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**Minutes of the Regular Meeting of the Board of Regents of the University of New Mexico
December 13, 2016
Student Union Building (SUB), Ballroom C
Executive Session-Cherry Silver Room**

Members present

Robert M. Doughty, President; Marron Lee, Vice President; Ryan Berryman; Suzanne Quillen; Tom Clifford; Brad Hosmer; Jack Fortner (joined via FaceTime)

Administration present

Paul Roth, EVP and Chancellor for Health Sciences Center; Chaouki Abdallah, Provost and EVP for Academic Affairs; David Harris, EVP of Administration, COO, CFO; Ava Lovell, Sr. Exec. Officer of Finance and Administration, HSC; Elsa Cole, University Counsel; Jozi de Leon, VP Equity and Inclusion; Dana Allen, VP Alumni Relations; Ava Lovell; Eliseo 'Cheo' Torres, VP for Student Affairs; Libby Washburn, Chief Compliance Officer; Paul Krebs, VP Athletics; Liz Metzger, Controller

Regents' Advisors present

Daniel Perea, President Parent Association; Danelle Callan, President Staff Council; Kathy Guimond, President Retiree Association; Glenda Lewis, President GPSA; Pamela Pyle, President Faculty Senate

Presenters in attendance

Amy Wohlert, President's Chief of Staff; Bruce Cherrin, Chief Procurement Officer; Frances Wilkinson, Deputy Dean, University Libraries; Norma Allen, Assoc. Director University Budget Operations; Vahid Staples, Budget Officer; Cinnamon Blair, Chief University Marketing & Communications Officer; Terry Babbitt, AVP Enrollment Management; Corine Gonzales, Strategic Support Manager in the office of Enrollment Management; Jennifer Thacher, Assoc. Professor of Economics and Chair of the Honorary Degree Committee.

Others in attendance

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

CONFIRMATION OF PRIOR SPECIAL MEETING IN EXECUTIVE SESSION – DECEMBER 1, 2016 SPECIAL MEETING

The Board of Regents met in closed session on December 1, 2016 from 2:00 to 3:52 PM in the Roberts Room number 204 of Scholes Hall on Main Campus. All members were present. The meeting was held in closed session under the Open Meeting Act (NMSA 1978) exception, discussion and determination where appropriate of limited personnel matters as permitted by Section 10-15-1H(2), NMSA (1978). No actions were taken. Before the meeting adjourned, Regent Doughty certified that only those matters described in the agenda for the meeting were discussed in closed session.

CONFIRMATION OF PRIOR SPECIAL MEETING IN EXECUTIVE SESSION – DECEMBER 7, 2016 SPECIAL MEETING

The Board of Regents met in closed session ON December 7, 2016 from 1:06 to 4:38 PM in the Roberts Room, room 204 of Scholes Hall on Main Campus. The following members were present in person: Robert Doughty, Brad Hosmer, Tom Clifford, Marron Lee, Ryan Berryman, and Jack Fortner. Regent Suzanne Quillen joined the meeting telephonically. The meeting was held in closed session under the Open Meeting Act (NMSA 1978) exception, discussion and determination where appropriate of limited personnel matters as permitted by Section 10-15-1H(2), NMSA (1978). No actions were taken during the meeting. Before adjournment, there was certification that only those matters described in the agenda for the meeting were discussed in closed session.

CONFIRMATION OF PRIOR SPECIAL MEETING IN EXECUTIVE SESSION – DECEMBER 13, 2016 SPECIAL MEETING

The Board of Regents met in closed session on December 13, 2016 from 7:48 to 8:34 AM in the Cherry Silver Room on the third level of the Student Union Building on Main Campus. The following members were present in person: Robert Doughty, Brad Hosmer, Tom Clifford, Suzanne Quillen, Marron Lee, and Ryan Berryman. Regent Jack Fortner attended the meeting telephonically. The meeting was held in closed session under the Open Meeting Act (NMSA 1978) exception, discussion and determination where appropriate of limited personnel matters as permitted by Section 10-15-1H(2), NMSA (1978). At 8:29 AM, the vote to open the meeting was unanimous, and there was certification that only those matters described in the agenda for the meeting were discussed in closed session. After the meeting opened, the doors to the Cherry Silver room were opened and the following motions were made:

Suzanne Quillen moved to approve the draft agreement and mutual release, pending signature by President Frank; Brad Hosmer seconded the motion; the vote was 5-2; Marron Lee and Tom Clifford voted opposed; motion passed.

Marron Lee moved to appoint Provost and EVP for Academic Affairs, Chaouki Abdallah, to lead the UNM administration as the acting President beginning January 1, 2017 and Craig White, Dean of the Anderson School of

Management, to be acting Provost; Ryan Berryman seconded the motion; the vote was unanimous in favor; motion passed.

CONTINUATION OF MINUTES OF THE DECEMBER 13 BOARD OF REGENTS REGULAR MEETING:

CALL TO ORDER, CONFIRMATION OF A QUORUM, ADOPTION OF THE AGENDA

Regent President Rob Doughty called the meeting to order at 9:07 AM and confirmed a quorum of members present. Regent Jack Fortner joined the meeting telephonically.

Regent Doughty asked if there were any modifications to the agenda before adoption. Regent Marron Lee requested the following two modifications to the agenda:

1. Move to the consent docket: Health Sciences Center Committee action item #1, Tab 5 -- Approval of the Nomination of Dr. Margaret Ann Massengill Armstrong to the Carrie Tingley Hospital Advisory Board
2. David Harris, EVP for Administration, would be the presenter for the Finance and Facilities Committee agenda information item #6, Tab12 -- State Revenue Estimates

The motion to adopt the agenda as modified passed by unanimously (1st Lee; 2nd Berryman).

APPROVAL OF MINUTES

Regent Doughty asked if members had reviewed the minutes of the November 15 regular meeting November 15 special meeting and if any member had corrections to make. There being no corrections, Regent Lee motioned approval.

The motion to approve the minutes of the November 15, 2016 regular meeting and the November 15 special meeting passed by a unanimous vote (1st Lee; 2nd Quillen).

THE PRESIDENT'S ADMINISTRATIVE REPORT

Amy Wohlert presented the report and opened with comments about Fall commencement, when the achievements of the University's graduating students are celebrated. Applauded are the contributions of UNM faculty and staff and the support from students' family and friends that enable graduates to reach their goals. More on student success: third-semester retention rate exceeds 80% and 4-year graduation rate exceeds 20%. UNM was recently designated a Top 10 Military Friendly ® institution (Tier 1 Research), the only institution in any category in NM to receive Top 10 status. The GO Bond C passed by a large margin, thanks to the combined efforts of many in the UNM community. This provides the foundation of funding for the Physics, Astronomy, and Interdisciplinary Science building (PAIS). In addition to PAIS, other projects underway including Anderson, Farris, Johnson, and Smith Plaza. Together, these projects will revitalize UNM's Main Campus. Dr. Wohlert also spoke about campus climate, campus safety has continued to be a priority. Additionally, thanks to participation throughout the campus, there is continual reaffirmation of the commitment to freedom of inquiry and expression, inclusiveness and respect, and our responsibility to our community. On the subject of Innovation, Dr. Wohlert said that construction of the Lobo Rainforest building at Innovate ABQ is well underway, and more than 450 Innovation Scholars are enrolled in the Innovation Academy this semester. On fiscal solvency, proactive solvency efforts have been successful in addressing mid-year budget cuts with a campus-wide hiring moratorium and strategic drawdown of reserves to balance the current year budget. The Budget Leadership Team is engaged in the development of the FY18 budget, and a new subcommittee structure focuses on critical issues, including cost reallocation and new revenue models. Dr. Wohlert closed with words of year-end recognition of the accomplishments of the entire UNM community and the University's broader local, statewide, and global communities.

PUBLIC COMMENT

Sandra Penn, a physician of Family Medicine, spoke in favor of research at UNM, with specific mention of supporting research at the Health Sciences Center. Dr. Penn presented the Regents over 200 papers and cards signed by students, "urging the BOR to reject legislators' attempts to insert their personal political agendas into the quality education and services that UNM Provides."

ADVISORS COMMENTS

Pamela Pyle gave faculty feedback to the Regents. Feedback she had recently obtained from dialogues with the majority of the faculty senate, the representative body of the faculty. Ms. Pyle and the faculty are grateful to have had the opportunity to dialogue with the Regents regarding recent University President issues. She said she believed the faculty supported the actions. Faculty have had profound concerns regarding the impact of recent actions on the reputation and orderly administration of New Mexico's flagship institution. The faculty did hope that the Regents would act in good faith concerning matters over which they have purview and trust that the outcome will not undermine the ongoing presidential search. It is essential that current events do not adversely affect the working

relationships of the governing bodies at the University and thus the ability of an incoming president to fulfill his or her duties. The faculty appreciates that the Board of Regents has resolved this issue swiftly and amicably to allow all constituencies to join collaboratively in upholding the academic mission of the University.

COMMENTS FROM REGENTS

Regent Doughty said it was an honor to be able to recognize Student Regent Ryan Berryman. Today is his last Board of Regents meeting as he is graduating with his MBA from The Anderson School. Regent Doughty thanked Ryan for his excellent work on the Board of Regents and said he has done an excellent job. He is an exemplary young man, disciplined in his school work, disciplined as a Regent and with his other responsibilities. Regent Doughty wished Student Regent Berryman well and said he has a bright future.

Regent Marron Lee affirmed Regent Doughty's remarks and added she has had the honor of working with Regent Berryman on the Finance and Facilities Committee entailing every aspect of being a regent, not just a student regent, but a full regent, always prepared, always thoughtful, and willing to make hard decisions. Regent Lee echoed that Ryan has a bright future ahead of him.

Regent Tom Clifford thanked Student Regent Berryman for his service to the State and added in working with Ryan for only about six months, has found him to be thoughtful, considerate, and with a strong moral compass. His attention to his responsibilities in a given situation and honoring those has been to the benefit of this institutions. It has been a great pleasure to work with Ryan; he obviously has a great future and will make valuable contributions wherever he goes.

Regent Brad Hosmer confirmed his full agreement with the comments made, and without reservation Ryan is a full-fledged regent.

Regent Suzanne Quillen said it has been a pleasure working with Ryan; she saw him undertake the massive amount of responsibility and information that goes with being a regent, and all this in addition to being a full-time student. Regent Quillen saw him progress in his confidence stating his own mind after doing very thorough research. Regent Quillen added she has learned a lot from him and will miss him.

Regent Berryman responded it has been an honor to serve his soon to be two-time alma mater in this capacity. Years down the road he will probably not remember so much what was on the agenda, but it will be the people he has met along the way whom he will remember most of all. Regent Berryman thanked everyone.

ANNUAL DETERMINATION OF REASONABLE NOTICE OF MEETINGS

Regent Doughty presented the agenda item and said this is a routine item, annually. He asked if there were questions or comments. Student Regent Berryman said there is an extra comma under bullet two and added last year there were comments from student about the March Board of Regents' meeting happening during Spring Break. Regent Berryman said the 2017 calendar has the March meeting scheduled again the Monday of Spring Break and wanted students to be aware of that ahead of time. Regent Lee commented the March meeting is set by NM statute.

The agenda items for approval:

- a. Approval of revisions to Regents' Policy 1.3 -- Public Notice of Regents' Meetings
- b. Affirmation of 2017 meeting calendar

The motion to approve the revisions to Regents' Policy 1.3 passed by a unanimous vote (1st Lee; 2nd Berryman).

The motion to affirm the 2017 meeting calendar passed by unanimous vote (1st Lee; 2nd Clifford).

REGENT COMMITTEE REPORTS

CONSENT DOCKET

Regent Doughty presented the consent docket and asked if any member wished to remove any item from the docket for discussion and a separate vote. No items were removed from the consent docket.

1. Health Sciences Center Committee (HSCC) Consent Items
 - a. Approval of UNM Hospitals Equipment Disposition of November 2016
 - b. Approval of the Nomination of Dr. Margaret Ann Massengill Armstrong to the Carrie Tingley Hospital Advisory Board
2. Finance and Facilities Committee (F&F) Consent Item
 - a. Approval of Disposition of Surplus Property for Main Campus for November 2016

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

HEALTH SCIENCES CENTER COMMITTEE

Approval of the UNM Hospitals Contract with Philips Healthcare Informatics, Inc.

Ava Lovell presented the item. This is for a service contract with Philips Healthcare Informatics, Inc. that will supply a Philips IntelliSpace PACS system (Picture Archiving and Communication System) to be used in the radiology department. This will allow real-time access to images for diagnostics. The total cost per year is estimated at \$1.5 million; the estimated contracted amount pending actual utilization is \$12 million over eight (8) year term. The new contract award was based upon a reduction in price. Details were presented in the material that was included in the agenda eBook. Regent Lee added this item was discussed more in depth in HSC committee before it was approved in committee, and she asked if there were any questions from the board. There were no questions.

The motion to approve the UNM Hospitals Contract with Philips Healthcare Informatics, Inc. passed by unanimous vote (1st Clifford; 2nd Quillen).

FINANCE AND FACILITIES COMMITTEE

Contract Approval: University Libraries and Health Sciences Library and Informatics Center-Periodical Subscriptions

Bruce Cherrin and Frances Wilkinson presented the item, requesting approval of a new subscription to provide continued services for the Libraries (UL&LS, University Libraries and Learning Systems, and also HSLIC, Health Sciences Library and Informatics Center) for periodical subscriptions stating FY2017. Details about the libraries, systems, needs and current expenditures and the RFP process were presented in the material provided in the agenda eBook. After the RFP process begun in August 2016, Otto Harrassowitz, previously utilized by UL&LS, was chosen as the vendor with the proposal most advantageous to UNM. As a result of a joint negotiation with both UL&LS and HSLIC, there will be a \$60K per year savings in service charges. The source of funding will come from the acquisitions' budgets of the UL&LS and HSLIC. The total cost is approximately \$3.5 million annual not to exceed eight years.

The motion to approve the contract for University Libraries and Health Sciences Library and Informatics Center regarding Periodical subscriptions passed unanimously (1st Berryman; 2nd Hosmer).

Approval of Mid-year FY17 Budget Adjustment Requests (BAR) for Main and Branch Campuses

Norma Allen presented the item and referred to several slides that were made available in the agenda eBook. The Mid-Year FY17 BAR was presented for Main Campus and Branch Campuses. The NM Higher Education Department (HED) required the University to do a BAR for the 5% reduction in the State appropriation. The total reduction was \$15.5 million and broken out by Main Campus, HSC, and the Branch Campuses; the overall impact was a 0.4% reduction in expenditures.

For Main Campus, the total change for State appropriations was a 5% reduction, and tuition and fees were also included in the BAR to illustrate the shortfall in pooled revenue and pooled fees. The total change in revenue is \$10.1 million. The total change was 1.2% for Main Campus. A summary of the overall budget reduction strategy was presented, and for the \$10.1 million reduction, the funding sources included \$4.7 million vacancy savings, \$3.5 million use of reserves, \$1.3 million reduction in operating expenditures, and \$574K from other revenues. A pie chart was presented depicting the overall areas that were reduced. The next slide illustrated the overall budgetary impact on expenditures of \$6 million for Main Campus or 0.71%. Attachment A was the actual BAR that will go to the HED. In that BAR, from approval in May 2016, beginning balances will be restated, the change was \$34 million. The actual reserves on hand for Main Campus ties to the CAR report that was presented in October. Attachment B provides a summary of revenue and expenditures and breaks out functional categories as well as funds by exhibit. Attachment C was the Instruction and General (I&G) scenario for Main Campus that showed the overall impact for I&G. For Academic Affairs there is a 2.7% decrease in I&G allocations. For the President's Area and the EVP for Administration and must funds, there is approximately a 3% reduction in I&G funding.

For the Branch Campuses, the total reduction for State appropriations was a little over \$1 million. A table was presented which illustrated the break out per campus; Gallup, Valencia, Taos, and Los Alamos. Their budget reduction strategy was very similar to Main Campus with some exceptions. Gallup chose to reduce vacancies and operating expenditures, and a question was brought up at F&F about why they did not use reserves. The presentation materials included a memo from the Gallup Campus that explained the rationale; their advisory board requested reduction to expenditures rather than use of reserves, as well as they want to meet the recurring cut in revenues with recurring cuts in expenditures. Attachments A-D for the Branch Campuses are the individual BARs which will be sent to the HED; each document has to be sent, by campus, instead of one consolidated report.

Regent Clifford thanked the Administration for bringing to the Board's attention the significant revision to the beginning balances. This should be addressed when creating the budget in May as the \$34 million revision was substantial. He understood there was some issue with the Auditor and he would like more clarity on that to understand their position. He would like to target a more precise forecast for the current year's budget to have an accurate understanding of the balances moving forward.

(Motion to approve this item included approval of the HSC BAR – see the following motion.)

Approval of FY17 Budget Adjustment Request (BAR) for HSC

Ava Lovell presented the item and referred to material provided in the agenda eBook. The Mid-Year FY17 BAR was presented for Health Science Center (HSC). HSC also had the 5% general fund rescission which amounts to \$4.687 million for HSC, totaling just under \$100 million of State funding. Beginning balances were also restated in the BAR, a net increase of \$955K, actuals versus what was budgeted. For reductions, units were tasked to look at the reduction as a recurring cut to ensure they could take it on a recurring basis. There are balances to cover if any unit cannot make it this year, but by this coming budget year they will have to take that as a recurring loss. The reduction covers everything from I&G, RPSPs, Carrie Tingley, and Children's Psychology, and Office of Medical Investigators; independent operations; everyone took that 5% cut directly. As a total percentage of the entire University, it was about 0.4%.

Regent Lee inquired if there were any disproportional cuts. Ms. Lovell responded there were because there are units that are entirely State funded, but they worked with those to best mitigate cuts and make them more efficient. Some units can increase tuition if needed.

Regent Lee inquired about areas such as Physical Therapy increasing tuition since they decreased tuition at the Medical School. There are different pots of money that go around which makes it confusing. Ms. Lovell responded that the Medical School is only the MD. Physical Therapy is not an MD, it is a sub-section of the Medical School. Pharmacy is a different college, but they are more similar to what one would consider a Main Campus department; Like OT and PT, they rely on tuition and State I&G funding.

Regent Clifford stated he would like to see more clearly which units will be more impacted by the budget cuts in order to see pressure points within the budget for both Main Campus and HSC. On the beginning balance issue, he did not see the issue rise to the same level of prominence in this report and unsure if the Auditor was using a different standard or approach with the HSC budget. Ms. Lovell responded Dr. Roth is adamant he does not allow units to come to budget utilizing fund balances. They can only budget use of carry forward funds for a one-time investment item.

Regent Clifford stated the use of reserves is a critical budget tool to identify areas of savings in the current difficult budget environment. Ms. Allen stated the requirement from the State Auditor is they have to budget plenty of expenditure authority within the exhibits. Those contingencies are centrally held. The units can only budget what is in their index. They have non-sufficient funds checking enabled to ensure they don't have an audit finding.

Regent Clifford stated they don't want to spend over their budget because they do not have the authority to do so. It is a question of how do we prorate spending. By spring they should have a good idea where they will come out in June. He would like to focus on that as a performance metric they should improve.

Ms. Allen responded they will work with the Regents to better budget contingencies.

Regent Clifford stated they do report monthly regarding the annual budget, but those are hard to follow. They need to focus on pace of spending and reveal if it might be adjusted in the original budget.

Regent Berryman inquired about vacancies on Main Campus. Ms. Allen responded for EVP for Administration it was around 11 positions. Nicole Dopson added regarding Academic Affairs 50 positions have been eliminated since the hiring freeze.

The motion to approve the FY17 Budget Adjustment requests for Main Campus, the Branch Campuses and HSC passed by a unanimous vote (1st Clifford; 2nd Berryman).

University Communications and Marketing Realignment/Budget Presentation and Update on University Expenditures by Contractor

Cinnamon Blair, Norma Allen, and Ava Lovell, presented the item. Billy Sparks was also present to answer any questions.

Regent Lee prefaced that the presentation came from the Regents initiative to do a linear reorganization through the AON Report of our Communication and Marketing across campus, a reunification. This exemplifies why they took the vote in March to reunify campus because things get lost in the cracks.

Ms. Allen reviewed a slide on the overall University Communications and Marketing (UCAM) Main Campus budget this past year, current year, and projected two fiscal years for FY 18 and FY 19. The I&G allocation for FY 16 was \$1.2 million. In addition, there was \$500K for the President's initiatives that were added to their budget and rolled into their FY 17 budget totaling \$1.8 million. In FY 17, they received \$1 million from the Regents for media funding, \$150K from the Alumni Association for branding efforts for a two year agreement, and \$78K for the Web Services Center for internal service operation of web services, which puts their total budget for FY 17 at \$3 million. The total expenditures for UCAM were reviewed along with their ending reserve. They are projecting to spend down all reserves and all funds.

Regent Lee inquired if the funding from the Regents for media expenses came from the Regents Endowment. Which Ms. Allen confirmed. And she also inquired about the \$150K pledged by the Alumni Association for two years. They will look at the metrics of effectiveness of media and marketing campaign to determine if they continue with additional funding, which Ms. Allen confirmed.

Ms. Blair stated they have some one-time dollars infused in the budget to support the branding and marketing initiative, but outside of that they have \$200K per year out of their operating expenses to continue with the campaign. They have the \$500K from the agency hours which developed the creative efforts. There is a large presence at the malls in Albuquerque and Las Cruces with UNM branding signage in addition to other initiatives.

Regent Clifford inquired what the performance metrics were and how they are going to gauge the effectiveness of spending, and about polling into the broader community on perceptions of the University.

Ms. Blair stated there are anecdotal metrics for types of advertising for out of home such as billboards and banners where they know what the traffic is. They have more specific metrics in the digital areas they can track the demographics, who are engaging, how long, and where they go and click such as Admissions and Enrollment. They are working with the Alumni Association to reconnect Alumni with the University also. They can break down into dashboards based on media use, online TV or music. They can see which is most effective and if something or a geographic location is not as effective, they can optimize and shift quickly. If something is more effective they can shift dollars and efforts to that. They can provide reports to the Regents at their convenience now that the campaign has launched. Regarding polling, they have conducted an image a perception study for the past 12 years, generally three years apart as it costs \$40-50K per poll. It is a state-wide study always conducted by Research and Polling and they use similar questions adjusted for changes in technology and media. They hope to do the study again in two years and would hopefully see a shift in image and perception. There was a recommendation in the last study by Research and Polling that a marketing and branding initiative would probably help increase image and perception.

Regent Clifford would like a copy of the last version of the study provided to the Board.

Regent Berryman thanked the Alumni Association for investing in the branding initiative because it is sensible as they are able to generate revenues using the University brand and contributes back which is appreciated. The \$1 million from the Regents Endowment is a one-time funding source, the BLT will review moving forward and metrics on increased enrollment.

Regent Lee inquired who Research and Polling is. Ms. Blair responded Research and Polling is a local company, Brian Sanderoff is the principle, and they have a price agreement with them. They have used them consistently and the same research instrument to be apples to apples. They also poll about higher education in general state-wide. With the price agreement it allows any unit to access that at the rate that has been determined through the RFP process.

A pie chart was presented that reflected the UCAM budget for the current fiscal year; approximately 27% or \$828K for salaries, 7% or \$205K for operating expenses, 64% or \$1.9 million for integrated marketing communications, and 2% or \$78K for web services. That included the Regents \$1 million investment and \$150 from Alumni Association.

Another chart illustrated how they were spending the integrated marketing communication dollars on areas such as the agency contract with 160over90, digital advertising, photography, video, production, including the 30 and 60 second videos which can be found on define.unm.edu; they have had great success with that and will continue to push it out. They have over 95,000 views on Facebook. That will provide metrics on if they engage with other areas of the University. The video will play at graduation and on ESPN during the NM Bowl on national television. Athletics is a great opportunity to showcase the University branding initiatives.

Slides were presented on HSC Communications and Marketing, and since F&F they have met twice to review ways they can begin to consolidate and work more closely together to have a parallel system.

Regent Lee stated this is not supposed to be parallel, but one system recognizing unique needs that are within HSC.

Ms. Lovell stated they have prepared the presentation and they did begin a similar branding campaign in 2013. Even though this budget begins with FY 17 actuals, they have been spending quite a bit on marketing and branding for a few years. The branding also included the health system and Cancer Center spending for health care marketing, which was all managed through the HSC Communications and Marketing but is completely clinical funding at the discretion of clinicians and Cancer Center Director.

Regent Lee stated the HSC started a marketing campaign in 2013, which the HSC Board did approve, and it was renewed again for two years when she was chair, but the 2013 campaign has spent \$11.6 million. Voting for a contract without having the breakout and the data was bad on her part as she should have gone into Banner and pulled receipts, which subsequently she has done, and they have spent \$11.6 million in a marketing over a period of 24 months. She would expect at spending \$11.6 million they would get return on investment if not more regardless of where the money comes from. This is precisely the reason the full Board of Regents needs to have more oversight.

Regent Quillen stated they did approve the branding campaign in 2013; it went to the full Board of Regents at every vote. They did this with full awareness and many concerns, such as the mill levy. The increase in 2015 and 2016 were due to getting the word out and they received a \$15 million grant in telemedicine. It always came through the full Board and with full knowledge they approved it.

Regent Lee stated in 2014 when they approved this, it was only \$466K, now it is \$11 million; that is not thoughtful. That is her issue. Unless you know the answer to the question you are asking, you are not going to get full disclosure, and that has to end.

Regent Clifford expressed concern and would like a legal review and an Internal Audit review to ensure none of the money was used inappropriately to lobby in relation to the mill levy. In the six months he has been here, they have repeatedly asked questions about the budget and the figures have never come close to this amount. That is why he was shocked to see these numbers, they were ten times the budget they were told. That is a real failure of communication.

Regent Lee stated they have called for an audit of the contract.

Regent Hosmer commented to follow up on the original vote as a participant both on HSC Board and Regents; he can address the fact that it was a thoughtful, careful, and authoritative decision. He cannot address the communications since then, but at the time it appeared to him to be fully warranted. The results since then show that.

Regent Doughty inquired if any of the money for the HSC branding initiative used as a direct campaign to push for the passage of the mill levy. Ms. Lovell responded no money was used as a direct campaign for the mill levy, and there was no mention of the mill levy in any of the commercials. With the branding they wanted to make sure the community knew their investment is good for the county and whole state. It is not right of them to say the branding initiative was not linked to the mill levy when \$93 million per year comes from that. It is needed to run a Level One Trauma Center. Everything that has been spent is reflected in Banner.

Regent Lee stated that when they were discussing a Main Campus branding initiative no one stated that there was a contract with Global Strategies. One receipt showed they spent \$800K for a polling to be done out of a New York firm when they have a price agreement with a local firm. They need to know what everyone is doing. They need to get the story out, but it needs to be a University-wide message.

Dr. Roth stated there has been a history of poor communication. To support what Regent Quillen mentioned earlier, all expenditures were done in the open. To imply they went through back doors or acted inappropriately is false. To imply that is offensive. Dr. Roth takes full responsibility for what the HSC does and the Marketing budget and the plan was one which he approved. When they think about costs, the public does spend a lot of their funds at the HSC. It was his judgment that it was appropriate that the public be informed as to what they are getting for their dollars. Certainly the implications and secondary impact would be associated with the mill levy because they are asking the voters to continue the use of public funds to support UNMH. None of it was used for political campaigns or campaigning for the mill levy, but part of the strategy was to inform the public of the services of the Hospital. They can do a better job of communications with clear requests from Regents to HSC. They will be forthcoming and transparent. He welcomes the audit. To imply staff and HSC had done something inappropriate, he takes offense to and full responsibility.

Regent Clifford stated they were told numbers that were less than \$500K per year for the budget which was misleading. They were never told expenditures were \$5 million per year. The information needs to be broad, not narrow.

Regent Lee stated they will move forward with the realignment of Communications and Marketing.

Regent Berryman stated there is an opportunity since they all fall under the same UNM umbrella. The new commercial highlights the entire University, including HSC. There should be no need, despite differences, to have two separate cash outflows for branding. It should be done together to achieve economies of scale.

Regent Hosmer stated with regard to communications issues, they need to deal with that directly, not necessarily at a full Board meeting.

Ms. Blair briefly reviewed the final slides on the HSC Communications and Marketing budget. They are completing the work in progress contracted with Global Strategies and will work to achieve economies of scale in regard to future vendor contracts for agency services. They will create a consolidated, comprehensive plan for branding and marketing. The UCAM office will report on the metrics to the Regents.

The motion to approve UCAM realignment as presented passed by a unanimous vote (1st Doughty; 2nd Berryman).

Monthly Consolidated Financial Report (information item)

Liz Metzger presented the financial report as of ending October 31 that was provided in the agenda eBook. The report has a new format that includes highlights of main pieces of information rather than delving into the details. It was talked about in F&F Committee that this report, falling in the middle of the semester, and once the budget office presented the budget adjustment request (BAR) today, this report will reflect the adjusted budget line items for the State Appropriations. Additionally, Main Campus is submitting a revision on the tuition and fees budget which the budget office also addressed in today's presentation, and that will be seen beginning of the December report, once those numbers to go HED and are incorporated into UNM's financial report. Regarding the hiring freeze discussed and was put into place September 21, it will take some time before the savings from that will be reflected in the financials. The report does show a breakout in the results of Clinical Operations, between the School of Medicine and the Hospital. As of this month end, the School of Medicine (SOM) is in the red about \$2.5 million and the hospital is almost at breakeven. The reasons for the SOM deficit is it just completed the first quarter of the fiscal and has new providers on board, and it takes a while for that to get up and running. Also, there were reduction in payments from Medicaid and some ACA reductions affecting that. The HSC continues to work on the issues and will report details more fully as they become known. Regarding Athletics, the Regents requested periodic updates on the financials. There will be an approximate \$1.2 million in additional revenue this fiscal year as a result of the ESPN televised football games, revenue not included in the original budget. There are also savings in unfilled positions and the hiring freeze. The New Mexico Bowl does not bring additional revenue as the financials are about breakeven.

Regent Clifford commented on what was also discussed in committee, that of tracking where the University financials are relative to budget. This is hard to follow in the current report, for example tuition revenue, those dollars come in during the Fall; however, the revenue is budgeted to cover the whole year. There is a better way to report this, perhaps in an additional summary report. Regarding the Athletic budget, the year-to-date results are still a fairly strong negative. Some of the additional revenues are maybe not reflected in the October 31 financials? David Harris responded and confirmed the T.V. revenues have not been booked yet. Ms. Metzger clarified that was November activity. EVP Harris commented that maybe what Regent Clifford would prefer is a budgetary status report, rather than an accounting report, to give a better idea about trends and predictions for the future. Regent Clifford confirmed a quarterly vs. monthly report of that type may be adequate.

State Revenue Estimates (information item)

David Harris presented the item, a December 2016 report prepared by the Legislative Finance Committee on State revenue projections that was included in the agenda eBook. EVP Harris began with comments on where the University is with regard to its budget. The University knew in August, about one month into the fiscal year, the State was entering into a difficult period with respect to revenues and appropriations would be reduced. Administration chose, on a consensus-building effort, to focus budget reduction efforts on freezing hiring. The data that Norma Allen presented earlier reflects about 40% of the fiscal year, the cuts in hard reductions meet about 70% of the goal. Additionally, as reported, about \$1 million in lost tuition and fees needed to be made up, due to a dip in enrollment. If one looks at the overall, and with the idea of not committing 'balances' or non-recurring monies to support a recurring budget, the hiring freeze is working. The prediction was to be in balance by the end of the fiscal year, June 30. With respect to the State's revenue estimate and a consensus revenue estimating process where the tax department and the DFA (Dept. of Finance and Administration) and the LFC commit their economists to doing an in depth analysis of the revenue output, on December 5th, the report was presented depicting where the State is in the current fiscal year and where it will likely be for the next fiscal year. This will

be the information the Legislature will use in producing House Bill 2. If one translates the State's economy as reflected in the revenue estimate, the situation does not look healthy. Almost every revenue source is underperforming right now. The appetite for spending in programs like public education where the revenue is 100% derived from the State, or Medicaid which is a mandatory Federal program, those expenditure projections have to be met with real money. Looking at the financial report, there will not be reserves left to support contingencies. Reserve balances is something the bond rating agencies look at very carefully. The University is in a significantly better position in that regard. Rebuilding reserves and sustaining mandatory spending will be what is needed for the State. The outlook for the appropriations process this year does not look particularly good. EVP Harris asked Regent Clifford if he wanted to add anything.

Regent Clifford, referred to the table at the bottom of the first page. The State was able to add money at the end of FY16, but there is a negative \$130.8 adjustment to FY17, roughly 2% of all revenues. The table shows revenue went down approximately 8% in FY16 and 2% for FY17, so a 10% decline over two years is really a recession. It is not primarily oil and gas direct revenues, it's the more broad revenue base of the State like gross receipts tax and personal income tax. And corporate income tax receipts have been very weak. Page 18 of the handout at the bottom of the table shows reserves as a percent of recurring appropriations estimated as negative -1.1% of total spending for FY2017. Further up in the same table shows a \$200 million sweep of reserves, non-recurring revenues along with further down showing \$206 million of budget reductions. That's \$400 million of amendments to the FY2017 budget that have already been taken, and there is still a deficit of roughly \$70 million. Additional steps will need to be made in FY2017 and then going forward to FY2018, there shows an estimated negative -\$93 million in new money appropriations. There also being no reserve balances in those years. So this shows there will need to be spending reductions the next couple of years, maybe on the order of half of what will be seen this year, and this even if there are any revenue enhancements. Higher Education gets targeted because it is not as much in the mandatory category as other programs are. That's the budget environment we are working in. UNM needs to continue communicating with lawmakers about the cuts that have already happened so they can see the efforts being made here at the University.

UNM Rating Agency Update (information item)

Vahid Staples personated the information on the UNM Rating Agency report by Moody's Investor Services. On October 25, 2016, Moody's downgraded the State of NM from Aaa to Aa1. After that State action the agency initiated a review of the University because we do have State appropriation impact as well as Medicaid reimbursements at the Hospital. On October 31, 2016 Moody's did confirm the Aa2 rating, which is a strong rating, but they changed their outlook to negative. A fair amount of higher education nationwide has been put on a negative watch due to nationwide trends in enrollment and revenue pictures similar to ours. When confirming their rating, Moody's noted the following strengths: the University is a very large employer, an integral research institution, and a big economic development engine for the City, the County, and the whole State of New Mexico. It also noted the University has a strong matriculation rate over 40%, and serves a critical role as the State's only Level One Trauma Center and safety net provider. Moody's noted challenges, including the economy in NM has not fully recovered which will have pressure on State operating support and Medicaid reimbursement, modest enrollment declines and weak demographic projections for the State high school graduates, and cash flow margins at 7-9% which they consider on the weaker side. Those have been in line with what the University has had historically. Moody's has acknowledged UNM has been extremely effective in administering prior year reductions and has also done well when they have had tuition and fee revenue shortfalls. The Administration will continue to keep the Regents informed with discussions with Moody's and rating agencies as they move into the Legislative Session and get a clearer State revenue picture.

Regent Clifford encouraged the Regents to read the entire report because it provides insight into how the financial markets view the University's performance. They identify several important metrics that he suggests be added to the dashboard mentioned earlier. Several things need to be updated. Regent Clifford encouraged staff to work with Moody's analysts to ensure information is up to date. He noted from the report, the debt level of the University has declined significantly over the last five years, which is important to manage obligations, due to refinancing many of their bonds. On the quarterly budget report he would like those metrics added to be monitored as well as days-cash-on-hand.

Mr. Staples stated what gives the rating agencies comfort is consistency. They can be within the range, but as long as they are staying within their historic parameters that is good for their rating.

ACADEMIC/STUDENT AFFAIRS & RESEARCH COMMITTEE (ASAR)

Approval of Fall Degree Candidates (all UNM)

Regent Brad Hosmer referred to the summary list of degrees to be awarded: 1,557 bachelor's; 365 Master's; 91 Doctoral or Terminal; and 140 Associate's, and asked Faculty Senate President, Pamela Pyle, to present any other information and answer questions. Ms. Pyle said the number of degrees to be awarded is slightly higher than last year.

Regent Doughty commented this agenda item is the number one reason why the University and everyone is here and added he is proud of the students receiving their degrees.

The motion to approve the Fall degree candidates for all of UNM passed by a vote of 6-0; Student Regent Berryman recused himself from the vote due to his name being on the list of graduates (1st Hosmer; 2nd Doughty).

ASUNM Constitutional Amendments

Gabriel Gallegos, director of communications for ASUNM, presented the item, some revisions to the ASUNM Constitution. The constitution is the primary guiding structure for the organization and any amendments must be ultimately approved by the Board of Regents. The first amendment would split the ASUNM spring elections into two, the vice president and president elections separate from senate elections. In the past, there have been teams, for example president and senators running and this would even out the playing field and enhance diversity and hopefully drive higher participation. This amendment passed by 2/3 of a vote of ASUNM senators and majority of the student body voted for it also. The second amendment updates the constitution to current practice. The budget process used to be concurrent with the election process, but the two processes now occur separately. Amendment 2 will remove outdated language to reflect this change. Additionally, it clarifies that 10 senatorial candidates will be elected in the spring senatorial general election not in any other election that may occur in the spring semester.

Regent Doughty commented that consolidation of elections is more the norm these days to encourage higher voter turnout, and he asked what data the students studied to come to the decision to hold more than one election. Mr. Gallegos said that some other universities have gone this direction and it is ASUNM's hope that trying something new and more innovative will drive voter turnout to be greater than the recent numbers of around 1,600 student participation. Regent Doughty inquired, what if the voter participation drops. Mr. Gallegos responded this change will be evaluated in the spring semester on whether it works.

Regent Quillen commented that a list of universities who have gone this direction was presented in committee.

Regent Lee inquired the cost of the change in going to two elections. Mr. Gallegos responded there will also be a transition to online voting which he said the hope is it will offset any additional costs for holding an additional election.

The motion to approve the ASUNM constitutional amendments, with the request that ASUNM give feedback to the Regents regarding the new election process after the March elections, passed by a unanimous vote (1st Berryman; 2nd Doughty).

Approval of Honorary Degree Candidates

(Honorary Degree Candidates were presented by Dr. Jennifer Thacher to the Regents during the closed session luncheon. Discussion took place in closed session in order to maintain confidentiality, as honorary degree candidates' names are kept confidential during the approval process, and until the recipients are informed and have subsequently accepted the degree.)

Strategic Retention Update (information item)

Regent Hosmer introduced the item and said the update will give information on the kind of efforts that have gone into achieving some of the student success results the University is seeing with respect to retention and graduation rates. Terry Babbitt and Corine Gonzales presented the item and referred to slides made available in the agenda eBook. Peer retention rates are studied, and UNM has finally reached a goal of 80% retention, same as University of Arizona and University of Kansas. Six years ago, UNM was at 74%. Ms. Gonzales is Enrollment Management's strategic programs director and does much of the work focusing on interacting with students to ensure success, and she discussed examples of strategic efforts made in assisting students, for example at pre-entry to UNM, and during first and second semester and summer prior to 3rd semester. She also discussed the communication channels and networks at UNM to reach students, such as calling campaigns, email blasts, text messages through various student success organizations, and postcard mailings. Dr. Babbitt addressed the predictive analytics to understand which students may have more challenges, and this directs intervention efforts. Performance goals are being met and some are beyond monetary valuation. From 2010 to now, there has been a 200 student increase in retention. The benefit to a student who stays in school and does not drop out with student debt is of significant value that cannot be measured monetarily. The 80% retention rate enhances recruitment efforts. Referring to a graph on demographics showing inherent variables that are important on the entry characteristics, eg. not first generation HE student/no pell-grant; 1st generation student; pell-grant students, there is an achievement gap. UNM is different in this area from its peer institutions. The population of New Mexicans is not increasing, but student demographics continue to shift. To maintain enrollment at the University, UNM has to be ahead of what the demographics will be and implement programs to address students' needs. UNM has been addressing that for many years already. Enrollment

management also studies where students go when they leave UNM early, some of them go to other institutions and end up graduating on time.

Regent Lee inquired the retention rates of students in the Honors College. Dr. Babbitt responded above 90%.

PUBLIC COMMENT

Selina Villa and [Ahtra] Chavez spoke about a recent incident in the LGBTQ resource center; spoke in support of the center's director Alma Rosa Silva-Banuelos; commented on the need to gather data and metrics and funding for the effort; and requested on behalf of the center, to move the center under a different department.

Greg Martin, professor of English and Director for the BA/MD program, spoke in favor of UNM becoming a sanctuary campus for undocumented students.

Nick Estes commented on the state budget and primarily Medicaid financing. The State of NM could draw down at least \$100 million in federal money with no match by the State whatsoever if some steps are taken through the Medicaid program, specifically through Medicaid provider assessments. Practically every other state does this, NM does this a little, but could do more in the area of \$50-100 million without cost to taxpayers. Mr. Estes spoke about some of the details, and said this process will work until Medicaid is block granted. He requested the Regents talk with the Governor's office. Regent Clifford commented, not directly on Mr. Estes comments, but added that potential Medicaid programs changes at the federal level are a major budget concern for our entity and should be monitored very closely going forward.

ADVISORS' REPORTS

Daniel Perea, Parent Association President, reported on the association's recent activities and plans and presented the Regents with a gift of this year's ornament which depicts the Maxwell Museum. Mr. Perea thanked the Regents for all of their support.

Glenda Lewis, GPSA President, reported on GPSA recent activities. SFRB recommendations have been passed on to the Budget Leadership Team. GPSA is gearing up for the Legislative Session. Ms. Lewis congratulated Student Regent Berryman and thanked him for his service as a regent, commended him for always being prepared and having the interests of students at the forefront.

Pamela Pyle, Faculty Senate President, reported on two open, formal conversations that occurred at the November meeting of the Faculty Senate. At the request of Regents Hosmer and Lee to take this issue to the faculty, the Seal was one of the items discussed. At the meeting, after discussion, a vote was taken to change the seal, and it was voted unanimously with one abstention to change the seal, not only to reflect the current status of the UNM population but to also honor the wishes of the students. The other issue, the pending association with the CIA as a signature school has raised concerns with many of the faculty who do work in countries where often the historic role of the CIA may be the prevailing perception there. There is a concern for the viability of research and for the safety of faculty and students who do work in those countries. The MOU that was executed was done so without consultation with the departments that are affected. All departments are affected by such an alliance as that.

Danalle Callan, Staff Council President, reported staff have been busy with end of semester work with students and faculty. Staff Council celebrated the Gerald May awards ceremony for outstanding staff earlier in the week. There was a very good turnout from UNM leadership. Staff Council is also involved in Happy Tails, an animal humane support and donation activity. Staff morale is still at a low level; the presidential transition and the stalled FLSA implementation due to its judicial impact have further contributed to staff concerns and uncertainty. Ms. Callan asked for leadership transparency in decision making and inclusivity of staff as much as possible as UNM moves into the 2017 year.

Gabriel Gallegos, ASUNM representative, reported on recent and upcoming ASUNM activities.

Kathy Guimond, Retiree Association President, spoke on behalf of over 1,000 retirees and wished the regents and everyone a very prosperous and safe holiday.

VOTE TO CLOSE THE MEETING AND PROCEED IN EXECUTIVE SESSION

The vote to close the meeting was unanimous (1st Lee; 2nd Berryman.) The meeting closed at 12:01 PM. Regent Fortner joined the closed session telephonically until 12:37 PM.

1. 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)
2. 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)

3. Discussion and determination where appropriate of threatened or pending litigation as permitted by Section 10-15-1.H(7), NMSA (1978)
4. Discussion and determination where appropriate of limited personnel matters as permitted by Section 10-15-1 (2), NMSA (1978)
5. Discussion of personally identifiable information about any individual student as permitted by Section 10-15-1.H(4), NMSA (1978)

During closed session: The honorary degree candidates were presented and the motion to approve the candidates as presented by the chair of the Honorary Degree Committee passed by a unanimous vote (1st Hosmer; 2nd Berryman). Regent Fortner was joining the meeting via Facetime at the time of the Honorary Degree Candidate vote.

During Closed Session: The Board of Regents voted 5-1-1 to not grant an appeal of the decision of the OEO, case #I-2015-09-32; Regent Fortner voted opposed; Regent Clifford abstained (1st Quillen; 2nd Hosmer).

During Closed Session: The Board of Regents voted 5-1 to accept the decision of the OEO, case #I-2016-04-25. Regent Clifford voted opposed. Regent Fortner was not present to vote. (this item was follow-up to the November 15 Board of Regents' decision in closed session to review the record).

VOTE TO RE-OPEN THE MEETING

The vote to re-open the meeting was unanimous (1st Quillen; 2nd Hosmer). Regent Fortner was no longer joining the meeting. The meeting re-opened at 1:55 PM; the doors to the Cherry-Silver room were opened; Regent Doughty certified that only those matters described in the executive session agenda were discussed during closed session and there was formal action taken upon two items.

ADJOURN

The motion to adjourn the meeting passed by unanimously. The meeting adjourned at 1:56 PM.

Approved:

Attest:



Robert M. Doughty III, President



Jack L. Fortner, Secretary/Treasurer