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**Minutes of the Regular Meeting of the Board of Regents of the University of New Mexico
August 18, 2016
Student Union Building, Ballroom C**

Members present

Robert M. Doughty, President; Marron Lee, Vice President; Ryan Berryman; Tom Clifford; Jack L. Fortner; Bradley C. Hosmer; Suzanne Quillen

Administration present

Robert G. Frank, President; David Harris, EVP of Administration, COO, CFO; Paul Roth, EVP and Chancellor for Health Sciences; Chaouki Abdallah, Provost and EVP for Academic Affairs; Elsa Cole, University Counsel; Liz Metzger, Controller; Dorothy Anderson, VP HR; Richard Larson, Executive Vice Chancellor HSC, VP for Research, HSC; Gabriel López, VP Research and Economic Development; Jozi de Leon, VP Equity and Inclusion; Dana Allen, VP Alumni Relations; Steve McKernan, CEO UNM Hospitals; Cheo Torres, VP Student Affairs

Regents' Advisors present

Kathy Guimond, President Retiree Association; James Lewis, President Alumni Association; Glenda Lewis, President GPSA; Pamela Pyle, President Faculty Senate; Kyle Biederwolf, President ASUNM

Presenters in attendance

Kevin Stevenson, Strategic Planner President's Office; Janell Valdez, Assoc. Director Financial Aid, HSC; Bill Shuttleworth, Regents' Professor and Dir. Brain and Behavioral Health Institute (BBHI); Gary Rosenberg, Prof. Neurology, Director UNM Memory and Aging Center; Caroline Bonham, Division Chief, Division of Community Behavioral Health (CBH), Assistant Professor in the Department of Psychiatry and Behavioral Sciences; Mauricio Tohen, Professor and Chairman in the Department of Psychiatry and Behavioral Sciences, Service Chief in UNMH Behavioral Health Services; Virginia Scharff, Assoc. Provost for Faculty Development; Jozi de Leon, VP Equity and Inclusion; Chris Vallejos, AVP ISS; Melanie Sparks, Exec. Project Director, ISS; Marcia Winter, Chair, Harwood Museum Board; Richard Tobin, Director of the Harwood Museum; Linda Warning, immediate past-chair of the Harwood Museum board; Terry Babbitt, AVP EM; Dorothy Anderson, VP HR; Andrew Cullen, AVP Planning, Budget, and Analysis; Paul Krebs, VP Athletics

Others in attendance

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

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

Regent President Robert Doughty called the meeting to order at 9:10 AM. A quorum was confirmed; all members were present. Regent Doughty welcomed new Regent Thomas Clifford, appointed by Governor Martinez on July 1, 2016. Dr. Clifford has extensive background in budgets and finance that will be a great asset to the board. Regent Doughty said he appreciates Dr. Clifford serving and looks forward to working with him. Regent Clifford responded and that he looks forward to working on the board.

Before adoption of the agenda, Regent Doughty stated the following modifications to the agenda:

1. Move HSC Committee action item #1 (Request for Approval of UNM Hospitals Disposition of Fixed Assets) to the Consent Docket
2. Strike from the agenda two HSC Committee information items: #3 (UNM Health System Report) and #6 (Update: Programs Accreditation Status)
3. Vacate F&F action item #2 (Approval of Alumni Association's Courtyard MOA and Operations MOU), with the understanding that this item will be addressed in a Board of Regents special meeting within the next couple of weeks, subject to regent availability.

The motion to approve the agenda as modified passed by a unanimous vote with a quorum of Regents present and voting (1st Fortner; 2nd Lee).

APPROVAL OF MINUTES

Regent Doughty asked for a motion to approve the minutes of the June 10, 2016 regular meeting of the Board of Regents.

The motion to approve the minutes of the June 10, 2016 regular meeting of the Board of Regents passed by a vote of 6-0-1; Regent Clifford abstained because he was not at the June 10 meeting, having been appointed as a regent after the meeting (1st Lee; 2nd Fortner).

Regarding the minutes of the June 10, 2016 Board of Regents meeting, Regent Tom Clifford requested a copy of a survey referenced in the minutes, specifically in the President's Administrative Report regarding an

NMSU study of higher education administrative costs. Regent Clifford inquired also, with regard to the Health Sciences Center Committee agenda item, 'Overview of the Office of Financial Aid', that was taken off the June 10 meeting agenda to be moved to the August meeting agenda. There was clarification that the item was on the August agenda, under the revised wording, 'UNM HSC Financial Literacy Program'.

THE PRESIDENT'S ADMINISTRATIVE REPORT

President Robert Frank opened by first welcoming Dr. Tom Clifford to the Board of Regents. Fall classes begin on August 22, 2016; Freshmen Convocation will be on August 21, 2016, welcoming incoming freshmen to the University. The president mentioned recent travels with the Alumni Association to attend alumni events. President Frank reviewed several topics in his administrative report, including enrollment updates, fiscal solvency efforts, communication strategies, and the campus climate survey.

Enrollment appears to be tracking to the initial projection. Freshmen enrollment is up 4%, graduate student headcount is up 1.4%, and there is a 0.25% increase in student credit hours. Overall, the University is at 0.48% decrease in headcount of non-traditional students. There are several new initiatives to aid enrollment. Rob Del Campo and Dean Craig White have put together a program called, 2+1+2, which allows a student to attend CNM for an Associate's degree, transfer to UNM to obtain a Bachelor's degree in liberal arts, and then an MBA from Anderson School of Management. The MBA would be completed in two years. The idea is to move people from CNM to UNM and let them finish with an MBA. There is work with other community colleges on similar efforts. Last year, President Frank traveled to China with Dean White to visit the Beijing Institute of Technology in Zhuhai (BITZ). A lot of foreign universities are partnering with BITZ, and Dean White has done a great job developing the program. Students would spend 3 years at BITZ in China, come to UNM for one year to finish a Bachelor's degree, then complete an MBA a year later. The students would also enroll in the English as a Second Language program. There are 82 students in the inaugural program cohort. These are the kinds of programs UNM needs more of.

Regent Clifford inquired about a reciprocity agreement for UNM students to attend school in China. President Frank responded UNM has agreements with 400-500 universities around the world; there are specific reciprocity agreements with some institutions.

In the area of communication strategies, University Communications and Marketing (UCAM) under Cinnamon Blair, has been working on a new design for the University home page with a more vivid dynamic and functional. A sneak peek of the new UNM website home page was presented in a PowerPoint. The new website contains better visuals as well as facts and information about the University. The redesigned home page also integrates social media. The branding campaign efforts have been incorporated in the redesigned webpage.

Regarding solvency, the State budget is concerning to all. The University has been able to balance the budget year after year with a mixture of budget reductions, new efficiency models, and slight revenue growth. Despite all of the cutting, the University has improved retention, graduation rates, and work toward student success. At next month's Regents meeting, more information will be provided on cost management efforts taking place. Main Campus has been engaged in the reorganization of the IT function, both for service and cost management. Overall, over the past three years, budget reductions totaling approximately \$12.3 million have taken place. Solvency efforts on insurance and benefits, including cuts and plan management, total \$27 million in savings since FY09. Another area of success is Lobo Energy, which is a separate entity to find energy saving opportunities at the University. The total savings of net avoided costs were over \$29 million since FY09 through energy conservation efforts. The University is continuing to draw down its reserves through strategic use campus-wide. In FY12, there was approximately \$30 million in reserves sitting in the reserves of the colleges. At the direction of the Regents and systematically encouraging Deans to spend those down, the balances are currently at \$19.8 million. The Administration will hold several Town Hall meetings to keep the campus engaged and involved in the dialogue. The Budget Leadership Team, which is comprised of faculty, students, department administrators, and general University administrators, will meet to begin budget discussions.

Last Spring, the University undertook a campus climate survey of students which was commissioned by the Office of Equal Opportunity. It is an assessment by the National Campus Climate Survey to assess issues around sexual harassment and assault, and how it is handled on campus. There were over 3,000 student responses. The results will be a baseline to gauge the effectiveness of training, education, and support. A majority of the students who responded believed the University is doing a good job of educating and preventing sexual assault. Approximately 82% believed that UNM takes complaints seriously, 78% believed that UNM is educating students on the issue, 66% believe UNM is doing well in prevention efforts, and 65% believe UNM is doing a good job providing services to those who have experienced sexual assault. UNM is moving in the right direction, but more work needs to be done.

Regent Clifford inquired about the \$27 million in savings to insurance and benefits, and would like to see details of the breakdown in Finance and Facilities.

Regent Hosmer stated it would help to understand the operational impact the various efficiency efforts have been, if there are any.

UPDATE ON UNM STRATEGIC PLAN PRIORITIES

Kevin Stevenson presented the item, referring to slides that were provided in the agenda eBook. Mr. Stevenson touched on the background of the strategic plan, the current refresh process, the plan structure with goals, strategies and objectives, and plan implementation and accountability. The objectives fall into three categories, 1) specific quantitative annual target numbers, 2) qualitative, directional improvements, and 3) binary objectives, for example doing vs. not doing, implementing vs. not implementing.

Regents commented and there was discussion. Regent Brad Hosmer requested specific metrics be tied to the objective with periodic follow-up reports to regents on the metrics. Regent Suzanne Quillen also requested more detail on metrics, so that the University's leadership team will be able to measure how well they are doing. Student Regent Berryman inquired about the 2012 cohort graduation rate. There was discussion that the 4-year graduation rate is already over 20%, the 4-year and 5-year graduation rates are already at record levels. The 4-year graduation rate goal for 2020 is 30%. Regent Hosmer requested development of a way to measure the success at achieving the goal, 'Preparing Lobos for Life Long Success'. The University needs a strategy for evaluating how well it is doing in meeting the goal.

Regent Clifford commented that in international rankings, UNM ranks well. With respect to job placement data, Regent Clifford inquired when more information will be available. Mr. Stevenson responded alumni is working on obtaining and pulling in more data. Regent Clifford affirmed the work with the Alumni Association. Regent Clifford also inquired and requested to President Frank, in light of the current budget situation, that administration bring back to regents a report on where the University is likely to experience the greatest challenges, looking also at the impact to goals that have been presented, due to the budget cuts. President Frank responded that next month a dialogue with the regents will begin. If the worse-case scenarios happens within the State budget, the University is going to have to contemplate what it will have to stop doing, what programs to cut, and what goals will be impacted. On a positive note, The Educational Advisory Board is working with UNM constituencies such as Alumni Relations and the Foundation, to develop a more powerful tool to allow UNM to follow UNM Alumni and gather data about job placement.

Regent Marron Lee complimented Mr. Stevenson on the sharp presentation material and the consistency with the University's new branding look.

PUBLIC COMMENT (items on the agenda)

Sandra Penn, M.D., FAAFP, spoke about the HSCC information item #7, Disposition of Tissue. Dr. Penn stated she was trained at the John A. Burns School of Medicine in Honolulu; she completed her residency at BCMC. She has been practicing in New Mexico for 25 years. She has been at Health Care for the Homeless, Santa Fe Prison, First Choice, and from the Department of Public Health. She is here to offer whatever expertise she can in case they have questions about it. She is proud of the HSC for their training and research and would like to be of assistance if necessary.

Marcie May spoke about HSCC information item #7, Disposition of Tissue. People want to have more information about what is going on. As a tax-payer, she is asking for more specific exposure of what is going on with the disposition of fetal tissue at UNM. UNM must become accountable for actions. Tax payers want numbers and facts; use the Sunshine Laws.

Dan Rosecrans spoke about HSCC information item #7, Disposition of Tissue. Mr. Rosecrans stated they have been asked by Congressman Steve Pierce and US House of Representatives to be accountable. The ABQ Journal has asked UNM to be transparent about what is happening between Southwestern Women's Options and UNM HSC. He asked the University be open, accountable and honest about what is occurring. It is expected of the Regents, and he hopes they follow through with that.

COMMENTS FROM REGENTS' ADVISORS CONCERNING ITEMS ON THE AGENDA

Pamela Pyle, President of Faculty Senate, spoke in favor of Finance and Facilities Committee information item #4, UNM Freshman Residential Living Requirement. The Faculty Senate has not yet discussed this issue as a body, the first meeting is next week; however, Chris Vallejos, Terry Babbitt, and Melanie Sparks attended last week's Operations Committee meeting where they answered questions about affordability and access to exceptions. They will come also to present to next week's Faculty Senate meeting. Regent Doughty said he wants the discussions to continue. Regents will not be voting on that at this meeting.

Kyle Biederwolf, President of ASUNM, welcomed new Regent Tom Clifford. Mr Biederwolf also spoke about the Finance and Facilities Committee information item #4, UNM Freshman Residential Living Requirement. The students will utilize ASUNM's first joint council meeting on August 30 as a venue to address this item

and gain student feedback from across campus about this issue. President Frank and Terry Babbitt will also attend that meeting.

REGENT COMMITTEE REPORTS

CONSENT DOCKET

Regent Doughty presented the following items on the consent docket for approval. There were no requests for removal of item(s) from the consent docket.

Academic/Student Affairs & Research Committee (ASAR) Consent Item

- a. KMP Security Managerial Group Resolution

Finance and Facilities Committee (F&F) Consent Items

- a. Approval of Disposition of Surplus Property for Main Campus for June 2016
- b. Approval of SciQuest Software Renewal – UNM Purchasing Department
- c. Approval of Appointment of Alexandra Benjamin to Harwood Foundation Governing Board and Re-Appointment of Lucile Grieder
- d. Approval of UNM Foundation Requests:
 - 1. AON Hewitt's Proposed 2-Year Investment Consulting Contract
 - 2. Revision to Consolidated Investment Fund Investment Policy

Health Sciences Center Committee (HSCC) Consent Item

- a. Approval of UNM Hospitals Disposition of Fixed Assets (added to the consent docket at the beginning of the meeting before the vote to approve the modified agenda)

The motion to approve the items on the Consent Docket passed by a unanimous vote (1st Fortner; 2nd Lee).

HEALTH SCIENCES CENTER COMMITTEE

UNM HSC Financial Literacy Program (information item)

Regent Marron Lee asked Janell Valdez, Associate Director of Financial Aid at the Health Sciences Center, to present the item. The HSC Financial Literacy program was launched in Fall 2015 for HSC students to make available a broad range of financial management information, for example, managing income resources and budgeting income; credit and debt management; and saving and investing. Ms. Valdez discussed accomplishments to date and future plans, referring to slides made available in the agenda eBook. The overall goals of the program are to provide students a framework to learn a financial literacy skill set in order to be successful during school and after graduation; provide students the ability to make informed decisions to decrease educational debt; and enable students to choose a career path based upon aptitude and conviction, rather than financial need.

Regent Clifford commented this is a critical issue for many individuals and inquired if this is mandatory for students who have received financial aid from the university. There was discussion about the 'borrower entrance counseling', an online counseling program, being the only program the federal government allows to be mandated unless a dispensation is granted. Regent Clifford expressed in learning more about the dispensation program.

Regent Lee commented the School of Medicine has decreased tuition over the past couple of years, yet student debt continues to rise, and mentioned teaching important life skills, such as budgeting, to all incoming students to the University is an intriguing idea for further discussion.

President Frank responded there are a number of financial literacy programs campus-wide. This particular program focuses on the HSC side which has unique financial issues. Nusenda has worked with the University for over five years to develop a financial literacy program that is available to students across campus. Nusenda also has a just-in-time micro-loan program to address students' needs for smaller amounts of funds that would be critical to continuing studies.

Provost Abdallah commented that new student orientation has a module available to students that addresses financial issues. He added that, in New Mexico, the tuition cost is not the main financial problem. It is the cost of everything else, and that is why student debt is still rising. Tuition is a small portion of the total cost of education and so not the biggest factor in the rise of student debt. The important areas upon which to focus are, education on how much one should borrow and also how to minimize non-tuition expenses.

Student Regent Ryan Berryman commented that along with tuition not being the primary debt-driver, the proposed student housing requirement may be an extra cost burden for which students would have to plan and possibly incur more debt. This needs to be considered as discussions move forward on this topic.

HSC Financial Update (information item)

Regent Lee asked Ava Lovell to present the item. The report for May 31, 2016 was presented and also available in the agenda eBook. There was discussion about hospital revenues, Medicaid rates and uncompensated care. Regent Quillen inquired about the CMI (case mix index) and CMS (Centers for Medicare and Medicaid Services) penalties and the impact on revenues. Most of the large hospitals in the state are on the CMS penalty list for a third year. Steven McKernan responded the penalty is in about the 1% range, and Medicare revenues are around \$200 million, so it is a \$1.6 million range overall. UNM is working diligently to get off the list. It's a very complex system and with multi-variables. UNM has projects going on to address the areas that need improvement. This is a big challenge for all large public hospitals across the country regarding CMS. Overall, Mr. McKernan said he thinks they will improve their score, but it is a big challenge to get there.

Regent Clifford inquired with regard to the financial report, on the clinical operations figures, the main drivers of an almost 10% increase in salary and benefits and a corresponding decrease in 'other' expenses for FY16. Ms. Lovell responded some of the compensation increase is due to increased FTE to address an increased volume; the other piece is partly due to not hiring and the utilization of a purchase-service contracts. It does save money to hire internally, so that will be going on.

Follow-up re: Mental Health and Community Partners (information item)

Regent Lee asked Richard Larson to introduce the item. Dr. Larson commented Regent Lee had requested a high-level brief on the spectrum of activities with which HSC engages in supporting mental health, in research, education, and clinical service. To meet the request, Dr. Larson introduced the following four faculty members who presented their respective programs: Dr. Shuttle Bill Shuttleworth, Regents' Professor and Director of the Brain and Behavioral Health Institute (BBHI); Dr. Gary Rosenberg, Professor of Neurology and Director UNM Memory and Aging Center (UNM-MAC); Dr. Caroline Bonham, Division Chief, Division of Community Behavioral Health (CBH), Assistant Professor in the Department of Psychiatry and Behavioral Sciences; and Dr. Mauricio Tohen, Professor and Chairman in the Department of Psychiatry and Behavioral Sciences, Service Chief in UNMH Behavioral Health Services. The presentation material was provided in the agenda eBook. There was discussion about rates of addiction in the State and among adolescents and also the mentally ill, about New Mexico demographics and the effort to educate communities.

Regent Clifford commented these are great programs and referred to previous discussion in committee about the work that is going on at Bernalillo County in terms of trying to develop new mental health services, Regent Clifford hopes the county is well-informed of all of these programs that are ongoing and help to inform them as it looks at its revenue and makes decisions on programs it wants to implement. Regent Clifford also inquired about continuing professional education for healthcare providers throughout the State and asked if the HSC considers that an important activity. Dr. Larson responded it is an important area, and Dr. Bonham spoke directly about behavioral health education programs offered around the State. Regent Clifford requested a summary of the extent of those activities throughout the State.

Dr. Larson closed with a comment these programs are a good examples HSC leveraging research, education, and clinical missions and the importance of all three areas working together.

Disposition of Tissue (information item)

Richard Larson presented the item. Regent Lee requested a report on three issues related to the disposition of fetal tissue and remains: the first issue is regarding what happens after a woman has either an induced or spontaneous abortion, that women do have the option of keeping the fetal remains, depending on where they have that done, they can either have the tissue brought home with them or they can pick it up at the mortuary. In those cases where the woman chooses not to have the remains, the remains are disposed of in accordance with federal guidelines and statutes, which require that tissue to be put in proper biological containment, and then it is destroyed by a third party company that is contracted with and that is in the business of doing that; the second issue Regent Lee requested to report upon, in those cases where after the woman consents to termination of her pregnancy, in some cases the woman also consents to having tissue from the fetus used in research. What is the volume of tissue that UNM has received? Reported at the Tuesday meeting, in the last year, fiscal year 16 (FY16), UNM received 26 samples, 22 in the first half of the year, and 4 in the second half of the year. Since the beginning of fiscal year 17 (FY17), which was July 1, UNM has received one tissue sample. The samples that are received are typically 5-50 grams, and the 50 gram number is the 2 ounce, the typical size of the tissue; the third issue to report upon, what is our tissue inventory? UNM does not maintain or have a fetal tissue inventory. Typically, when fetal tissue is received, it is processed for RNA or DNA isolation and in the process of doing that, the tissue is destroyed, and DNA

and RNA is obtained for study. In cases where tissue is left over, it would be disposed of according to the same federal guidelines articulated earlier, and disposed of in that way by and with the same companies.

ACADEMIC / STUDENT AFFAIRS & RESEARCH COMMITTEE

Campus Conversations/Campus Climate (information item)

Regent Brad Hosmer requested Virginia Scharff present the item. Dr. Scharff, referring to slides available in the agenda eBook, discussed recent and ongoing conversations taking place on campus, including public forums around the UNM Seal and other Native American initiatives. Jozi de Leon, VP Equity and Inclusion, presented the campus climate inclusive excellence events planned for Fall, including a screening and discussion of the movie, 'The Color of Fear'; diversity events, symposiums and luncheons; and a visit to campus by Gil Garcetti, former District Attorney of Los Angeles and art photographer, to discuss finding a way through political trauma and embracing compassion and creativity.

Student Regent Berryman inquired regarding gauging the temperature of the current campus climate and UNM's alumni being probably the largest sample size, what means and venues will be utilized to reach a larger alumni base other than only during homecoming weekend. Dr. De Leon mentioned ongoing collaborative communications with Alumni Relations VP Dana Allen and placing information in The Howler, the monthly e-newsletter for UNM Alumni and friends.

FINANCE AND FACILITIES COMMITTEE

Capital Project Approval: UNM Anderson School of Management

Chris Vallejos presented the item. Regents' approval was requested for the UNM Anderson School of Management (ASM) capital project. The estimated project budget is \$24.3 million with three funding sources; \$721,500 from 2014 Severance Tax Bonds, \$5.579 million from ASM Donor Funds, and \$18 million from Institutional Bonds. The project will modernize the current facility and will require demolition of the existing west wing. The capital project will aid in the recruitment of faculty and students. Further detail on the project was included in the agenda eBook.

Regent Clifford inquired about the approval process and if there were any changes in the plan. David Harris stated that depending on an expenditure level of a project, many capital projects come back several times for approval during the process. Mr. Vallejos stated there are no changes to the project. The project goes before the Finance and Facilities Committee and then to the full Board for final approval.

Regent Berryman inquired about the wing that will be demolished and also about the area of the building that will remain. Mr. Vallejos responded the conclusion of analysis showed the east and west wing were very inefficient. As they put in the new facility, they will take down the west wing. Part of the east wing will be used for ASM offices, and the bottom floor will be used for surge space.

Regent Berryman inquired who was involved in the planning and design process. Mr. Vallejos stated that capital projects follow a very formal process. The stakeholder, ASM, along with Dean White and his team were involved. A team of professionals within Planning, Design, and Construction including a planner, architect, designers, and construction management team were also part of the process. There was input from Steve Yourstone with the Academic Affairs Department, through Provost Abdallah, and involved an integrated academic plan. An integrated academic plan is asked of all units involved in any capital project planning. Dr. Yourstone worked with the Provost's Office, students, and faculty members within ASM to help determine the need of the facility.

Regent Berryman thanked the donor for providing a large portion of the funding for the new project and saw that the amount could fluctuate.

Mr. Vallejos stated the project is based on a \$25 million fund as ASM continues to fundraise for the project. The project is currently designed at \$24.3 million, because that is the amount of funds they have in place. The new building will be named 'The McKinnon Center for Management', but the school will remain the Anderson School of Management. In the Five-Year Capital Plan presented to the State, the project was referenced as the Anderson School of Management. As the opportunity came up with the donor, they will rename it as necessary.

The motion to approve the UNM Anderson School of Management capital project passed by unanimous vote (1st Doughty; 2nd Clifford).

Capital Project Approval: UNM Gallup Camps Lions Hall Renovation

Chris Vallejos presented the item. Regents' approval was requested for the capital project of the renovation of Lions Hall on the UNM-Gallup Branch campus. The project budget is \$1.2 million and the funds for the

project are from the FY16-17 Gallup Branch Campus reserves. The Lions Hall will house a charter school, Gallup Middle College High School. The Lions Hall has big community support for the project, and the charter school allows for dual enrollment at the UNM-Gallup Branch Campus for the high school students to take college courses. Many obtain their associates degree along with their high school diploma. Regarding UNM-Gallup reserve fund, the current balance is \$6.1 million, and after the \$1.2 million expenditure, \$4.9 million will be the remaining balance.

The motion to approve the UNM Gallup Campus Lions Hall Renovation capital project passed by unanimous vote (1st Fortner; 2nd Doughty).

Capital Project Approval: UNM Valencia Campus Solar Power System Phase I

Chris Vallejos presented the item. Regents' approval was requested for the UNM-Valencia Campus solar power system. It is a \$520K capital project with funding coming from a \$260K donation through the Aryeh Family with Rio Grande Solar, LLC and \$260K matching funds from local General Obligation Bonds. The project would have various savings and would be the eighth solar installation of solar power on a UNM campus. It will lead to energy savings for the UNM-Valencia Branch Campus of \$13K, annually.

The motion to approve the capital project UNM Valencia Campus Solar Power System Phase I passed by unanimous vote (1st Fortner; 2nd Doughty).

Discussion and Possible Approval of Budget Increase Request for Harwood Museum

Marcia Winter, Chair of the Harwood Museum board, Dr. Richard Tobin, Director of the Harwood Museum, and Linda Warning, immediate past-chair of the board, made the presentation. As a Governing Board appointed by the Board of Regents, who are responsible for the governance and management of Harwood Museum, they felt it their obligation to update the Regents on the status of the museum. In recent years they've worked hard to incorporate museum professional best practices into their operations and caretaking of the large collection. The art collection is currently 5,000 objects and worth approximately \$60 million. They have expanded the visibility of the Harwood Museum, and UNM, through their exhibitions. They have received wonderful national publicity for both the Harwood Museum and UNM. In the last 10 years, they have never operated at a deficit. They have several critical facility issues and operating a state of the art museum in historic adobe buildings is tough. They have an old elevator and if it becomes inoperable will hinder handicap accessibility to the half of the museum. There is a portal at the entrance of the building propped up with 2x4's. This year, \$95K in state capital outlay funds was received, and priorities will be set on how to use those funds carefully.

In the past six years, they have spent a majority of their time focusing on achieving American Alliance of Museums (AAM) accreditation, which is a prestigious honor. Last year, the final documents were submitted on facilities, finances, and staffing. Their application was tabled, and AAM pointed out several areas the Harwood needed to address by a certain date. One area was hiring a new director, which has been achieved. Another was to update the museum's strategic plan, of which the process has begun. The main area of concern is the lack of security that the Harwood Museum has for the size and value of the collection, specifically the need for a security guard. There were also strict standards set on the humidity and temperature levels to protect the art. Since those changes were made, utilities have gone up.

The request is for the Regents to consider having the University take on the obligation of the utilities of the Harwood museum and help in obtaining a security guard. The Harwood feels if the utilities were taken care of, it would free up enough funds to address the other issues pointed out by the AAM, which included staffing for proper care of the collection. If UNM can assist the Harwood in achieving AAM accreditation, the extra investment made by the University would assure they are operating with best museum practices. There is a tremendous amount of prestige in the academic and museum community if they can achieve the accreditation, it would also greatly enhance future fundraising. The Harwood currently has a \$1.1 million budget, a third of which comes from I&G funds. Ms. Winter has met with Jason Strauss from Lobo Energy to see if they can assist the Harwood in negotiating better utility rates.

Regent Lee stated the Harwood is holding \$60 million worth of UNM assets. UNM pays for the utilities of other offshoots of the University, but does not pay Harwood's utilities. Ms. Winter stated the University is requiring the Harwood to provide a complete inventory and valuation of their collection by next year, but they currently do not have the staffing levels to complete the request.

Regent Lee inquired if they would lose the opportunity of AAM accreditation if they don't act on the recommendations. Ms. Winter responded she does not believe they would achieve accreditation and would likely not have another opportunity to apply in the future. They have put a lot of time and effort into the accreditation and would like to achieve it. There are about 35,000 museums in the nation and only 4% of those museums are accredited by AAM. AAM sets certain operation standards, such as collection care. The only college or university museum in New Mexico that is accredited is the Maxwell Museum.

Mr. Vallejos stated that Lobo Energy has been engaged to do a whole rate analysis. The museum has several meters and they are being charged differently for each. They are in the process of gathering data in order to obtain a better rate.

Regent Clifford clarified the request is for the University to assume the \$62K utility obligation as well as recurring funding for a security guard which would be between \$40-50K; in total, approximately \$100K per year. Regent Clifford stated his support of the request.

Regent Berryman his initial skepticism about the importance of the accreditation, but after further discussion, understands it would bring opportunities for grants, fundraising, and additional revenue in the future. Ms. Winter added that not obtaining accreditation would actually hinder fundraising efforts and the ability to apply for good grants.

Student Regent asked for clarification on what the regents would be voting on. Regent Lee said the vote is for a budget increase. The question was posed on where the funds would come from. David Harris stated that currently analysis of the utilities is underway and it is complicated. After that gets worked out, the other items can be addressed. EVP Harris recommended the regents not vote on the item this month. Regent Clifford asked if the regents could have the information by next month. EVP Harris agreed. Ms. Winter stated the museum needs to provide its final report to AAM by the first week of December 2016, primarily demonstrating a good faith effort that the museum is addressing the concerns of AAM.

There was brief discussion of the current world-class exhibit at the Harwood, 'Mabel Dodge Luhan and Company-American Moderns and the West'. The exhibit will travel to the Albuquerque Museum and exhibit through the winter, after which time it will travel to a museum in Buffalo, New York.

The motion to table the item, discussion and possible approval of budget increase request for Harwood Museum, until the next regular meeting passed by unanimous vote (1st Doughty; 2nd Hosmer).

UNM Freshmen Residential Living Requirement (information item)

Terry Babbitt, Chris Vallejos and Melanie Sparks made the presentation. They presented slides regarding the UNM freshman residential living requirement. Enrollment Management and Institutional Support Services have worked together on the initiative. UNM has considered a residential living requirement for many years. Many institutions around the nation have a residential living requirement. Analyses have been made in the various aspects of the issue, including capacity, student outcomes, safety, affordability, access, enrollment impact, and the process necessary to undertake, if approved.

Regent Fortner inquired the target group of students; rural New Mexico or out-of-state, because there are exemptions for those living in Albuquerque. Dr. Babbitt responded that location is the primary exemption; if a student is within 30 miles of campus, they would be excluded automatically from the requirement. From compiles data, there are about 350 students who come from outside of the 30-mile radius. It is a mixture of resident and non-resident students.

Student outcomes are critical, and the third-semester retention rates were 10% of those students living on campus than those living off campus. Approximately 92% of students at a high range of ACT score return the third semester if they are in a residential living environment. Students perform better when they live in residential halls. Safety is also a critical area; there were 30 crimes reported in the residential environment in a whole year on the most recent Clery Report. There were 500 different types of crimes reported in one month within a two-mile radius of the University. Transitioning La Posada to 24/7 access will allow students a safe place to eat and engage. The President has asked for more programming on weekends and evenings on campus in order to make it a more enticing environment. A committee has been established to discuss residence life improvement. Extensively conversations have taken place with the Faculty Senate and ASUNM to engage them on these issues.

Enrollment is another concern. From a survey of students inquiring how a residential living requirement would have impacted their decision to attend UNM, approximately 21% of 350 students surveyed stated it would have impacted their decision. Most of those students were traditional 18-year old freshman. There are some exclusions for age or dependent children. Many of the students in the 21% would have been eligible for exception because they lived with family or there was an affordability option that was better for them.

Regent Fortner inquired if NMSU, who recently implemented this type of requirement, has those same types of exemptions. Dr. Babbitt stated that they do not have exact details of the NMSU policy but believe they have a zero mile radius; even local freshmen students may be expected to live on campus at NMSU.

Regent Doughty inquired if NMSU experienced a decline in enrollment due to the policy. Dr. Babbitt responded it is a recently adopted policy, so they will not know the impact for another year. Regent Doughty inquired the financial impact 10% enrollment would have on revenue. Dr. Babbitt clarified the data and said the 21% comes from the data of the 350 surveyed. The 21% would be 100 students, or 3% of the freshmen class. If you had 100 less students paying tuition, it would be approximately a \$700K reduction; however, if the policy worked and retention rose 10%, that would offset the small decrease in freshman enrollment.

Regent Clifford was concerned with the data presented because they were not regression analysis results that drill in on the effects of the parameter on retention. Dr. Babbitt stated there are many variables that impact that success rate, including socio-economic status and entry-level characteristics. They believe a residential living requirement would aid in third-semester retention, but they would not promise 10%. There are exemptions in place to prevent those students who would not attend due to the policy. They would meet with students to discuss their options.

Regent Berryman inquired if a housing requirement were to pass, could housing rates come down, or if the additional funds would be retained for capital improvements. Ms. Sparks responded, from research on one and two bedroom apartments in the vicinity of UNM, there are other expense factors with living off campus in an apartment for instance, such as utilities, deposits, cable, internet, and laundry, which all are included into the cost of living on UNM Main Campus. Students also have access to trained Residential Life Staff and events. Students have access to over 1,200 events, 700 of which are on the evenings and weekends. There is also the convenience of being on campus for classes, libraries, and activities with 24-hour safety on campus provided by the UNM Police Department. They can take a look at their prices, but currently they are competitive. Mr. Vallejos stated Housing is a self-supporting auxiliary unit which breaks even at 80% occupancy. Anything above that goes to fund the \$1.5 million commitment to the UNM budget and for capital improvements. Over \$21 million of improvements have been put into residence halls to continue to make it the best for students. The rates have been stable for the last 7 years. They are right at the price point, at \$500. Capital improvements are more likely than a reduced housing rate.

Regent Lee stated it important to not want to get into a situation where the University requires students to live on campus, but does not offer amenities that make them want to stay. Dr. Babbitt stated affordability is a foremost issue, and currently the cost of attendance for a student who lives on campus is the same as that for a student who lives off campus; federal loan eligibility is the same.

Regent Lee stated this was not ready to be an action item due to the need for more student and faculty input.

Regent Quillen stated this is not a good year to risk any student potentially not coming to UNM due to a policy change. Dr. Babbitt responded they weigh the risks when coming up with recommendations, and this is one that could enhance student outcomes. It may be worth the tradeoff.

Regent Berryman stated he does not feel it should be the University's place to dictate where someone should live or spend their money, but he knows it is a goal in the strategic plan to modernize and revitalize campus by 2017. He feels with those improvements it would be a better time to discuss the tradeoffs.

Update on Main Campus and HSC Consolidation/Alignment Efforts (information item)

Dorothy Anderson presented the item and referred to a 1-page document provided in the agenda eBook. Ms. Anderson briefly discussed the progress made on the initiatives and the degree of detail put into the review with AON regarding consolidations between Main Campus and HSC. Two areas, Legal Counsel and Compliance, are on their way to consolidation. The TIG study of Main Campus IT will be presented as a report in September. The AON Hewitt review of the senior positions in Communications/Marketing, Finance, and Strategic Support was more complex than originally anticipated. They have held kickoff meetings, gathered organizational charts, and validated reporting structures. The information was validated against Banner information and against performance reviews. There were 22 one-on-one meetings across Main Campus and HSC held with a senior administrator and an AON consultant. AON followed up with role profile documents to allow individuals to fill in what they may have missed. AON compared those two documents and looked for gaps and inconsistencies. A Span Analysis had also been completed to gain more information on Communications and Finance. AON will be back on site to meet with the President and three EVPs in September. They hope to provide recommendations on revised organizational charts and salaries to ensure consistency based on responsibilities between various individuals. The recommendations and options are focused on business needs and not specific individuals.

Regent Quillen inquired when work with consultants will be finished as they have spent a lot of time and money, approximately \$200K, on the efforts. Ms. Anderson responded they will be wrapping up soon and implementation will be done by the University. A consultant was useful to allow the employee to speak freely about what they do without pre-conceived notions. There were some expenses, but the hope is it will result in permanent savings.

Athletic Department Financial Overview – FY16 & FY17 (information item)

Andrew Cullen presented the item and Paul Krebs was available to answer questions. Mr. Cullen stated the Athletic Department budget is driven by external factors such as ticket sales, which affect fundraising, concessions, and merchandise sales. Salaries and fringe benefits are a high expense for Athletics. Utilities, event management, ramped up security measures, and grant-in-aid are consistent increases each year for Athletics. Tuition and fee increases result in increased expenses for Athletics due to their grant-in-aid. Cost-of-attendance is a new expense category for Athletics, which is important to stay competitive in recruiting student athletes. In FY16, Athletics did not balance its budget. The overall deficit for FY16 was \$1.5 million due to a shortfall in revenues and over expenditure on the costs built into the budget. With the overage, the accumulated deficit for Athletics is \$4.3 million. That will reside on the books until Athletics is on firm footing.

Regent Quillen inquired what changed from their initial favorable projections in October 2015. Mr. Cullen responded they had favorable projections because they finished the year in the black for FY15. Prior to FY15 they ran deficits that resulted in a \$2.75 million accumulated deficit. That trend did not continue in FY16. The deficit has been covered by overall University reserves, but the deficit would remain on the books and is now \$4.3 million. Moving forward, Athletics needs to project a more conservative revenue figure for ticket sales, which has been done in the FY17 budget and lowered by \$900K.

Regent Doughty stated that some teams have overspent and there needs to be a message to the coaches that they need to stay firm in their budget with no overages. Mr. Cullen responded they are working with Financial Services to develop automated reports in the Banner system to help Athletics track their revenues and expenditures. Mr. Krebs will have more oversight on the teams' expenditures, and they have hired a new financial manager to engage in tracking the budget.

Mr. Krebs stated Football and Men's Basketball are the two sports over-expended primarily due to travel costs. The changes in the conference have added more schools out-of-state. Operating budgets have not increased in the past 3-4 years, as there are no funds to do so. Costs have gone up but budgets remain static. All of the coaches fundraise for their programs.

Regent Berryman recommended that the Regents see monthly reports about the budget to avoid dealing with issues at the end of the fiscal year.

Regent Clifford would like to see the current FY17 budget for Athletics and potential impact on taking action for initiatives to reduce the deficit.

Mr. Krebs stated they have started taking action on addressing budget issues but would not like to eliminate any sports. That would be a last effort if there is no alternative.

Regent Berryman inquired about the cost-of-attendance number and the need to compete with Power-Five schools. Mr. Krebs responded cost-of-attendance is another challenge facing the budget. NCAA rules continue to change and there is more flexibility and financial aid available to student athletes; they could now pay student athletes the full cost of attendance. That number is determined by the Financial Aid Office. Baseball is an optional sport for cost-of-attendance. They are also playing a guaranteed football game, which will increase revenues a minimum of \$900K, for the next 10 years. Travel costs to get to those games are built into the budget. There was no game in FY16. Season tickets for Football are ahead of last year, by 200. This year will be the first year of alcohol sales at football games which will add to the revenues.

Mr. Cullen stated improved ticket sales are important, which fell short \$975K in FY16. NMSU currently receives \$532K more in their State appropriation than UNM. UNM receives less student fees on average than Mountain West peers. They could increase revenues with alcohol sales, renting out facilities, and using Regents' Endowments to pay for scholarships. Cost avoidance for Athletics is positive as they have paid off loans from Financial Services and Institutional Support Services (ISS). The debt service payment for The Pit will no longer come out of operating expenses due to corporate contributions from Wise Pies and US Bank coupled with the 2007 refunding.

Regent Quillen stated that Athletics does a great job with student athletes and they have great outcomes. Mr. Krebs responded operating costs for the Student Athlete Success Center is primarily funded by Athletics, although they do receive some assistance from the Provost's Office. On average, the institutions with which UNM competes receive \$6 million more in support. They are working with the President and EVP Harris to find ways to increase revenues and decrease expenditures.

PUBLIC COMMENT

Jeff Sharp, Administrator with New Covenant Church, spoke on behalf of Jim Cooper, New Covenant Church pastor who was banned from UNM campus. Mr. Cooper moved to Albuquerque in 2004 to start a church specifically to reach UNM students. In the past 12 years they have developed good working

relationships with many UNM departments and employees. They are affiliated with the UNM student group, Lobos for Christ. Eighty-85% of their church are current or former students of UNM. On April 8, 2016, the New Covenant Church and pastor received notice they had been banned from UNM campus and the student group was suspended without prior warning. The ban is to stay in effect for two years. On April 19, 2016 they met with the Interim Dean of Students and were informed some students filed complaints regarding the church without specifics. Mr. Sharp provided letters of support for the church and asked the Regents to reconsider the decision.. There was discussion and regent inquiry into the ban. Provost Abdallah stated the processes were followed for the ban and strongly encourage the Regents to hear the other side of the story for violating University policy, specific to the case. It was not just the Dean of Students making the decision, policies were followed. Regent Lee would like to hear from those who have been banned. President Frank encouraged the Regents to meet with the Dean of Students to discuss the situation.

ADVISORS' REPORTS

Pamela Pyle, Faculty Senate President, stated faculty are coming back for fall and their first senate meeting is next week. The operations committee has been meeting to prepare in the interim. Faculty Senate Benefits Committee is eager to participate and help regarding benefits and health insurance issues. They also hope the Faculty Senate Budget Committee can help internally with budgetary issues facing the University. They have been working on synchronizing legislative committees with Government Relations. They will also hold another event to present faculty work to the Regents. Academics within Borders is ongoing and will have faculty members in rural communities in the State to showcase work.

Delia Brennen, ASUNM Chief of Staff presented on behalf of Kyle Beiderwolf. ASUNM are beginning the SFRB process, they are meeting with applicants to get more information. Ms. Brennen reported on other activities within ASUNM.

Glenda Lewis, GPSA President, reported on scholarship funding activities. GPSA is undergoing unit visits for SFRB; they have gone to 15 different units and will complete the process soon. Ms. Lewis, reported on other activities within GPSA.

VOTE TO CLOSE THE MEETING AND PROCEED IN EXECUTIVE SESSION

The vote to close the meeting and proceed in Executive Session passed unanimously (1st Lee; 2nd Fortner). The meeting closed at 11:18 AM.

1. Discussion and decision, if appropriate, of strategic or long-range plans of public hospitals as permitted by Section 10-15-1.H(9), NMSA (1978)
2. Discussion and determination where appropriate of threatened or pending litigation as permitted by Section 10-15-1.H(7), NMSA (1978)
3. Discussion and determination where appropriate of the purchase, acquisition or disposal of real property as permitted by Section 10-15-1.H(8), NMSA (1978)
4. Discussion and determination where appropriate of limited personnel matters pursuant to Section 10-15-1 (2), NMSA (1978)

VOTE TO RE-OPEN THE MEETING

The vote to re-open the meeting passed unanimously (1st Fortner; 2nd Doughty). The meeting opened at 12:35 PM; the door to the Cherry Silver Room was opened.

Regent Doughty certified only those matters described in the closed session agenda were discussed and there was no item upon which to take action.

ADJOURN

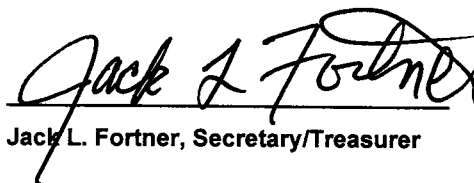
The motion to adjourn the meeting passed unanimously (1st Fortner; 2nd Lee). The meeting adjourned at 12:36 PM.

Approved:

Attest:



Robert M. Doughty III, President



Jack L. Fortner, Secretary/Treasurer