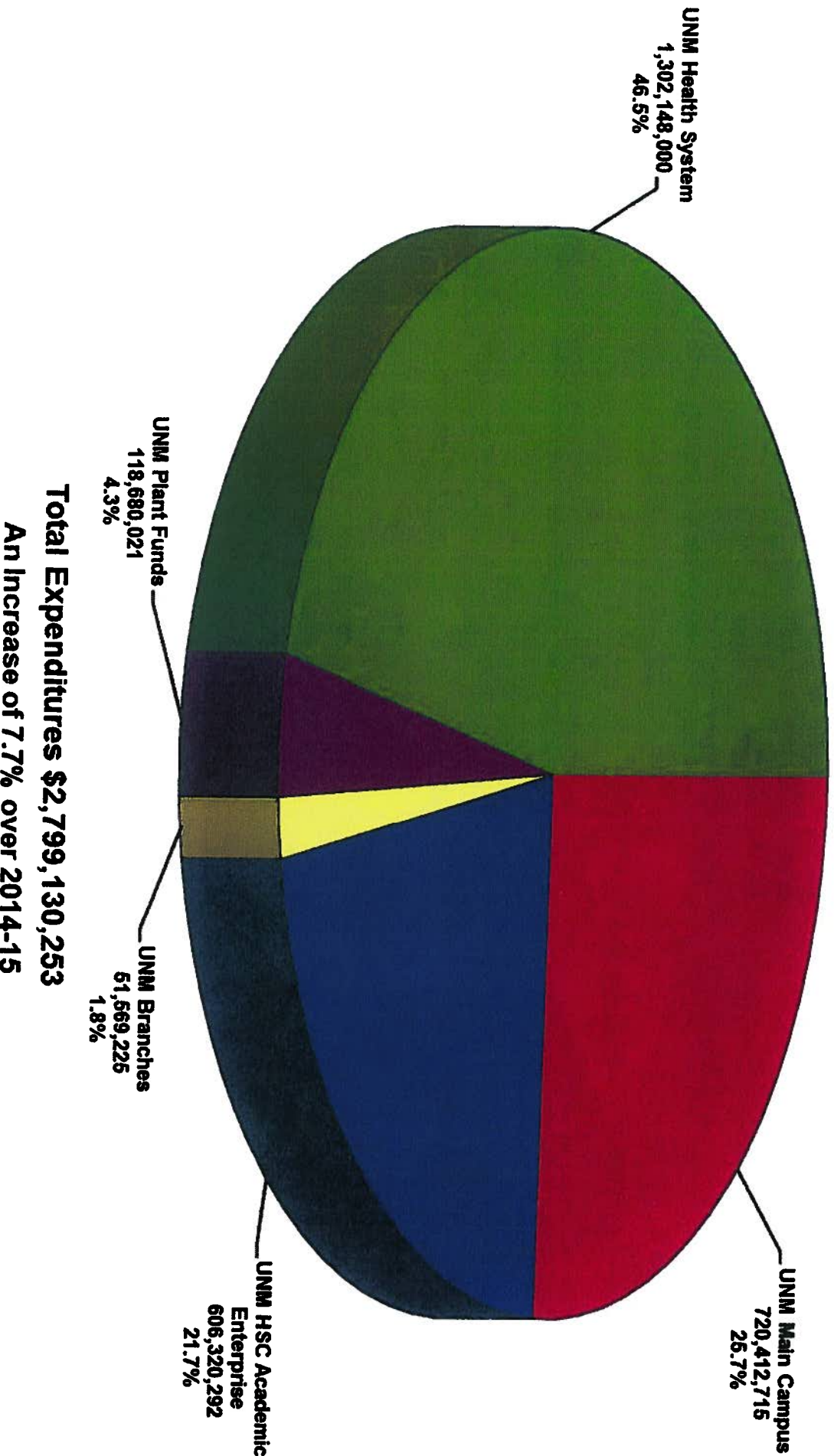


Total Revenues \$2,799,130,253
An Increase of 7.7% over 2014-15

UNM Consolidated Expenditures

Exhibit A cont.

2015-16 Budget

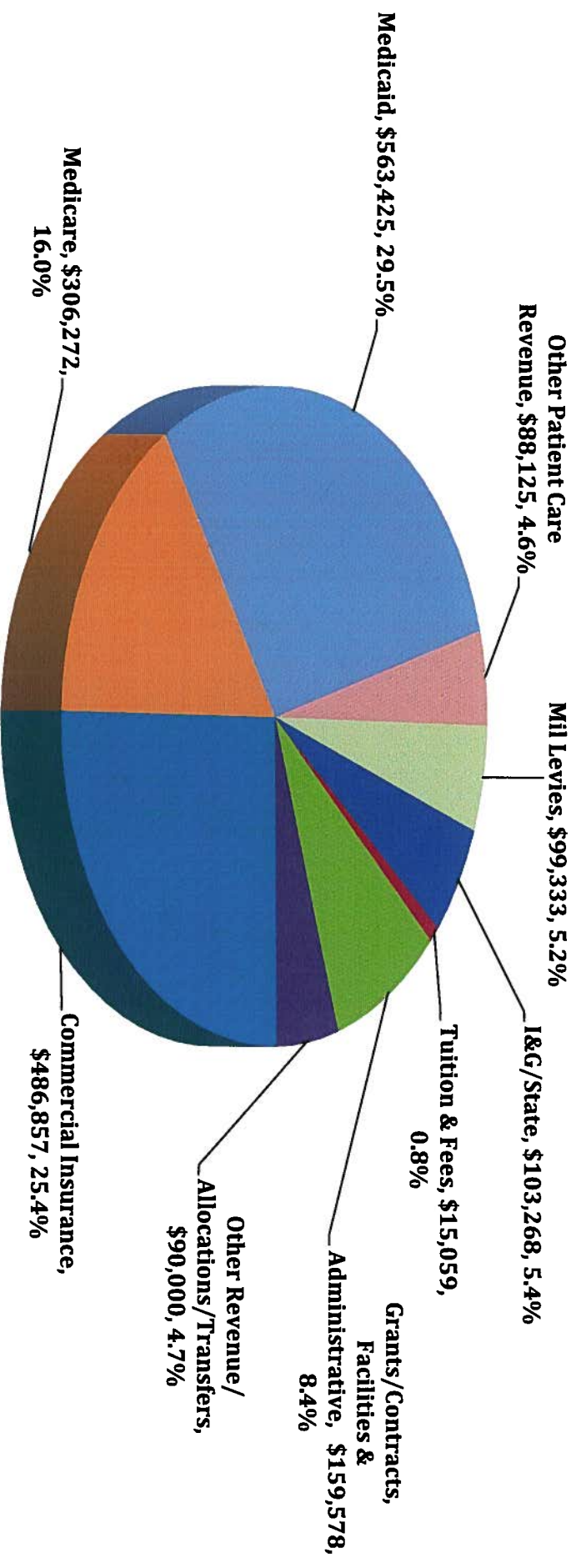


UNM HSC All Components - Revenues

FY 2016 Budget

(In thousands)

Exhibit B



Note: Includes UNM HSC Academic Enterprise and UNM Health System

Total Budgeted Revenues \$1,911,917
11.4% Increase over FY 2015