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Minutes of the Regular Meeting of the Board of Regents of the University of New Mexico
January 20, 2017
Student Union Building (SUB), Ballroom C
Executive Session-Cherry Silver Room

Members present

Robert M. Doughty, President; Marron Lee, Vice President; Brad Hosmer; Jack Fortner; Suzanne Quillen; Tom Clifford

Administration present

Chaouki Abdallah, President; Paul Roth, EVP and Chancellor for Health Sciences Center; Craig White, Provost; David Harris, EVP of Administration, COO, CFO; Elsa Cole, University Counsel; Liz Metzger, Controller; Ava Lovell, Sr. Exec. Officer of Finance and Administration, HSC; Dana Allen, VP Alumni Relations; Eliseo 'Cheo' Torres, VP Student Affairs; Gabriel Lopez, VP Research and Economic Development; Amy Wohler, President's Chief of Staff

Regents' Advisors present

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

Presenters in attendance

John Kennedy, Partner, KPMG; DeVon Wiens, Partner, Moss Adams

Others in attendance

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

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

Regent President Rob Doughty called the meeting to order at 10:04 AM and confirmed a quorum of members present. There were no amendments to the agenda; Regent Doughty asked for a motion to adopt the agenda.

The motion to adopt the agenda passed by unanimous vote (1st Lee; 2nd Fortner).

APPROVAL OF MINUTES

Regent Doughty asked if members had any questions or corrections to the December 13, 2016 regular meeting. There were no corrections; Regent Lee motioned approval.

The motion to approve the minutes of the December 13, 2016 regular meeting passed by a unanimous vote (1st Lee; 2nd Fortner).

THE PRESIDENT'S ADMINISTRATIVE REPORT

President Chaouki Abdallah gave his first report as acting president, including an update on conversations with people around campus including some of the things he wishes to achieve until the next president is hired. President Abdallah reaffirmed the academic mission is the main mission at the University what President Abdallah will focus on. The regents have supported this endeavor the last few years. He hopes there will be continued investment in the academic mission. It will be a tough session this year in Santa Fe with the financial challenges. President Abdallah reminded the investment has been going on for about six years, and some of the investments are just now bearing fruit, for example, record retention rates. The second-year retention rate, students coming back for their third semester, broke 80% for the first time. More importantly, graduation rates are at record levels, 4-year graduation rate is at 22% this year, up from 15% about 5 years ago and on its way to break 30%. For the type of resources put in, this is a very good investment. The 5-year graduation rate is at a record high, the six-year graduation rate is expected to break 50% for the first time ever, and this will be a testimony to the investments. The University is closing the achievement gaps across student populations; Native American students are up to 72% on second-year retention rate, which used to be 40%. African American students are at 88% for second-year retention, Hispanic students at 80%, and whites about 81%. Now is the time to redouble the efforts during the next few months. The next major focus is about campus climate and culture. President Abdallah asked for continued support for a campus that is open to free speech, but protects the security of individuals on all sides and fosters a hospitable and challenging intellectual climate. President Abdallah said he supported the following statement made by former U.S. president Roosevelt as something that should be done at UNM as foundational to academic freedom: Theodore Roosevelt said, "The right to say wise things necessarily implies the right to say foolish things. The answer to foolish speech is wise speech, and not forced. The Republic is founded upon the faith that if the American people are permitted freely to hear foolish and wise speech, a majority will choose the wise. If that faith is not justified, the Republic is based on sand." The next important issue to address, both financially and in terms of climate and difficult issues the community is discussing, is to build and reaffirm the culture of trust and respect among all of the constituents of the University. All university constituents want what is best for the University. There is agreement on the goals but sometimes different opinions

on how to get there. Lastly, how to address the real fiscal challenges responsibly. This will not get easier this year or in the coming years. As said many times before, many universities are dealing with these challenges; UNM has done okay, it can do better in some cases. The way to address these challenges is to do it collaboratively, to present the issues and problems the University is facing, to the community, faculty, staff and the students, and ultimately the regents have the fiduciary responsibility to make the tough decisions. The budget leadership team has been working on this and will present opportunities and scenarios for consideration. President Abdallah mentioned a recent bond rating meeting in New York and a discussion on the same issue at the recent state board of finance meeting in Santa Fe. President Abdallah closed with a quote from John Milton, in defending freedom of press, "let truth and error grapple, whoever knew truth to be beaten in a fair fight?"

Regent President Doughty spoke on behalf of the board he is delighted to have President Abdallah on board as the acting president and asserted President Abdallah has full support from the board of regents. Regent Doughty thanked President Abdallah for accepting the challenges and said he brings great stability to this institution and is well-suited to help in this position.

Regent Jack Fortner added President Abdallah has community support; Regents have received calls from constituencies both inside and outside of the University expressing their support.

Regent Bradley Hosmer commented by congratulating President Abdallah, as the former Provost, on the unprecedented academic gains that have been reported here and hopes they are a harbinger of more improvements here and throughout higher education in New Mexico.

Regent Tom Clifford inquired on a fee or assessment related to a speaker on campus and asked President Abdallah to explain more about that. President Abdallah responded and clarified it is a security fee which is levied for any group that invites speakers, it's about \$3,400. This is common practice. When student organizations are chartered, as part of the orientation, students are informed about this. Sometimes additional security fees are determined necessary. There was clarification this is a security fee incurred only when it is determined an event will need security. Regent Clifford requested more information on this.

INFORMATION ITEM: LFC/DFA FY18 APPROPRIATION RECOMMENDATIONS

David Harris presented the item and said Regent Clifford requested a report on the budget recommendations that have been forwarded to the legislature for its funding consideration. The Legislative Finance Committee (LFC) recommended six tenths of one percent reduction in higher education funding. They followed the funding formula by removing the 4% and redistributing that based on performance. The nuances in their recommendation are different from the Department of Finance and Administration's (DFA's) in that they reduced the School of Medicine appropriation by about 3.5% indicating that with the formula funding we receive for programs, that we could find other ways to cover that. We don't agree with that and are working with the LFC staff to come up with a different resolution so that cuts are not targeted in that way. The executive recommendation did not follow the funding formula but simply reduced the current level of appropriations by 1%. The net different to UNM is almost miniscule, so at the outset of the session, the University is essentially looking at a 1% reduction in I & G funding. The other factor in these recommendations, it is new but has been discussed many times over the past few years, UNM and NMSU particularly receive a number of line-item appropriations for special projects. At both the University, there are things that are done by statute, for example The Office of Medical Investigator (OMI) or the Department of Agriculture at NMSU. Those have been exempted from these cuts, but what the two agencies have done is to reduce the Research and Public Service Projects (RPSPs) by about 6.5%, and the remainder of the funding has been put into the I & G appropriation. It will be up to each university to determine the worth of these projects, whether or not they should be continued, or at what funding level. Both agencies are aligned on this, so it is likely this could become a part of the budgeting process. With regard to solvency, both the House and Senate are currently working to complete a solvency package that they took up in October during the special session. The four bills they are considering most favorably would sweep about \$281 million to cover the current year deficit which is projected to be about \$80 million, it was projected to be about \$69 million last month, but since the feed bill has funded the legislative agencies, that deficit has increased. This will also restore the reserves to 3%; there were no reserves and the bond rating agencies degraded the State's bond rating. EVP Harris asked if there were any questions.

Regent Clifford thanked EVP Harris for the material and asked if administration has reviewed what the LFC is showing as the University's reserves. In the LFC session documents, there are estimates of UNM reserve balances. Regent Clifford said it would be important background to ensure they are on the same page regarding these issues. EVP Harris said he didn't think there was material interface regarding this. Regent Clifford inquired about the solvency package. EVP Harris responded the solvency package, at least for now, does not impact higher education. All of the sweeps and reductions apply to other sectors of the budget. In the special session, higher education took an inordinate level of cuts compared to the other education sectors.

Regent Clifford inquired about the LFC reduction recommendation of almost \$2.5 million to the Health Sciences Center (HSC), clarifying this is due to I & G going to Main Campus supports I & G activities HSC. EVP Harris responded Main Campus does receive through the formula, funding for many of the teaching programs at HSC, but never the medical school which has always been funded through a special line item because it does not have enough population of students to have a viable formula. There was more discussion about formula funding and RPSP cuts. Athletics and public television are also considered to be RPSPs, and they were reduced by 2.5%.

Regent Clifford commented the Secretary of Higher Education recently hosted a meeting for the regents of NM higher institutions, and along with Regent Clifford, Regent Hosmer and Regent Quillen were also there. The secretary identified a number of priorities and a number of them seem to have budget implications, such as reimbursement for dual credit courses. House bill 108 and senate bill 103 have a series of initiatives and Regent Clifford requested to know whether there are budget implications for those proposed initiatives. EVP Harris responded those bills will be reviewed and reports will be given on special legislation.

Regent Suzanne Quillen inquired about EVP Harris' report, if more will be given toward outcomes base. EVP Harris confirmed the proposal is to take 4% off the universal base and redistribute that based on performance or outcomes. President Abdallah said this has been done in prior years, and this year's percentage is slightly less than last year. The intent was to shave an amount that would be progressively more every year and then put new money as the outcome base. There has not been new money the last few years, so there is shave and redistribute. If there would be 100% at risk as outcome based, UNM would do a lot better.

Regent Hosmer commented to add to the philosophical discussion of the Hold-Harmless funding and the performance funding, for what it's worth, he is very happy to see the Hold-Harmless funding has been pulled back, because the whole point of the outcomes based formula was to encourage better performance among higher education institutions, for which reasons a 4% slice is probably far too small, and he suspects that the impact of an outcome performance slice is largest when funding is going down altogether. So it's a good thing the hold harmless funding has been reduced in the interest of improving performance of higher education institutions across the state. It would be far better if that slice became more like 15% or 20%, whenever that could happen.

EVP Harris addressed the bond issue. They recently attended the State Board of Finance meeting. This physics and astronomy building is very important to UNM, it was approved by the voters. There was a bare quorum at the board of finance and two of the members who do not like the idea of raising student fees wouldn't support it and so it didn't move forward. EVP Harris complemented the student leaders who also attended the meeting. University administration is hopeful this will move forward at the next meeting of the board of finance, scheduled for February 21, 2017.

Regent Clifford inquired about the LFC recommendations on the report that EVP Harris provided indicating, 'with rollup' and 'without rollup'. EVP Harris clarified the 'with rollup' includes the RPSPs. Overall the LFC recommendation for FY18 general fund recommendation is a targeted 3.5% reduction in the School of Medicine; a 2.7% reduction overall for HSC; and 0.9% reduction overall for UNM Total. The original hit to UNM's FY17 budget after the special session was 5% for the entire general fund.

PUBLIC COMMENT (no comments)

ADVISORS COMMENTS (no comments)

COMMENTS FROM REGENTS

Regent Bradley Hosmer commented on the recent public posting of the UNM president job description and inquired if there was a meeting or discussion among regents regarding that. Regent Doughty responded there was not, but the presidential search committee, made up of 17 members, from different representative groups met very hard and those individual members met with people in the community. Regent Fortner held various forums; hundreds of people were consulted on that. It went through major revisions; the whole unified search committee looked at it and approved it. Regent Doughty said he thinks it is a wonderful document. It expresses what UNM wants to the best it can do it. Regent Doughty thanked all the committee members who worked so diligently on that. No, that didn't come before the regents, Regent Doughty said he thought there was enough outside involvement and there are three member regents who are on that committee. Regent Doughty said if there is anything Regent Hosmer wished to change on the document to state it publicly at the meeting and that would be taken back to the search committee. Regent Hosmer said he hadn't seen anything yet and asked if his other colleagues had seen it. Regent Fortner responded he had not seen it and added if it has gone through the search committee, that he is satisfied. Regent Hosmer commented Regents Lee and Clifford are on the committee and inquired to Regent Quillen if she had seen it.

Regent Quillen responded she had not. Regent Doughty said it was his understanding the other regents did review it. Regent Hosmer said he must have missed it that he guessed he wasn't alerted to it and requested that until he has had a chance to at look at it and at least provide comment or suggestions that the document be considered provisional. Regent Doughty respectfully disagreed on behalf of the search committee and said the document has been worked on very hard by a number of outside groups and said if Regent Hosmer would like to add comments that would be fine, but reiterated that it is a final document.

Regent Doughty welcomed acting provost Craig White who was attending the meeting, and added he has full support from the board. Regent Doughty thanked Provost White for stepping up to help during this time of transition and looks forward to working with him.

Regent Quillen commented regarding the topic of security mentioned earlier in the meeting and noted that Dianne Anderson, Director of University Communications, had more information, particularly about policy. Regent Doughty asked Ms. Anderson to approach the podium. Ms. Anderson said the journal had asked about fees charged to other groups and why a fee was charged in this instance. University administrative policy, Section 2000, policy 2230, states that the event, program, or facility rental sponsor is responsible for security costs based on the number of police and/or security officers required and the length of event, program, or rental. The UNM Police Department will provide a cost estimate, but actual fees will be determined after the event, program, or rental based on actual circumstances. Final determination is made by UNMPD based on the Special Events Notification Form. For larger events, an on-site walk-thru occurs to assist with this evaluation. Some groups have said they plan to actively protest the upcoming student event hosting speaker, Milo Yiannopoulos. Ms. Anderson reiterated it is not a finite fee of \$3,400 every time a speaker comes. The fee depends upon a number of factors.

Regent Clifford responded he is not totally comfortable with the policy because part of the reason the security fee, in this case for example, can go up is when other groups say they will disrupt the event and then the police assess a higher fee on the sponsoring group. This makes it harder for a group to get their word out. That is troubling if all that has to happen is someone makes a threat, which then increases security fees, it's essentially an inhibition to the group's ability to present. Regent Clifford expressed his concern and said the policy needs some thought. Regent Quillen added that the police assess every event and decide if they will need more assistance. Regent Clifford said he is concerned because students are already paying for police support through their fees and tuition. Regent Lee added she had a discussion with President Abdallah about this and recommends the groups that threaten to protest, not peaceful protests, but mob-like, if those groups are known, they need to be assessed security fees. The student groups are aware of security fees, this is in their charters. Regent Quillen added if increased security is warranted based on historical data, from a risk standpoint, it's important to do something, rather than not, in order to protect our students.

Amy Wohler added assessments are made and people are notified to be prepared, but final assessments are not made until after the event. There is no sense that one group would have to pay everything; sometimes the University picks up a portion or the entire bill, it just depends on the event.

Regent Doughty confirmed a review of the policy is necessary and asked President Abdallah to take the comments made at the meeting and examine the issue to answer questions that have been raised.

REGENT COMMITTEE REPORTS

CONSENT DOCKET

Regent Doughty presented the consent docket and asked if any member had questions or requested removal of an item from the docket for discussion for a separate vote. No items were removed from the consent docket.

1. Health Sciences Center Committee (HSCC) Consent Items
 - a. Approval of the Nomination of Dr. Aimee Smidt to the UNM Hospital Board of Trustees
 - b. Approval of the UNM Hospital Contract with Covidien Sales, LLC, a Medtronic Company
2. Finance and Facilities Committee (F&F) Consent Item
 - a. Approval of Disposition of Surplus Property for Main Campus for December 2016

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

AUDIT AND COMPLIANCE COMMITTEE

Approval of the FY16 University Consolidated Financial Statements External Audit Report by KPMG and Moss Adams

University Controller Liz Metzger introduced John Kennedy of KPMG and DeVon Wiens of Moss Adams. Regents' approval was requested for the FY16 Annual Financial Statement Audit Report. John Kennedy presented the report and referred to several slides that were made available in the agenda eBook. The audit results were presented from the 2016 Audit. They have met with the Audit Committee and reviewed the presentation.

Mr. Kennedy presented a high-level summary of what was presented and discussed at the Audit Committee. Relative to the results, the audit has been submitted timely to the State Auditor, and was reviewed, released and published on the UNM website. KPMG was selected as the primary Auditor, but they also work with Moss Adams in connection with the audit and divide the responsibilities. KPMG is responsible for the audit of the Main Campus, as well as the audit of the Federal Grant Programs and non-clinical component units including the UNM Foundation, Lobo Club, and Lobo Energy.

Mr. Wiens stated that in their industry it is referred to as a group audit; KPMG takes responsibility for the Main Campus and are the primary auditors, and Moss Adams was subcontracted to do the health care related entities. They have issued separate reports to those Boards on the UNM Hospital, UNM Behavioral Health Operations, UNM Medical Group, and Sandoval Regional Medical Center. In some form, each of these entities or audits were then combined or included in the comprehensive annual audit report.

Mr. Kennedy stated that in the final audit report, once they took responsibility for the operations they audited, they referenced Moss Adams for the operations they audited. They do not interact with each other in terms of the processes each entity firm designed each audit approach, and each takes full responsibility for the work they do. Highlights were discussed relative to the financial statement audits, including both, in accordance with generally accepted auditing standards, government auditing standards, and NM State Auditor Rules. There were some findings as a result of those audits. KPMG noted that the audit opinions for all the entities audited were a clean, unmodified opinion. Moss Adams had clean, unmodified opinions as well, which means they took no exception to the presentation and financial records. The single audit side was the audit of the two-year programs, the Research and Development (R&D) Cluster, including all of the research development activities in one large group and also higher education grants. They conducted audits of both of those which were both unmodified opinions. They did not have any significant internal control matters identified, however they did have one finding they did identify.

In connection with the audits mentioned, the State Auditor had some influence. He asked the auditors to conduct specific steps that were outside the scope of what the normal audit would entail. They conducted those various procedures and did not identify any exceptions there. They did some other supplemental test work in connection with the audit and always sit down and discuss with management what is going on. They also work with the Internal Audit Department. They pulled specific P-Card transactions this year based on an internal audit report and did not find anything of concern in their supplemental sample. They also had a matter referred to from the State Auditor's office, which was an employee personnel matter. They addressed that and there was nothing of substance there. They also did some special test work between the two firms on the intercompany transactions between the University and the Hospitals. They pulled special transactions of each organization from the University side and traced it through the Hospital side. The Hospital identified transactions and traced it through to the University side to ensure the accounting was essentially identical on both sides.

Mr. Wiens stated they also had no findings in that area. They took a separate sample and tested it and tested the accounting to make sure it was consistent across the board. They had no findings or exceptions in any of those populations.

Mr. Kennedy briefly discussed the two audit findings from the prior year, one from Lobo Development Corporation and one from Lobo Energy, Incorporated; everything was addressed and both have been resolved. They did have one finding in their single audit test work this year, and that was in the grant test work in the higher education grant, in connection with that, they pull samples from their procurement activities. They did note that one of their smaller procurements in the amount of \$5,788 did not have proper competition documented or sole sourcing. If they aren't sole sourcing they are supposed to go out and get some price quotes to ensure you are getting the appropriate service. In this particular instance it was in connection with software transition and those processes were not followed on this one transaction. They expanded their sample, pulled other items in this area, and did not find any other exceptions. It was one minor exception but because it was in the federal grant area is required to be reported. There were a few other findings; first finding related to terminated employees in test work of those who leave the University that have their access to IT systems are properly and timely terminated. From the test work of 40 employees, they found four individuals that had not been timely terminated from the system. This should be done at the department level and sent to IT. They had instances between 15-49 days on these four individuals where they retained access after leave of employment.

Regent Lee inquired what level these employees were. Mr. Kennedy responded they pulled their sample randomly, so it could have been any level employee. They found that two individuals did have access to the financial management system and two others did not. They have a compensated control that operates quarterly; the IT department will go through every terminated employee for the past quarter and make sure their access is terminated. The largest timeline was 49 days subsequent to employment where they still had access, and it could also mean that they potentially were still in the payroll system.

Regent Quillen stated this topic has come up several times in the last few years; it would be worth-while to review the HR process and policies related to the issue. She believes it is a big risk issue.

Regent Doughty requested President Abdallah to follow through on Regent Quillen's request of reviewing HR process and policies related to the issue.

Mr. Kennedy stated that two years prior there was a similar finding with six employees out of a sample of 40 with a similar situation. He believes it is a consistent trend and something that needs to be addressed. He noted that they confirmed none of these employees had tried to access the system. Another audit finding was related to the equipment tagging process on Main Campus, they tested 40 samples and five had missing or misplaced property tags.

Mr. Wiens discussed findings related to the Hospitals. The first finding related to the Soarian System, the Hospital's billing system. This system was implemented in the last 12-18 months. The finding was related to control deficiency as there was no formalized review of user access roles in the system. During the installation system there was ad-hoc testing, but the process is now in place and the control deficiency has been remediated. Access to the system is being tested on a quarterly basis.

Mr. Kennedy stated the remaining findings were in component units. Those were discussed in detail in the Audit Committee. They did have one new accounting piece that was adopted this year, GASB 72, which was a disclosure item and asked to take your investments, and for the Foundation was quite cumbersome. But it had to be identified by the nature you identify those assets. All investments needed to be broken out and there was new disclosure that was added this year. It added additional pages to the financial statement. There was another piece of literature that had to be adopted related to pensions that required picking up the share of liability of the State's unfunded pension. Last year that liability was \$937 million and this year it went up to \$1.068 billion. He pointed out it exists and has caused the unrestricted net position to go negative, but it does not restrict access to the markets. Those in the markets understand it is a non-cash type activity. On a cash basis it does not change operations. He briefly discussed significant accounting estimates regarding valuation of alternative investments and related income. The pension liability was also discussed regarding the retirement health care benefits. The University currently has a \$21 million liability recorded on the books.

Mr. Wiens stated with respect to health care operations, the two largest areas of significant estimate were the patient accounts receivable and related reserve that goes with that and the valuation of third party settlements. This has been each year with the implementation of the Affordable Care Act has been challenging for management to estimate because the data to provide a robust estimate was not available. The patient accounts receivable piece is the Hospital's largest asset on their financial statement is now in the third year of Medicaid expansion and has somewhat settled. The volatility in those estimates is a lot less than it was a few years ago. It remains to be seen in the next four years where that will go.

Mr. Kennedy briefly reviewed the corrected and uncorrected audit adjustments; corrected audit adjustments and reclassifications were discussed and recorded by management and have been presented to the applicable committees. Regarding the uncorrected audit adjustments, for Lobo Energy, it was a presentation matter as it needs to be separately which is more transparent. The State Auditor prefers that as well. There were also two modest adjustments at the Lobo Club, they were identified, presented to their Board, but not adjusted in their financials as they were not considered to be material. Lastly, significant or unusual transactions were briefly discussed which included the transfer of the HSC West Building to Lobo Development Corporation and the new issue of 2016 A&B Bonds and defeasance of 2007 A&B Bonds. In Component Units, STC.UNM transferred assets to Innovate ABQ.

Mr. Wiens stated the Medical Center terminated their Post-Employment Retirement Benefits so they won't go through the process of adopting the new standard next year.

Regent Clifford stated it was a good report and was more thorough than in the past. He inquired on the scope of the management discussion and was concerned that there was not a reference to the Internal Audit findings last year related to the Athletics program. There was only a one sentence statement on page 30 of the report that referenced the issue. He believes there needs to be more disclosure when there are serious findings that have been identified by

Internal Audit. The public would like to see that flagged over those findings. He also inquired about the reports required by the State Auditor, Schedule 13, pledged revenue. Mr. Kennedy responded that was one of the State Auditor required schedules not normally included in the audit report. There is a state law that requires cash accounts properly collateralized and that is demonstrating they are complying with State law.

Regent Clifford inquired about the unfunded liability which is required by GASB to be disclosed. That is not audited information. The numbers come from ERB financial statements and reports. On Uncompensated Care policies at HSC, there has been a significant improvement likely attributable to Medicaid Expansion. His concern is the numbers prior to that which were large; over \$350 million per year in Uncompensated Care which seems unsustainable. He would like to further review those policies to keep funding at a sustainable level.

Mr. Kennedy noted that notes on ERB were not drafted by KPMG and Moss Adams, but drafted by the University and ERB who assists.

Regent Doughty commented on the information on the swap valuations on the University debt. Regent Clifford commented he assumes the University will not incur any swap type transactions. EVP Harris stated that they will not do it, those swap bonds were issued in 2001-2002. They do have a counter party that monitors regularly and they've been advised annually that they are not upside down; variable rate debt can be troublesome.

Regent Clifford believes it should be articulated in a policy they will not incur those types of transactions. He also inquired about the findings on component units and the concern about independence if the Controller's Office stepped into a situation. STC had a concern about independence and he would like the University to follow up with that unit.

Mr. Kennedy stated that would be fine if the Controller stepped in as many of the findings were a result of personnel turnover.

The motion to approve the FY16 University Consolidated Financial Statements External Audit report passed by a unanimous vote (1st Lee; 2nd Clifford).

HEALTH SCIENCES CENTER COMMITTEE

Approval of UNM Hospital Capital Renovation Project: Renovation Request for Main Operating Room "F"

Steve McKernan presented the item. UNM is effectively the only organization in the State that is doing a lot of inner-cranial vascular surgery. This operating renovation project will allow a patient to stay in the same operating room, not have to be moved to another part of the hospital, if it becomes necessary to do another procedure during surgery. Other vascular procedures will be able to use this room. There is a room like this now, but it is very old technology and is not very easily converted from a 'dry' procedure to a 'wet' procedure. The technology in this request will allow for that to be done in a quicker and safer manner and hope it will result in better outcomes for patients.

The motion to approve the UNM Hospital Capital Renovation Project for renovation of Main Operating Room "F" passed by a unanimous vote (1st Clifford; 2nd Doughty).

FINANCE AND FACILITIES COMMITTEE

Monthly Consolidated Financial Report (information item)

Liz Metzger presented the financial report for ending November 30. The report was provided in the agenda eBook and Ms. Metzger went over the summary page of the report. The report has the adjustments to the budget to reflect the 5% reduction of State appropriations to I & G. The salary savings are beginning to occur following the hiring freeze announced September 21, 2016.

Regent Clifford requested an update on the Athletics Budget.

PUBLIC COMMENT (no comments)

ADVISORS' REPORTS

James Lewis, Alumni Association President, presented an update on Alumni Association activities and referred to his report that was provided in the agenda eBook. Mr. Lewis spoke about the recent new grad reception held on December 15 where over 250 graduates and guests attended and the December/January Alumni engagement calendar with events scheduled at Chapters in Texas, Colorado, Florida, Nevada and California. Mr. Lewis thanked the greater Albuquerque Area Alumni

Association (GAAC) for the community service volunteers who serve at such events as the UNM traditional Hanging of the Greens event, the holiday clothing drive, and commencement ceremonies. The Lobo Living Room in January hosted former New Mexico State Historian, Robert Torrez, whose talk was entitled, Voices from the Past. The annual Alumni Association's Winter Awards Dinner in February will present four awards: The Erna S. Fergusson Award; Bernard S. Rodey Award; the James F. Zimmerman Award, and the Faculty Teaching Award. Mr. Lewis talked about his goals: 1) to increase alumni advocacy for UNM, and outlined how Lobos for Legislation initiatives and activities are helping toward that goal: 2) to maximize benefits of technology, utilizing the website, growing an online community and a database project in collaboration with UNM Foundation; and 3) invest in a strategic and collaborative communications and marketing program, sending out a monthly e-newsletter, The Howler, and continued production of The Mirage publication. Mr. Lewis acknowledged VP for Alumni Relations, Dana Allen, for doing an outstanding job in communications and collaborations, particularly her efforts in outreach beyond Albuquerque.

Glenda Lewis, GPSA President, spoke about recent attendance at the State Board of Finance meeting and the plans for attending the next meeting; also GPSA involvement in UNM Day at the capital happening at the end of the month. GPSA will host the first annual research showcase featuring presentations by awardees of GPSA Fall 2016 grants. GPSA is gearing up for Black History Month and the spring grant cycle will start on January 30.

Regent Lee commented that GPSA did a great job at the State Board of Finance meeting and thanked Ms. Lewis for her work there.

Kyle Biederwolf, ASUNM President, welcomed acting President Abdallah and acting Provost Craig White and spoke about ASUNM activities including the Student Fee Review Board's final recommendations to the Budget Leadership Team; a 0.56% student fee increase was proposed. The BLT approved that. Other ASUNM activities including gearing up for UNM Day at the legislature, the Telluride Film Festival on campus event offered for students. ASUNM has been working with a non-profit organization, Heading Home, and have put up posters around campus to increase awareness of student situations and life challenges.

Regent Clifford commented on recent discussions about the Lottery Scholarship. Different proposals for changes have come forward, the bottom line is there is most likely significantly less money available. Regent Clifford requested to run scenarios during preparation of the FY18 budget, on how changes will impact our students and enrollment. Regent Clifford said he is interested in input from the student body, their reactions to the alternative scenarios. President Abdallah responded the lottery scholarship proposals and scenarios are under analysis and results can be presented to the Regents. Regent Clifford added he is not only interested in the budget issues, but the policy implications and the impact to the students. There was more discussion about the lottery scholarship.

Pamela Pyle, Faculty Senate President, recognized and congratulated the Regents on the good appointments of Provost White and President Abdallah. Ms. Pyle spoke about concerns of the faculty on health care costs and to address that, VP HR Dorothy Anderson and Aon consultants will lead an information session and also answer questions about a controversial leave policy for new hires on 12-month contracts. Ms. Pyle spoke about the sanctuary campus conversation and said at the heart of it is to testify to keep the University's at-risk students safe. Regarding the recent issue of a controversial speaker coming to campus, Ms. Pyle reiterated free speech is a fundamental element of academia, but also recently she spoke with some of the University's students who feared for their safety. Ms. Pyle expressed hope that these moments will be opportunities to begin discussions that will lead to healing the community. The Senate leadership will author a letter to the students reaffirming its commitment to the safety of the students, and to diversity and the inclusivity of all thoughts, but not at the risk of anyone's safety. Ms. Pyle ended with mention of taking a Faculty Focus event to Santa Fe during the Legislative Session to showcase what UNM does, offering brief faculty presentations followed by a venue for interactions.

VOTE TO CLOSE THE MEETING AND PROCEED IN EXECUTIVE SESSION

The vote to close the meeting was unanimous (1st Lee; 2nd Fortner.) The meeting closed at 11:49 AM.

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)

VOTE TO RE-OPEN THE MEETING

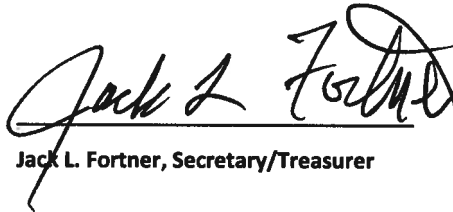
The vote to re-open the meeting was unanimous (1st Hosmer; 2nd Fortner). The meeting re-opened at 12:50 PM; the doors to the Cherry-Silver room were opened; Regent Doughty certified that only those matters described in the executive session agenda were discussed during closed session and confirmed there was no matter upon which to take action.

ADJOURN

The motion to adjourn the meeting passed unanimously.
The meeting adjourned at 12:50 PM.

Approved:**Attest:**A stylized, handwritten signature in black ink, consisting of a large, sweeping loop followed by a horizontal line.

Robert M. Doughty III, President

A handwritten signature in black ink that reads "Jack L. Fortner" in a cursive script.

Jack L. Fortner, Secretary/Treasurer