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University of New Mexico Board of Regents Minutes for May 9, 2019

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**Minutes of the Regular Meeting of the
Board of Regents of the University of New Mexico
May 9, 2019
Open Session - Ballroom C, Student Union Building (SUB)
Executive Session – Cherry Silver Room, SUB
Main Campus**

Members present

Douglas M. Brown, President; Kim Sanchez Rael, Vice President; Sandra K. Begay, Secretary
Treasurer; Rob Dougherty; Melissa Henry; Marron Lee; Robert Schwartz

Administration present

Garnett S. Stokes, President; Paul Roth, EVP and Chancellor for Health Sciences Center; Craig White, Interim SVP for Finance and Administration; Rich Wood, Interim Provost and EVP for Academic Affairs; Loretta Martinez, Chief Legal Counsel; Richard Larson, Executive Vice Chancellor for HSC; Ava Lovell, Executive Officer for Finance & Administration, HSC; Lawrence Roybal, Interim VP for Equity and Inclusion; Eliseo 'Cheo' Torres, VP Student Affairs; Gabriel Lopez, VP Research; Dorothy Anderson, VP HR; Eddie Nuñez, Athletics Director; Dana Allen, VP Alumni Relations; Terry Babbitt, President's Chief of Staff; Liz Metzger, University Controller

Advisors present

Rob Burford, Staff Council President; Steve Borbas, Retiree Association President; Pamela Pyle, Faculty Senate; Muhammad Afzaal Hussain, GPSA President; Adam Biederwolf, ASUNM President

Presenters in attendance

Norma Allen, Director, University Budget Operations; Lisa Marbury, Executive Director, Institutional Support Services

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 Douglas M. Brown called the meeting to order at 9:05 AM and confirmed a quorum. All members were present in person. Before adoption of the agenda the following modifications were proposed:

- 1) Take off of the agenda, Finance & Facilities Committee (F&F) information item #3, Tab 7, *Discussion of Regents' Endowment Accounts* – to be discussed at a later date
- 2) Move up on the agenda to after President's Administrative Report, Academic/Student Affairs and Research Committee (ASAR) action item #1, Tab 4, *Approval of Spring 2019 Degree Candidates*. [There was clarification that no action was necessary on the Health Sciences Center Committee (HSCC) action item #3, because the degree candidates approved under ASAR Committee are to be the comprehensive listing of all UNM degree candidates, including HSC candidates.]
- 3) Combine presentations for Main Campus and HSC FY 2019-2020 Budget and FY 2018-1019 Budget Adjustment Requests (Tabs 5 & 8).

The motion to adopt the agenda with the proposed modifications passed with a unanimous vote in favor (1st Schwartz; 2nd Sanchez Rael).

APPROVAL OF MINUTES

The motion to approve the minutes of the April 9, 2019 Budget Summit and the April 22, 2019 Special Meeting passed with a unanimous vote in favor (1st Begay; 2nd Sanchez Rael).

PUBLIC COMMENT

John Garcia, with Ski New Mexico, commented the UNM Athletic Department received its request from the Legislature this year with an additional \$1.1 million to restore the teams that were cut, and still the Athletic Department is facing more budget problems. The programs that were cut were the highest academic achievers in athletics, and the financial crisis is a crisis of competence in the Athletic department. The program cuts are now affecting sponsors and attendance in other sports. The community and the state deserve better. Mr. Garcia asked the Regents to bring the teams back and to get the athletic department back on track.

Sharon Argenbright, President of District 1199 Hospital and Healthcare Workers Union, representing 4,000 UNM hospital and healthcare employees. The budget the Regents approve will restrict the amounts that can be negotiated, in the end, the budget has to have sufficient funds for a pay raise. If sufficient funds are not approved, Ms. Argenbright requested the Regents to commit to consider approving a supplemental budget down the road.

REGENT ADVISORS COMMENTS (no comments)

COMMENTS FROM REGENTS (no comments)

PRESIDENT'S ADMINISTRATIVE REPORT

President Garnett S. Stokes opened her report with recognition of administrators and deans who are transitioning out of their roles and thanked them for their leadership at UNM: Interim Provost Rich Wood; Geraldine Forbes Isais, Dean, School of Architecture and Planning; and Hector Ochoa, Dean, College of Education. President Stokes welcomed the newly-elected and incoming student government leadership, Adam Biederwolf, ASUNM President and Muhammad Afzaal, GPSA President, and affirmed the important role student leadership plays in communicating students' needs. President Stokes addressed the issue of stabilizing enrollment. About half of enrollment is made up of first-time-in-college students who come in as freshmen and move through year to year. The number of incoming freshmen used to be around 3,000 students, and this was a relatively stable number for about 15 years. Last year's enrollment drop was unexpected. President Stokes talked about enrollment projections that would be dependent upon retention and enrollment changes and added that it takes a few years to drive this kind of change. The Enrollment Task Force has outlined initiatives in a report. The focus has to be on first-time freshmen but also on building out additional partnerships that address areas such as education of different learners and online programming. For fall 2019, the goal was to secure an 8% increase in the number of freshmen compared to last year; this would approach a freshmen enrollment of about 2,900. Right now, this looks to be on track. President Stokes spoke about the April 30 General Faculty meeting that was called by the Committee on Governance to discuss the unionization of faculty. The meeting was held in Popejoy where information on the unionization process was presented by union organizers and UNM administration followed by a question and answer period to hear faculty and public comments. President Stokes highlighted recent research, faculty and student successes at UNM. School of Engineering experts are helping to improve ABQ's Balloon Fiesta Access; UNM's Clinical and Translational Science Center and College of Pharmacy have been working to improve Naloxone dispensing and intervention within the state to reduce opioid deaths; a team from the UNM Institute of Meteoritics will be among those studying lunar samples that traveled back to Earth on the Apollo missions. UNM Distinguished faculty, Enrique Lamadrid, was recently recognized for his outstanding work, winning the 2019 North American Academy of the Spanish Language "Enrique Anderson Imbert" national prize. President Stokes highlighted several of the University's programs and schools that rank among the country's

best in the 2020 U.S. News & World Report on graduate school rankings, including, Photography-No.5, Nursing-Midwifery-No.7, Family Medicine-No.8 and Primary Care-No.21. UNM's Medical School ranks 78 out of 100. Other programs that rank among the Top 100: Earth Sciences, History, English, Mathematics, Political Science, and Physics. The Anderson School of Management's MBA and EMBA programs rank as Tier 1 global programs in CEO Magazine. Anderson came in at No.74 for part-time MBA programs on the U.S. News and World Report rankings. President Stokes spoke also about El Centro de La Raza's 50 year anniversary at UNM, the recent spring semester town hall, and the upcoming spring graduation ceremonies.

REGENT COMMITTEE REPORTS

Approval Spring 2019 Degree Candidates

Pamela Pyle presented the item and gave a breakdown of degree candidates by college.

The motion to approve the 2019 Spring Degree Candidates passed with a unanimous vote (1st Lee; 2nd Sanchez Rael).

CONSENT DOCKET

Regent Brown addressed the consent docket; no items were removed from the docket for discussion. Regent Schwartz clarified the correct address under Item 3.c to be 1111 Stanford Dr. NE. Two actions were taken, one to approve the ASAR Committee items and one to approve the F&F and HSCC items.

1. Academic/Student Affairs & Research Committee (ASAR), *Regents Sanchez Rael & Henry, Co-Chairs*
 - a. Form C - Deletions
 - i. AA Communication & Journalism (UNM-Taos) (delete)
 - ii. AAS Fire Science concentration: Emergency Medical Services (UNM-LA) (delete)
 - iii. CERT Office Communications & Technology (UNM-LA) (delete)
 - iv. AAS Office Communications & Technology (UNM-LA) (delete)
 - v. AAS Construction Technology (UNM-Valencia) (delete)
 - vi. CERT Clinical Chemistry (HSC) (delete)
 - vii. AA Art Studio (UNM-Gallup) (delete)
 - b. Posthumous Degree Request for Mireya Martinez
 - c. Posthumous Degree Request for Chantell Howard
2. Finance and Facilities Committee (F&F) Consent Items, *Regent Sandra Begay, Chair*
 - a. Approval of Disposition of Surplus Property for Main Campus for March & April 2019
 - b. Approval of Quarterly Financial Actions Report and Certification through March 31, 2019 and Information on Monthly Consolidated Financial Reports for month end March 31, 2019
 - c. Approval of Athletics' Enhanced Fiscal Oversight Program Report and Certification through March 31, 2019 and Information on Athletics' Report on Revenue, Expenditures, and Compliance through March 31, 2019
 - d. Approval of Projects:
 - i. Request for Project Construction Dana C. Wood Formula Society of Automotive Engineering Racing Lab
 - ii. Request for Project Construction Student Health and Counseling Phase 1 Renovation
 - iii. Request for Project Construction Valencia Campus Photovoltaic Solar System Phase 3
 - iv. Request for Demolition of the Building Located at 1705 Mesa Vista Rd., NE
 - v. Request for Tenant Improvements for Sandia National Laboratories' Lease at the Advanced Materials Laboratory at the UNM Science and Technology Park
3. Health Sciences Center Committee (HSCC) Consent Items, *Regent Rob Schwartz, Chair*

- a. Request for Approval of the Nomination of Gary Hoffman as Parent Member to the Carrie Tingley Hospital Advisory Board
- b. Request for Approval of Disposition of Assets
- c. Request for Approval of Capital Project to Demolish Building at 111 Stanford Dr. NE
- d. Request for Approval of the Biosense Webster Catheter Agreement
- e. Request for Approval of the Pharmacy Coumadin Clinic
- f. Request for Approval – Capital Project – Adult Inpatient–Inpatient BHICU Comfort Rooms
- g. Request for Approval – Capital Project – PES Expansion without IOP Conversion Plan Final
- h. Request for Approval of UH Main Facilities AHU 117 Replacement

The motion to approve the ASAR consent items as listed passed with a unanimous vote in favor (1st Sanchez Rael; 2nd Begay).

The motion to approve the F&F and HSCC consent items as listed passed with a unanimous vote in favor (1st Schwartz; 2nd Sanchez Rael).

FINANCE AND FACILITIES COMMITTEE AND HEALTH SCIENCES CENTER COMMITTEE

Approval of Main and Branch Campuses' FY 2019-2020 Budget and FY 2018-2019 Budget Adjustment Request (BAR)

Regent Sandra Begay, Chair of Finance and Facilities Committee (F&F), asked Norma Allen to present the budgets for Main and Branch Campuses. Ms. Allen opened with presentations of the operating budgets for fiscal year 2019-2020 (FY20). The overall budget is put together by a lot of people, with a lot of input from the Budget Leadership Team (BLT), as well as participants from Academic Affairs, Health Sciences and the administrative areas. The overall consolidated UNM Budget for FY20 is \$3.16 billion; \$884.1 million for Main Campus; \$2.2 billion for HSC; and \$51.9 million for the Branches. This is an overall 6.8% increase from last year's budget of \$2.96 billion. The increase is driven primarily by the HSC and the Health System. The Main Campus budget is a 2% increase over last year's. The largest pieces of the Main Campus budgeted revenues are Contracts & Grants of \$185 million, tuition & fees of \$182 million, and state appropriations of \$206 million. Bottom line expenditures also total \$884 million with the largest portions being Instruction and General (I&G) at \$331 million and Plant Funds at \$195 million. Other portions of the Main Campus expenditure side include, Student Aid at \$121 million, Research at \$94 million, Public Service at \$51 million, and Athletics at \$32 million. Ms. Allen showed the Main Campus budget broken out by unit: 33% is Academic Affairs at \$295 million and 20% is the Research Mission at \$176 million. The main drivers for the 2% increase in the Main Campus budget, \$17.7 million over last year's budget, are 1) spending on capital projects, 2) increase of \$14.9 million in state appropriation, and 3) compensation increase, increase in group health insurance and employer ERB contributions. **[ATTACHMENT A]**

Norma Allen presented the Branch Campus budgets. Branch revenues are close to \$52 million, 40% of which is state appropriations at \$21 million; 21% from grants & contracts at \$10 million; 17% from local government appropriations at nearly \$9 million. Tuition and fees revenues make up 14% of total revenues, at \$7.3 million. On the expenditure side, the largest portions are, 77% going toward I&G at \$40 million and 14% toward public service at \$7 million. The Branch Campus budgets are projected to be 1.3% lower than last year's, the primary drivers being a decrease in Federal Contract & Grant revenues offset by increases to state appropriations and compensation. **[ATTACHMENT B]**

The detailed budget book was made available to the Regents and online at, <https://budgetoffice.unm.edu/budget/consolidated-budget.html>

Regent Brown asked for a motion to approve the Main Campus and Branch Campus' FY 2019-2020 budgets. Regent Begay motioned; Student Regent Melissa Henry seconded. There was discussion.

Regent Rob Schwartz wanted clarification regarding approval of the budget as a whole versus approving it at a line by line level. There was concern in committee about a proposed \$1.2 million of university funds (freed up debt service funds) going toward the athletics' department projected FY20 deficit, and Regent Schwartz wanted to clarify that that was not part of the budget approval being sought at the meeting. Regent Schwartz reminded the board that the budget includes a 1.5% cut to all units across campus which will have a substantial affect coming after years of similar cuts.

Regent Brown took a vote on the budgets that were presented; the vote was 6-1 with Regent Rael voting no. Regent Rael clarified she had explained at the last meeting why she was not in favor of the budget. There was discussion about budget details and what the motion included. Regent Brown clarified the budget proposal includes a 3% compensation increase and 3.1% tuition increase, and part of the action includes the University putting in a supplemental request to the Legislature in order to fund across the board a 4% compensation increase. Ms. Allen confirmed the athletics budget that was presented at the prior meeting, that includes the \$1.2 million transfer, was in the budget and added that a budget is always amendable. Regent Schwartz responded he had the understanding the Regents were not approving a line-by-line budget, but the bottom lines of a consolidated budget, and added there can be a very large barrier to changing the budget down the road. Regent Schwartz stated that if that was the case, he would change his vote to no and requested the minutes reflect that his understanding of the motion before was that the Regents were not making a determination as to whether or not the \$1.2 million was going to be transferred to athletics, that there was no decision about where funds would come from to cover the athletic budget shortfall. There was discussion.

Regent Begay commented there had been discussion in F&F Committee about the budget timeline and stressed there are other issues that need further discussion including, classification of funds, how to treat endowments, the athletics budget, funding Grand Challenges, supporting research and faculty, and added all of those are strategic discussions that Regents have to have. Regent Begay explained that the BAR (Budget Adjustment Request) process is an official process that allows for adjusting the budget every year this time of year. Ms. Allen confirmed the May budget deadline for submitting to the state and the submittal includes detailed budget information for each program. Ms. Allen added the BAR process usually happens toward year-end but could happen mid-year if the state requests it. There was discussion.

The motion to approve the Main and Branch Campuses' FY 2019-2020 Budget passed with a vote of 5-2-0; Regents Begay, Brown, Doughty, Lee, and Henry voted for; Regents Sanchez Rael and Schwartz voted opposed (1st Begay; 2nd Henry).

There was discussion about UNM's debt service and funds that have come available since interest rates have moved in UNM's favor. Craig White mentioned it would make sense to put together a working group to look at UNM's needs and opportunities and to propose a process with principals that the Regents can support with the President on determining the use of any available funds to help bridge some of the University's needs. Regent Sanchez Rael inquired if there is still outstanding debt with variable interest rate terms, and if so, does UNM have some exposure there? Mr. White responded there is debt service on variable rate, but there is also refunded debt to which there is no exposure. On the variable piece, interest rates have changed in UNM's favor, and now this should be looked at for potentially locking rates in.

Norma presented the BAR presentation for fiscal year 2018-2019 (FY19). [ATTACHMENT C] Budgeted numbers compared to actuals are monitored throughout the year. The University is required to submit

a revised budget to the HED by May 1 if year-end projections show the actual revenues, transfers and expenditures exceed original budget. The HED does allow for a post-May 1 board approval. The primary push for the BAR is to ensure approval of sufficient expenditure authority. The major drivers of the BAR are revenues, expenditures, use of reserves, contract & grant revenues and expenditures, and transfers. For Main Campus, the originally budgeted bottom line was \$866 million, and the revised bottom line is \$859.3 million, a \$7.1 million decrease, or -0.8%, driven primarily by decreased enrollment and several capital projects that did not move forward as quickly as anticipated. Special FY19 general fund capital and operating appropriations offset the overall use of capital project reserves and will roll into the FY19 year-end reserves to be expended in FY20. There were also increases in revenues due to Land and Permanent Fund income as well as Student Aid, Public Service and Auxiliary activities.

For the Branch Campus BARs, UNM-Gallup reports a \$221K increase from the original budget; UNM-Los Alamos a \$120K decrease; UNM-Valencia a \$1 million decrease; and UNM-Taos, a \$462K increase.

The detailed Budget Adjustment Request book was made available to the Regents and also online at, http://budgetoffice.unm.edu/assets/documents/budget/2018-19_Budget_Adjustment_Request.pdf

The motion to approve the Main and Branch Campuses' FY 2018-2019 Budget Adjustment Request passed with a unanimous vote in favor (1st Begay; 2nd Schwartz).

Approval of the FY2020 HSC Budget and the FY2019 Revised Budget (FY2019 Budget Adjustment Request or BAR)

Ava Lovell presented the current year's budget adjustment request first. **[ATTACHMENT D]** For the HSC Academic Enterprise, looking specifically at the expenditure budget, there will be an increase of about 0.5% over the 2019 original budget of \$557.4 million. So the request is for a \$2.9 million increase in expenditure authority which is driven primarily by the 'public service' category due to booking Health System flow-through activity a little differently from before, as well as from independent operations which includes Carrie Tingley Hospital increased revenues and expenditures. Total revenues will increase by \$5.7 million, but the expenditure increase is \$2.9 million. For UNM Hospitals, there is a \$68.5 million net projected revenue increase, attributable to \$46.1 million from patient volumes, which includes increased Medicaid reimbursements and revenue cycle operational improvements, along with a \$15.3 million increase associated with expansion of specialty pharmacy. On the hospital expenditure side, a \$64.5 million net increase in expense is projected due to increased volumes and patient care costs as well as increases in employee compensation, which altogether represents 5.9% of the \$1.09 billion original total budgeted expense for UNM Hospitals. The research park corporations (SRMC and UNMMG) are not required to submit budgets to the state, although their budgets are submitted because they are so integrated with the HSC; the BAR's for those entities are also not required.

The motion to approve the FY2019 Budget Adjustment Request for the HSC Academic Enterprise and UNM Hospital passed with a unanimous vote in favor (1st Sanchez Rael; 2nd Begay).

Ms. Lovell presented the FY2020 HSC budget which includes all components of the Health Sciences Center, including SRMC and the Medical Group (UNMMG). **[ATTACHMENT E]** Total budgeted revenues are \$2.2 billion, a 9.6% increase over the current year's budget. Total budgeted expenses are also \$2.2 billion, of which UNM Hospitals contributes 54%. For the Academic Enterprise, revenues and expenses are increasing close to 6%, primarily due to 3.1% tuition increase for the non-SOM (School of Medicine) programs and the 6.7% overall I&G State funding increase. Year over year, the expense increase due primarily to budgeted compensation increases. The Academic Enterprise bottom line net margin is projected at \$1.5 million, driven primarily by the SOM. Other smaller units'

projected net negative margins, including College of Pharmacy and College of Population Health, will be covered by reserves that will be utilized for one-time expenditures, not for operating deficits.

Budget details for UNM Hospitals were presented. Net revenues are projected to increase by \$16.5 million, driven by revenue cycle and operational improvements as well as volume increases after netting the MCO (managed care organizations) rate reductions. Hospital expenses will increase, matching the volume increases and incorporating inflationary and compensation increases. Also included in the UNM Hospitals budget is a new \$21.5 million Gross Receipts Tax budgeted in both revenue and expense, estimated at this point to be a breakeven proposition. UNM Hospitals has a \$4.4 million net margin budgeted for FY2020, which is 1/3 of 1 percent of net revenues. If one were to look at Moody's and other S&P benchmarks for margins needed to sustain a \$2 billion operation, many not-for-profit hospitals have a 3% margin. For UNM, a 3% net margin would be \$36 million, so UNM runs on a thin margin; however, the margins have been improving since 2017 and continued improvement is projected through 2020.

Ms. Lovell presented FY2020 budget details for the UNM Medical Group, the physician practice organization. For UNMMG, revenues are projected to increase by 18%, of which 3.7% is driven by the wRVUs, measures of physician productivity, and a new Upper Payment Limit (UPL) program which is a Medicaid program. Expenses are projected to increase due to volume increases along with compensation and inflationary supply costs, but will also be offset by Huron operational efficiencies. The FY2020 net margin for UNMMG is budgeted at \$4.9 million.

Ms. Lovell presented FY2020 budget details for the UNM Sandoval Regional Medical Center, a community hospital in Sandoval County in Rio Rancho. Revenues are projected to increase 10% due to volumes and revenue cycle efficiencies, but also due to the addition of the Sandoval County Mill Levy, which makes up the largest part of the revenue increase. Increased expenses will be due to the new Trauma and Behavioral Health programs, increased volumes, and inflationary supply costs.

For the non-academic portion of the Health System, the budget depicts about a \$1.5 billion operation with a \$9.3 million bottom line net margin. The total HSC FY2020 budget, including the academic portion, comes to \$2.2 billion for both revenues and expenses, with a projected \$10.9 million net margin.

The motion to approve the FY2020 HSC Budget as presented passed with a unanimous vote in favor (1st Schwartz; 2nd Henry).

Regent Brown asked Ms. Lovell to present the HSC capital project item.

Approval of the New Mexico Higher Education Capital Projects 5-Year Plan document and HSC Top Three Capital Project Priorities for FY2020 (HSCC item)

The capital budget process this year was done under the new Capital Projects Leadership Team. Under the one-year plan for the Health Sciences Center, the request is for approval of two priorities. The number one priority is for the College of Nursing (CON) and College of Population Health (COPH) Building. After Regents' approval, the request will go to the HED for General Obligation Bonds funding in the amount of \$30 million to fund this project. The CON is growing and is primarily housed in a 1960's building with other parts spread around five to six buildings across campus. The new College of Population Health has great synergies with the CON and is currently house in the basement of the Family and Community Medicine building and needs room to grow. The proposed new building will have classrooms and shared spaces and simulated spaces that allow for student assessments. The second priority under the HSC one-year plan, is the Pete and Nancy Domenici Hall Research Facility, which has also been known as the Mind Institute building and was originally built with the intention

that it would be added onto in the future. Already one wing has been added a few years ago; this would be the second wing. Project cost is estimated at \$8 million, and the proposal is to not ask for state funding, but there is a proposal for a \$4 million NIH grant, and the other \$4 million is proposed to come from HSC research reserves.

The other document for which approval is requested is the 5-year capital plan that goes to the HED annually for approval. The first two items on the list are the projects already mentioned, and following years' include the Children's Psychiatric Hospital Facility and the Adult Behavioral Health Facility, among others. Ms. Lovell mentioned the HSC will be working on an updated Master Plan to present to the Regents, the last one was presented in 2015.

The motion to approve the Health Sciences Center's top two capital priorities and the HSC 5-Year Capital Plan document passed with a unanimous vote in favor (1st Schwartz; 2nd Begay).

Approval of [Main Campus and Branch Campuses] Capital Funding Requests for FY 2019-2020 and Five Year Capital Plans (F&F item)

Lisa Marbury presented the item. The process for capital planning was changed this year; the Capital Planning Leadership Team was modeled after the Budget Leadership Team (BLT) and was co-chaired by Rich Wood and Craig White. The core team covered the different constituency groups around campus, faculty senate, staff council, students, and deans, and there was also a working committee. The process started in September 2018, eight subcommittees presented capital requests to the core team which ranked the projects utilizing a capital evaluation planning criteria and system that was developed. The priorities vetted through the Capital Leadership Team were presented to President Stokes for approval before coming to the Regents for approval.

For Main Campus, the number one priority is the College of Fine Arts Renewal and Replacement project. Total cost is estimated at \$90 million, but the request will be phased in with an initial request for GO Bond funding of \$45 million. The second priority is for the Learning Environment and Technology Support project for wifi and new technology for classrooms estimated at \$3.5 million. For the Branch Campuses, UNM-Gallup Branch is asking for \$4.5 million GO Bond funding for a Center for Career Technologies Education project, with total project cost estimated at \$8 million. The Los Alamos Branch has two priorities, a Workforce Development/CTE Classroom Renovations project, with total estimated project cost at \$2.5 million, but this year's ask will be for \$1.875 million of GO Bond funding. The second UNM-LA Branch request is for Building 7 Renovations, and the request will be for \$225K of Severance Tax Bond (STB) funding, with the total project cost estimated at \$300K. UNM-Taos has a Career Tech Addition project, estimated at \$4.8 million; the request for this year will be \$3.6 million of GO Bond funding. Taos Campus' second priority is a Security and Safety Improvements project; they are asking for \$2.25 million of STB funding, with total project estimated at \$3 million. The UNM-Valencia Branch's capital project is for Fire Safety Improvements; they are asking for \$1.8 million GO Bond funding, with total project cost is estimated at \$2.4 million.

The total one-year FY2020 appropriations request for Main and Branch Campuses is \$92.750 million, \$86.7 for Main Campus and \$6.0 million for the Branches. The 5-year Capital Plan will also be submitted to the HED.

The motion to approve the Main Campus and Branch Campuses' FY 2019-2020 appropriations requests and the Five Year Capital Plans passed with a vote of 6-1-0; Regents Begay, Brown, Lee, Henry, Schwartz and Sanchez Rael voted for; Regent Doughty voted opposed (1st Begay; 2nd Sanchez Rael).

Regent Brown thanked the Budget Leadership Team and the Capital Planning Leadership Team for the tremendous amount of effort and hard work put into the budget and capital planning process.

For the next item, Regent Brown clarified The Meeting of the Member is an annual event that needs to occur for Lobo Development Corporation and Lobo Energy, Incorporated. The Meeting of the Member is stipulated in the bylaws of each entity, the 'Member' being the Board of Regents.

VOTE TO ADJOURN THE BOARD OF REGENTS FOR THE MEETINGS OF THE MEMBER

The motion to adjourn the Board of Regents for the Board to be able to convene the annual Meeting of the Member of Lobo Development Corporation and of Lobo Energy, Inc. passed unanimously (1st Schwartz; 2nd Lee).

Regent Brown asked Regent Lee, Chair of Lobo Development Corporation and the regent member on the Lobo Energy board, to take the gavel. There was a question about why there were two external audits on the agendas for approval. It was explained there was not a meeting of the member last year for either Lobo Development or Lobo Energy, so the 2017 meeting minutes and the FY17 audits are on the agenda for approval.

MEETING OF THE MEMBER – LOBO DEVELOPMENT CORPORATION (LDC)

Regent Lee called to order the LDC Meeting of the Member at 10:30 AM. Regent Lee asked for a motion to approve the minutes of the 2017 LDC Meeting of the Member; Regent Begay motioned; Regent Brown seconded; the motion passed unanimously.

Regent Lee said the audits had been provided to Regents prior to the meeting for review; Regent Lee asked for a motion to accept the FY17 and FY18 external audits; Regent Sanchez Rael motioned; Regent Brown seconded; the motion passed unanimously.

There being no further business, Regent Lee asked for a motion to adjourn the LDC annual meeting of the member; Regent Sanchez Rael motioned; Regent Doughty seconded; the vote to adjourn was unanimous. The meeting adjourned at 10:31 AM.

MEETING OF THE MEMBER – LOBO ENERGY, INC. (LEI)

Regent Lee convened the LEI Meeting of the Member at 10:31 AM. Regent Lee asked for a motion to approve the minutes of the 2017 LEI Meeting of the Member; Regent Schwartz motioned; Regent Doughty seconded; the motion passed unanimously.

Regent Lee asked for a motion to accept the FY17 and FY18 external audit reports; Regent Doughty motioned; Regent Schwartz seconded; motion passed unanimously.

There being no further business, Regent Lee asked for a motion to adjourn; Regent Sanchez Rael motioned; Regent Brown seconded; the vote to adjourn was unanimous. The meeting adjourned at 10:32 AM.

Regent Lee handed the gavel to Regent Brown.

VOTE TO RECONVENE BOARD OF REGENTS

The vote to reconvene the Board of Regents passed unanimously (1st Brown; 2nd Lee).

PUBLIC COMMENT (no comments)

Advisors' Comments

Adam Biederwolf, introduced himself as the new ASUNM President. Mr. Biederwolf is a junior, studying Business Administration. Regent President Brown welcomed Mr. Biederwolf.

Muhammad Afzaal Hussain, GPSA President, was introduced by Student Regent Melissa Henry on behalf of outgoing GPSA President, Boney Mutabazi. Mr. Hussain is a graduate student in the School of Architecture and Planning. Regent Brown welcomed Mr. Hussain.

Rob Burford, Staff Council President, spoke about the upcoming Staff Appreciation Week and acknowledged the meeting was his last meeting as President. Mr. Burford introduced President-Elect, Ryan Gregg. Regent Brown thanked Mr. Burford for his service and welcomed Mr. Gregg on board as an Advisor to the Regents.

Vote to Close the Meeting and Proceed in Executive Session

Before the meeting closed, Regent Schwartz commented he was surprised and disappointed about the budget decision and questioned the priorities that were demonstrated. There are needs in the academic units, faculty retention being one of them, yet all of the units are to receive a 1.5% cut, and they have to figure out how to absorb those cuts. On the other hand, Athletics has desperate needs as well and \$1.2 million was found and transferred to Athletics when Athletics' needs are no more desperate than the needs in the College of Arts and Sciences or College of Education. Regent Schwartz said he did not like the message that was being sent and that it would stay unless the Regents affirmatively change the budget for next year. Regent Schwartz added he hoped next year's budget discussions would be fuller and urged the Regents to restore the position of academics at the University to its first priority, the place where \$1.2 million ought to go if it is found someplace.

Regent Brown responded these are difficult priority decisions that the President of the University has to cope with every day, shortfalls in departments, for example UNM Press. It is important to send the message that all of the academic activities are vital to the University's mission, are the core of the mission. The University has to find ways to solve deficits in some of the auxiliary and ancillary activities in a way that is successful, and the hard work will continue.

Regent Begay said she appreciated the dialogue but wanted to also recognize the sadness and heavy hearts in the community for the recent loss of two UNM students and wanted to communicate a message of condolence to the families and also to the two families of the students who received the posthumous degrees.

Regent Brown asked for a motion to close the meeting and clarified he would take a roll call vote; the following votes were taken: Regent Lee-yes; Regent Doughty-yes; Regent Schwartz-yes; Regent Brown-yes; Regent Sanchez Rael-yes; Regent Begay-yes; Regent Henry-yes vote. The motion to close the meeting passed. The meeting closed at 10:46 PM. Members relocated to the Cherry Silver Room.

Executive Session Agenda

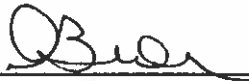
1. Discussions subject to attorney-client privilege pertaining to threatened or pending litigation as permitted by Section 10-15-1.H(7), NMSA (1978)

Vote to re-open the meeting and certification that only those matters described in the Closed Session Agenda were discussed in Closed Session, and if necessary, final action with regard to those matters will be taken in Open Session

The meeting re-opened at 12:48 PM; the doors to the Cherry Silver Room were opened. Regent Brown certified that only those matters described in the closed session agenda were discussed and confirmed there were no items upon action would be taken in open session.

ADJOURN

There being no further business, Regent Brown asked for a motion to adjourn; Regent Schwartz motioned; Student Regent Henry seconded; motion passed unanimously; the meeting adjourned at 12:49 PM.

Approved:**Attest:**

Douglas M. Brown, President



Sandra K. Begay, Secretary/Treasurer

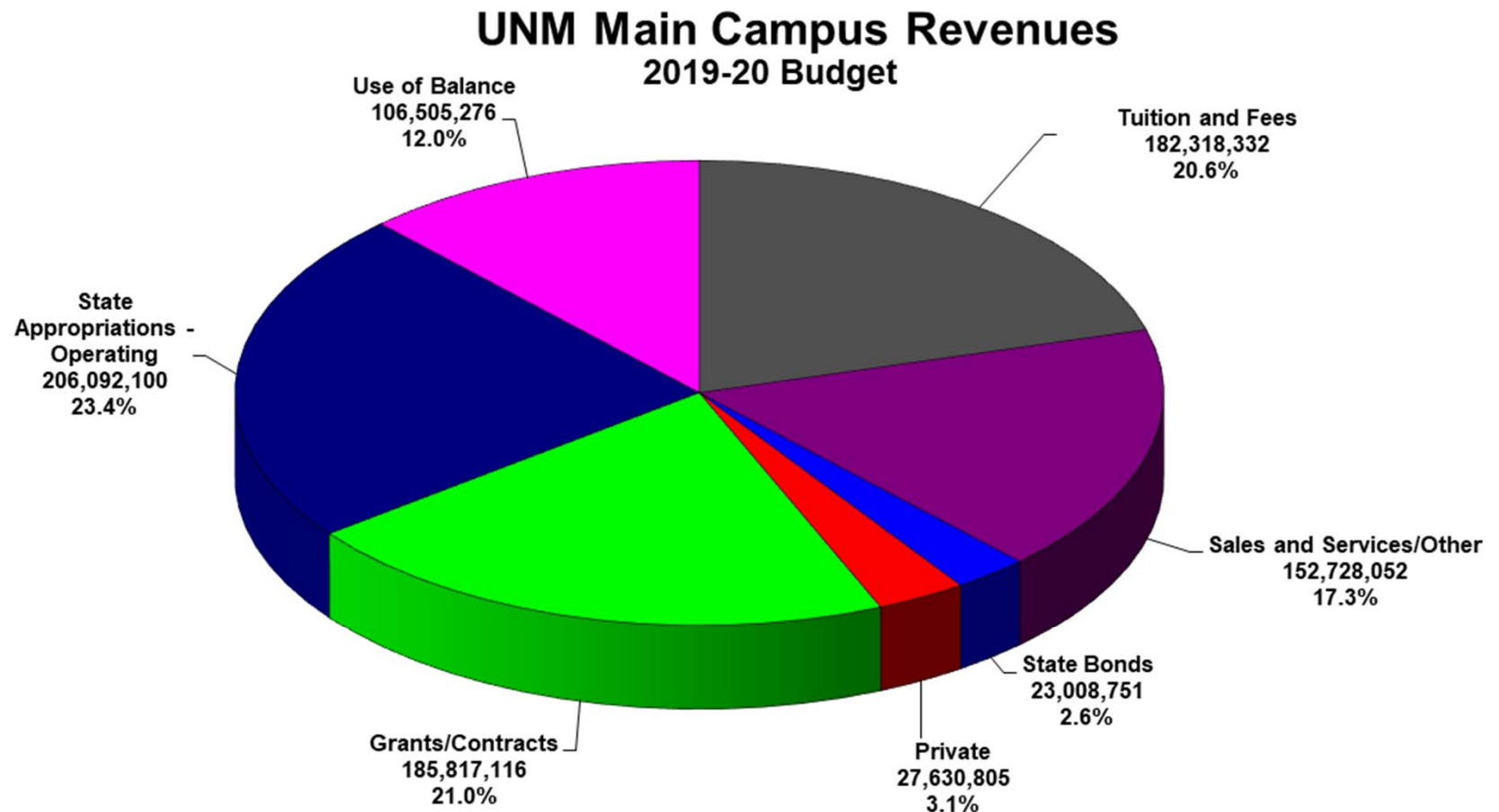
UNM Consolidated Budget

	FY 2019 Original Budget	FY 2020 Original Budget	% Change
UNM Main Campus	866,366,972	884,100,432	2.0%
UNM Health Sciences Center	2,041,576,398	2,226,505,560	9.1%
UNM Branches	52,574,897	51,878,096	-1.3%
Total	2,960,518,267	3,162,484,088	6.8%

ATTACHMENT A

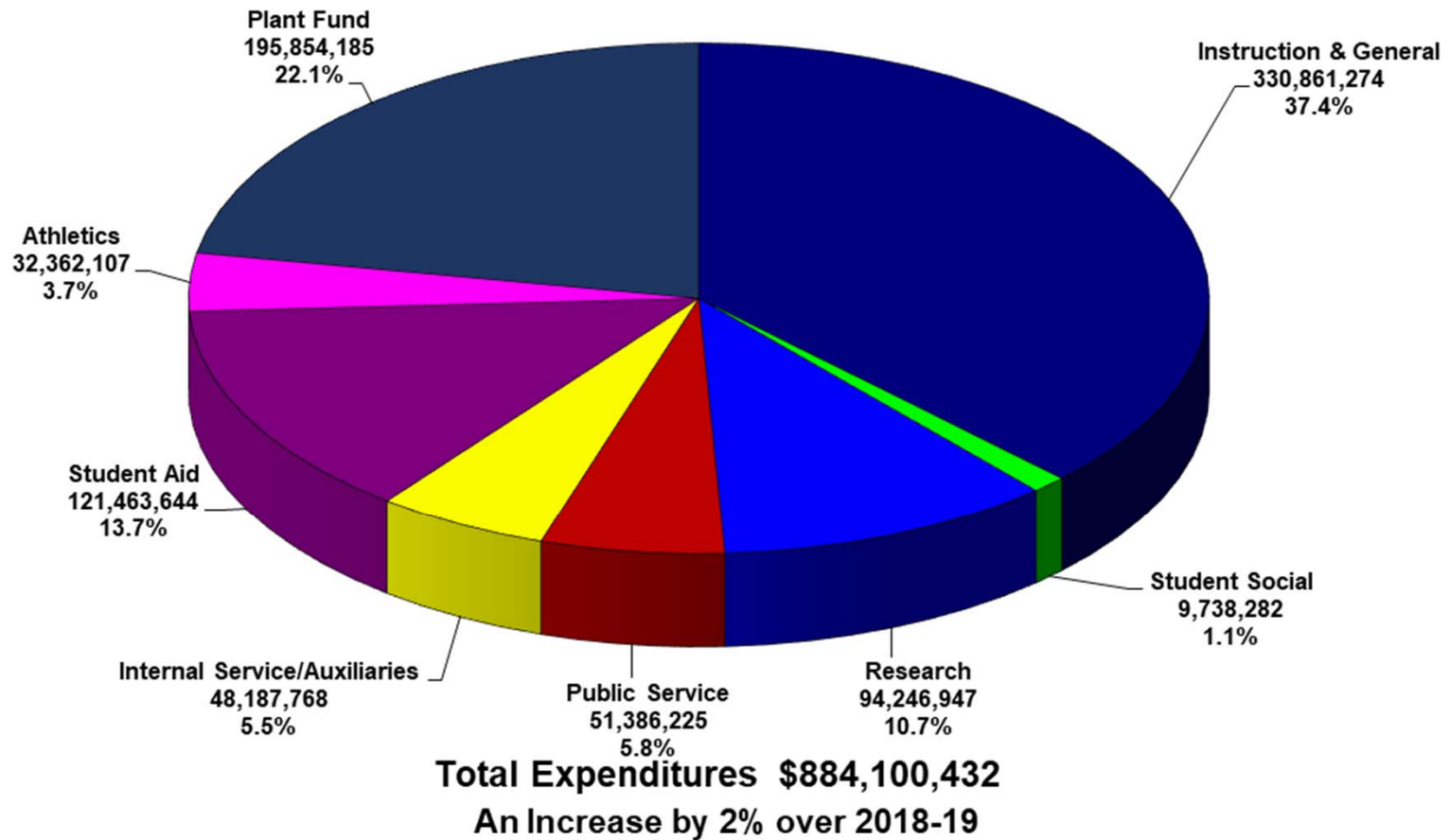
Attachment to Minutes of the May 9, 2019 BOR

Note: Included in your ebook materials is the FY 20 Operating and Capital Book that provides more details about the changes

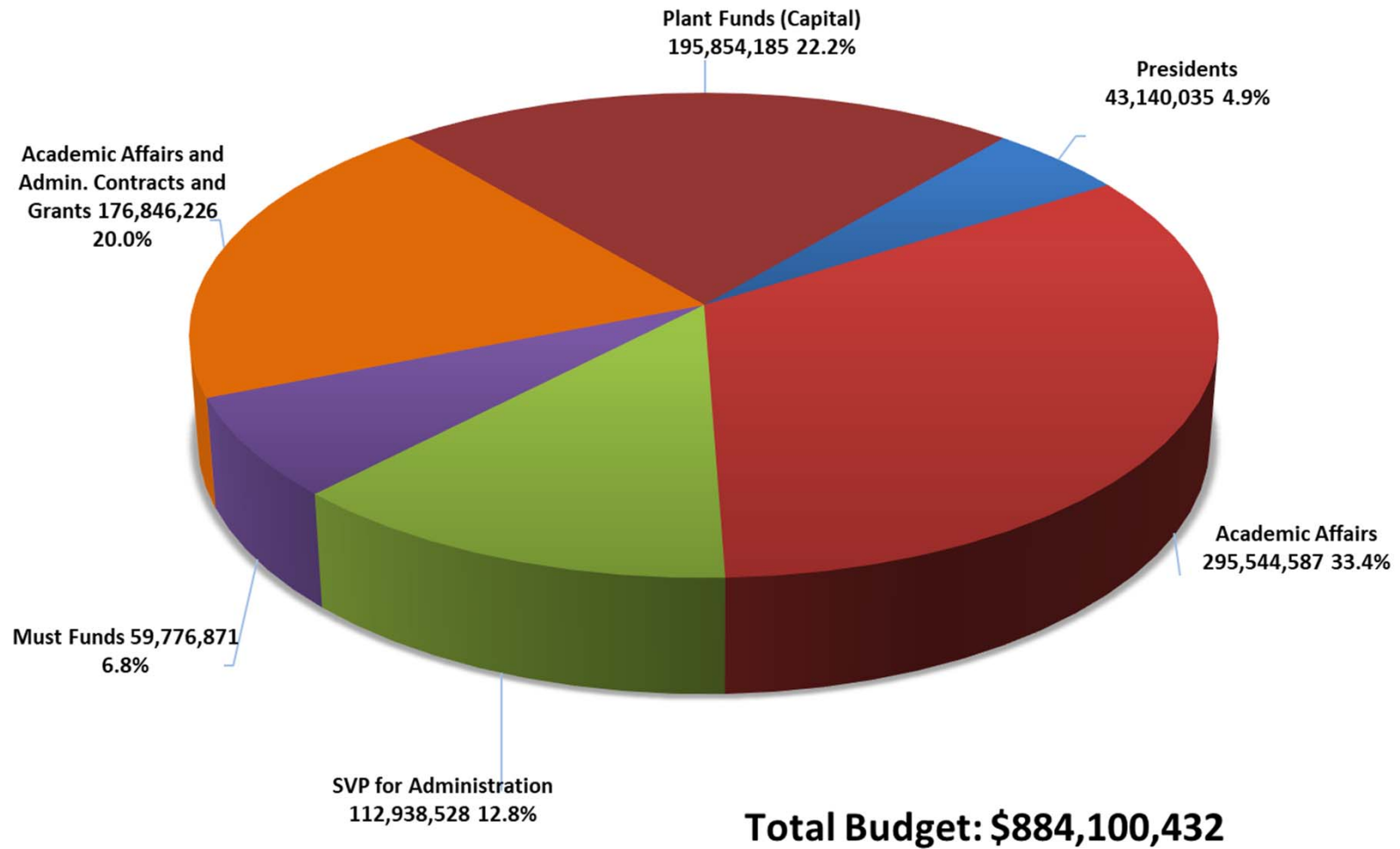
ATTACHMENT A cont.

Total Revenues \$884,100,432

An Increase by 2% over 2018-19

ATTACHMENT A cont.**UNM Main Campus Expenditures
2019-20 Budget**

FY20 MAIN CAMPUS BUDGET BY UNIT

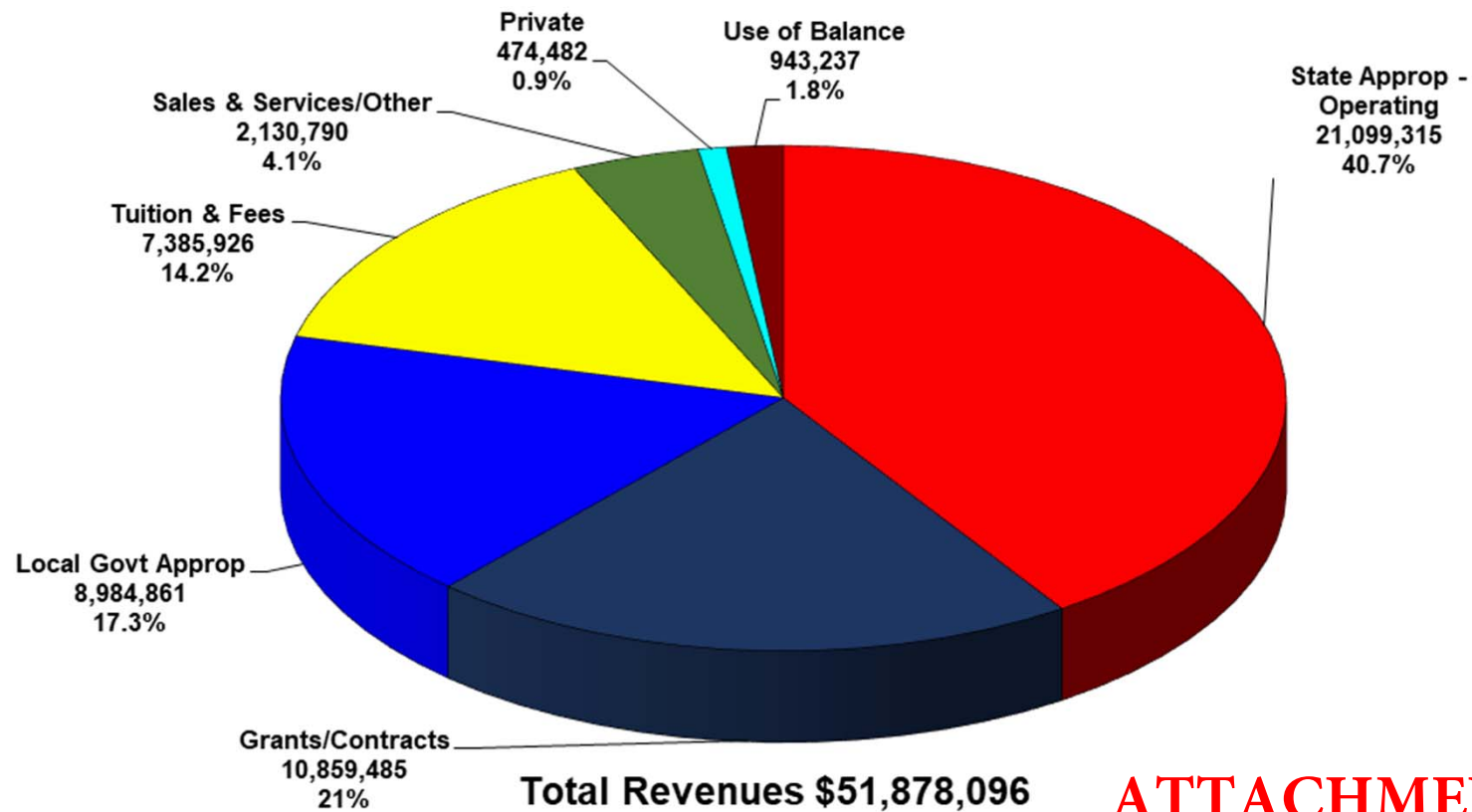


ATTACHMENT A cont.

Main Campus **ATTACHMENT A cont.**

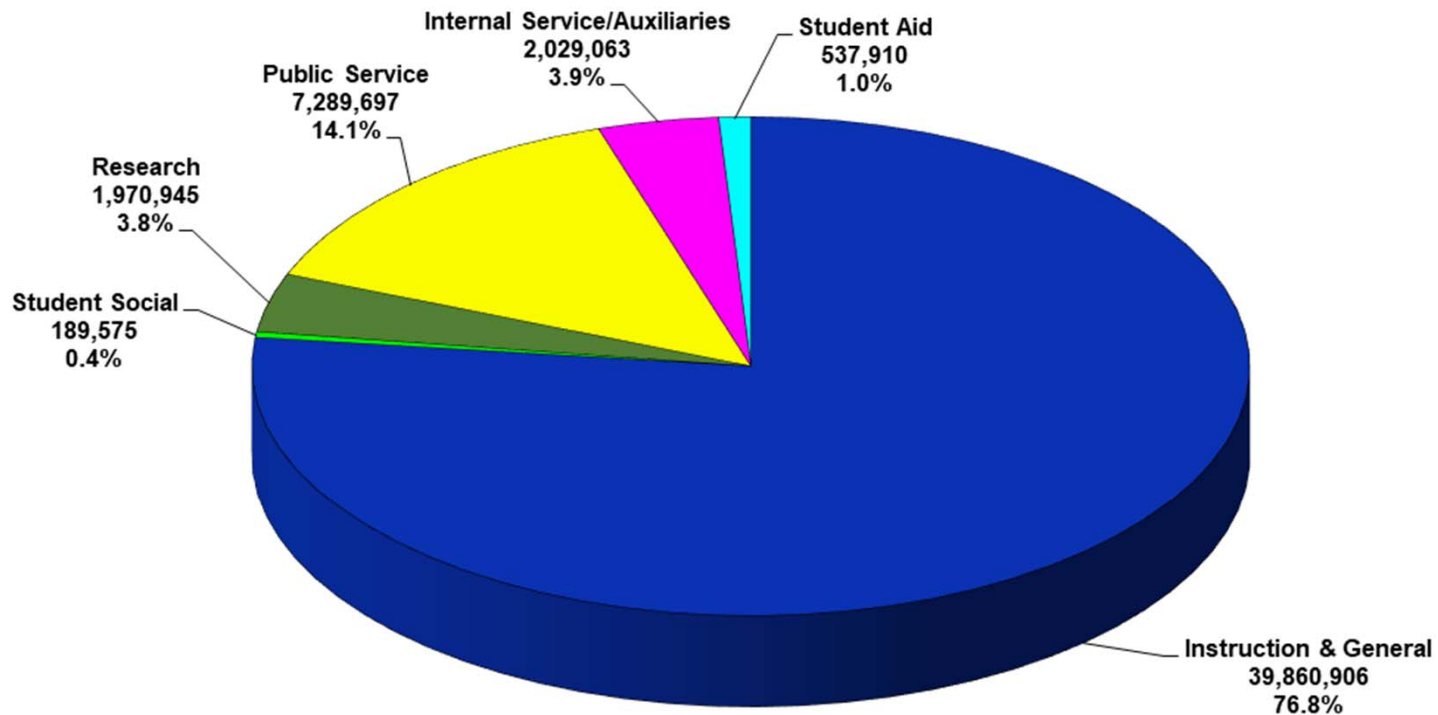
- **Main Campus-\$884.1M**
- **2% Increase of \$17.7M**
- **Primary Drivers:**
 - **Spending on Capital Projects**
 - **Increase in State Appropriations \$14.9M**
 - **Compensation Increase and Increase in Group Health Insurance and Employer ERB contributions**

UNM Branches Revenues 2019-20 Budget



Total Revenues \$51,878,096
A Decrease by 1.3% over 2018-19

ATTACHMENT B
 Attachment to Minutes of the May 9, 2019 BOR

ATTACHMENT B cont.**UNM Branches Expenditures
2019-20 Budget**

Total Expenditures \$51,878,096
A Decrease by 1.3% over 2018-19

Branch Campuses

- **Branch Campuses-\$51.9M**
- **1.3% Net Decrease of \$697K**
- **Primary Drivers:**
 - **Federal Contract and Grants Revenue Decrease**
 - **State Appropriation Increase and Compensation Increase**

ATTACHMENT B cont.

Budget Adjustment Request (BAR)

- The FY 19 Original Operating and Capital Budget was submitted to HED last year.
- Budget to Actuals are monitored through the Monthly Financial Report presented by the UNM Controller
- The University is required to submit a revised budget to the HED by May 1 if year end projections show that actual revenue, transfers, or expenditure levels will exceed those initially budgeted. Note: HED does allow a post May 1 board approval.
- Must not exceed budget authority by exhibit --- 5.3.4.10 NMAC

ATTACHMENT C

Attachment to Minutes of the May 9, 2019 BOR

Budget Adjustment Request (BAR) Drivers

- Change in revenue and expenditure projections
- Use of reserves for one-time expenditures
- Increase in restricted grant and contract revenues and expenditures
- Other changes in transfers

Note: Included in your ebook materials is the FY 19 BAR booklet that provides more details about the changes

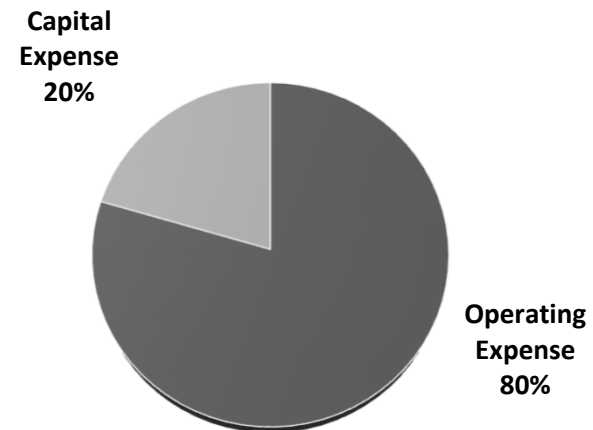
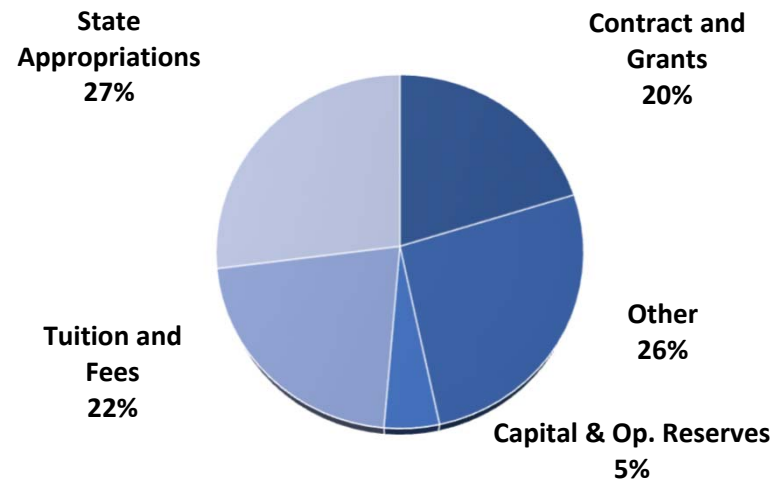
ATTACHMENT C cont.



Main Campus (Operating) and All UNM Capital Revenue & Expenses (In Millions)

Fiscal Year 2019	Original	Revised
Revenue	866.4	859.3
Expense	866.4	859.3

Net \$7.1M Decrease or -.8%



ATTACHMENT C cont.

Summary of Main Campus Operating and All UNM Capital Changes

- ***\$7.1M or -.8% Net Decrease--Primary Drivers Revenues and Expenses:***
 - Tuition and Fees are down due to enrollment decline
 - Several capital projects did not move forward as quickly as anticipated
 - Special FY 19 General Fund Capital and Operating appropriations offset the overall use of capital project reserves. They will roll into the FY 19 year end reserves and be expended in FY 20. No change in overall ***Net*** revenues or expenses.
 - There were additional increases in revenues due to Land and Permanent Fund income as well as Student Aid, Public Svc and Auxiliary activities

ATTACHMENT C cont.

Summary of Branch Campus Changes

- **Gallup \$221K Increase, 1.3%**-primarily I&G expenditure authority.
- **Los Alamos \$120K Decrease, -2.1%**-primarily due to transfers out to BRR for capital projects.
- **Valencia \$1M Decrease, -6.2%**-primarily due to decrease in Restricted Contract and Grant Public Svc activity.
- **Taos \$462K Increase, 3.5%**- primarily due to increases in Restricted Contract and Grant activity and Public Svc digital media, literacy, and scholarships.

ATTACHMENT C cont.

ATTACHMENT D

UNM HSC Budget Adjustment Request (BAR)

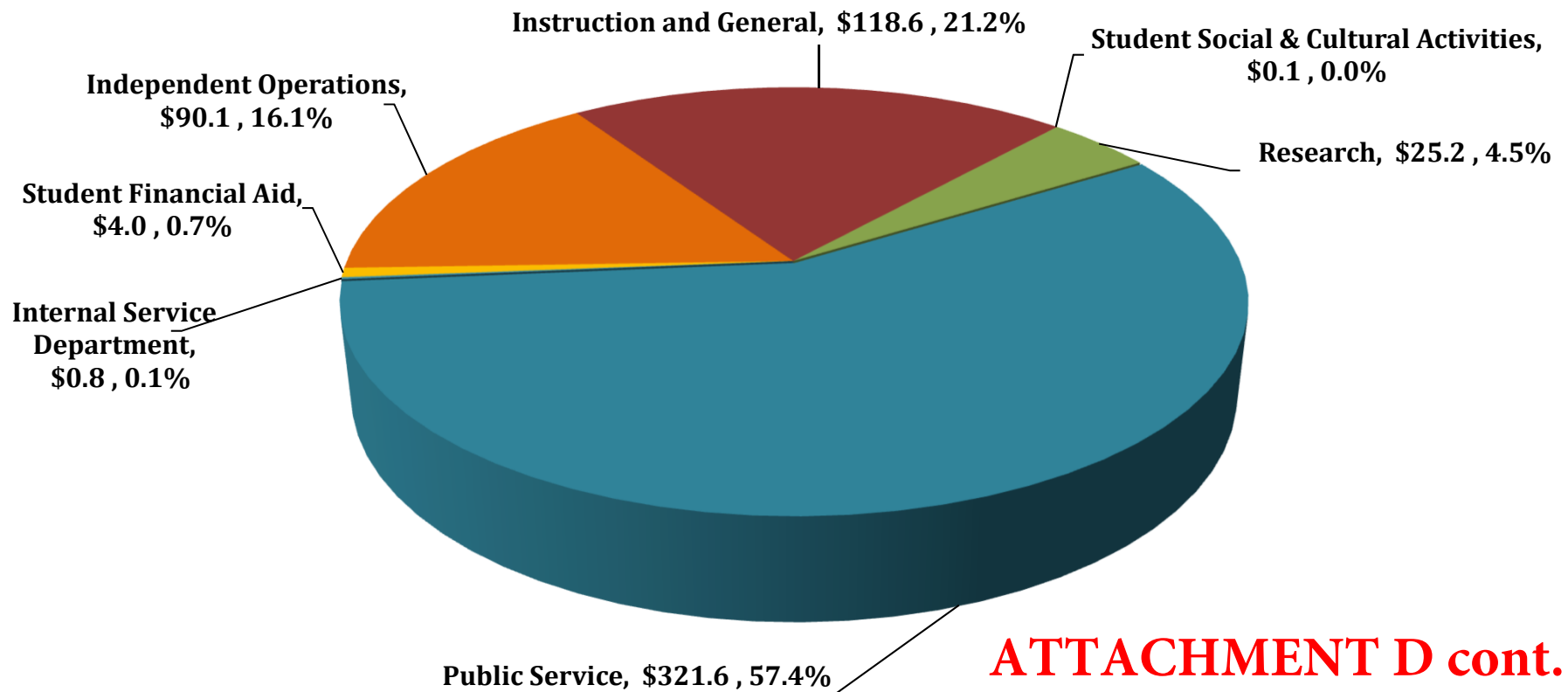
- The FY 2019 Original Operating and Capital Budget was submitted to HED on June 1, 2018.
- The University is required to submit a Final Revised Budget to the HED by May 1, 2019.
- Must not exceed budget authority by exhibit --- 5.3.4.10 NMAC

Note: Included in your ebook materials is the FY19 BAR booklet that provides more details about the changes

UNM HSC Expenditures – by Program

FY 2019 Revised Budget

(In millions)



ATTACHMENT D cont.

Total Budgeted Expenditures \$560,350,856
0.5% Increase over FY 2019 Original Budget

UNM HSC Academic Enterprise Year-End Changes

- **\$2.9M Increase** in Expenditure authority for FY 2019
This increase is primarily due to the following:
 - **\$2.9M** represents 0.5% of the \$557.4M Original Total Unrestricted expense
 - **Public Service** expense increased primarily due Health System flow through activity.
 - **Independent Operations** increased due to Carrie Tingley Hospital.
- **\$5.7M Increase** in Revenue including Transfers to offset expense

UNM Hospitals Year-End Changes

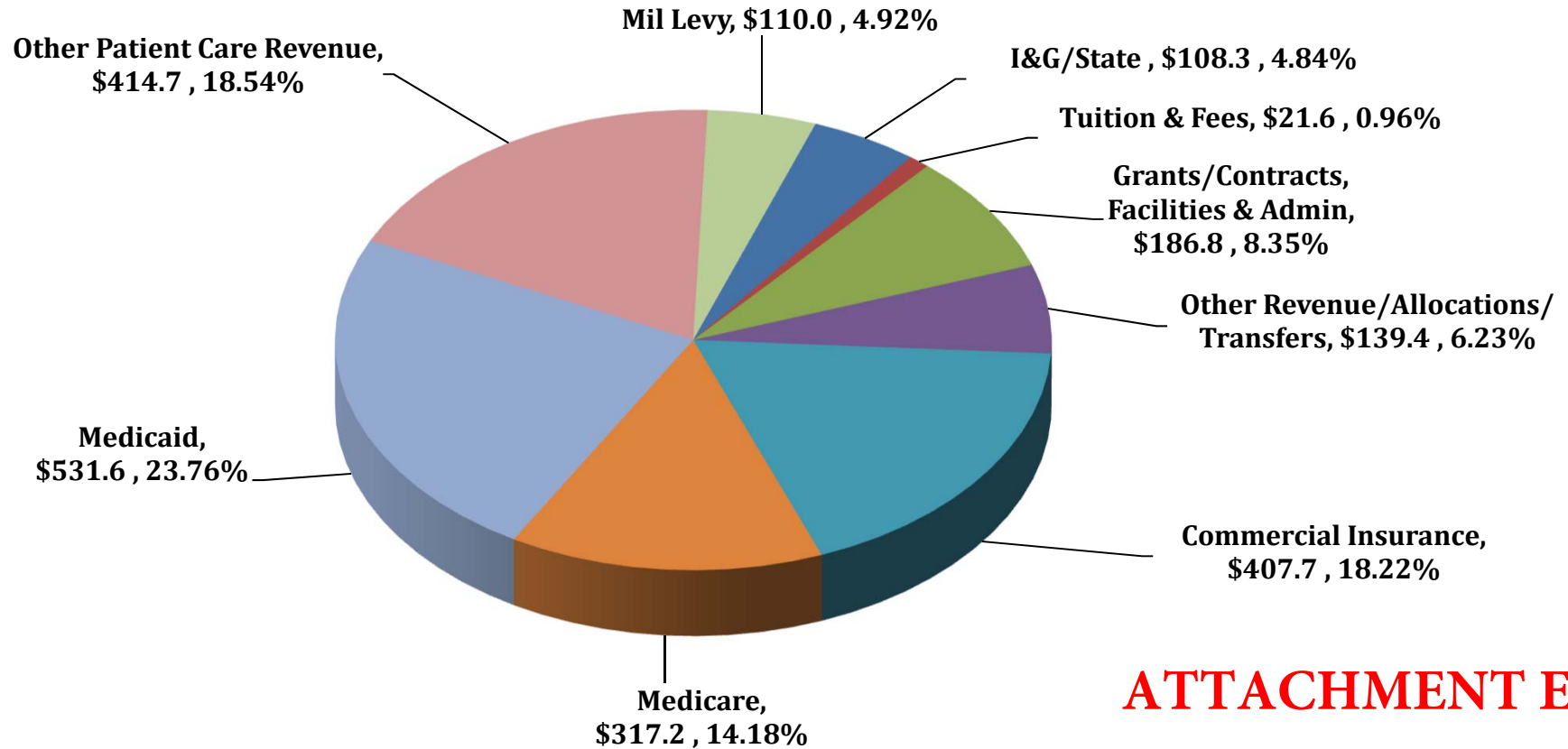
- **\$68.5M Net Increase** in Revenue due to \$46.1M increase in patient volumes with increases in reimbursement from Medicaid and revenue cycle operational improvements. There is also an increase of \$15.3M associated with expansion of specialty pharmacy.
 - This represents 6.3% of the \$1.09 billion original total budgeted revenue
- **\$64.5M Net Increase** in Expense due to increased volumes and patient care costs as well as increases in employee compensation.
 - This represents 5.9% of the \$1.09 billion original total budgeted expense

ATTACHMENT D cont.

UNM HSC All Components - Revenues

FY 2020 Budget

(In millions)

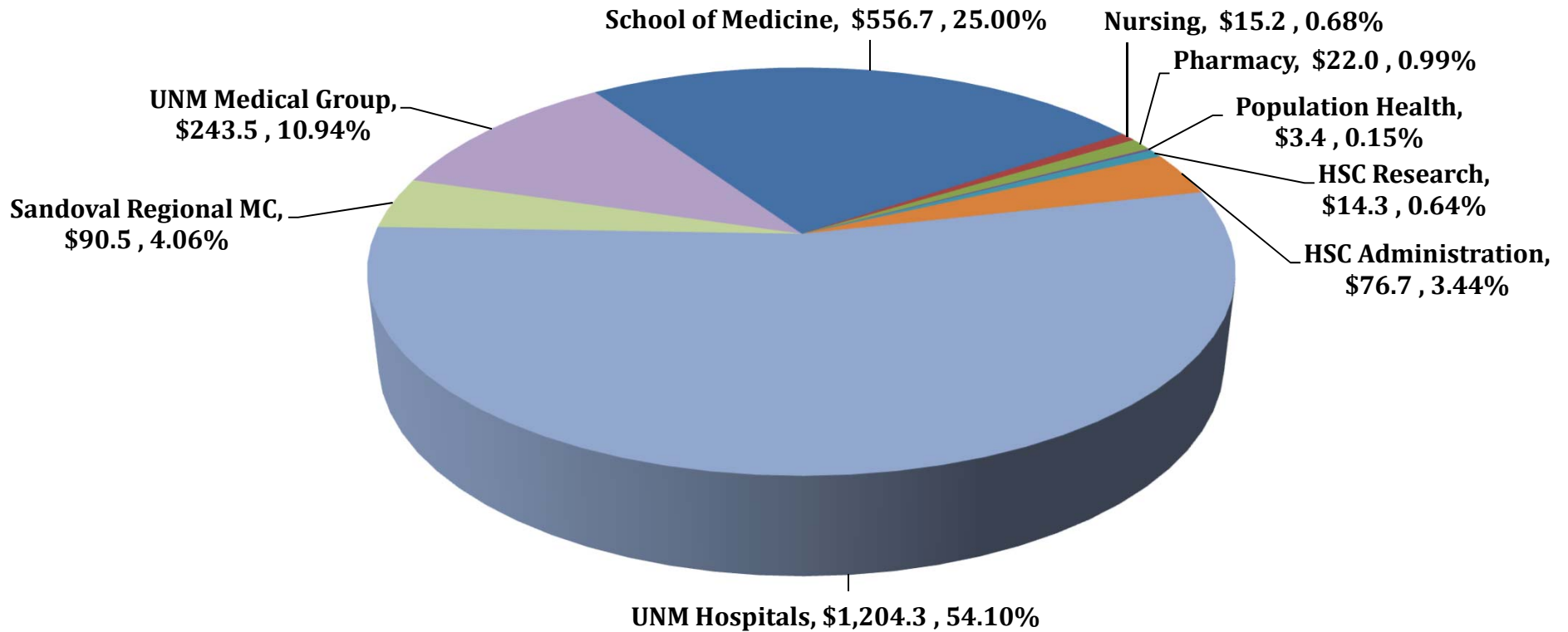


ATTACHMENT E

Note: Includes UNM HSC Academic Enterprise and UNM Health System

Total Budgeted Revenues \$2,237,372,425
9.6% Increase over FY 2019

UNM HSC All Components - Expenditures FY 2020 Budget (In millions)



ATTACHMENT E cont.

Note: Includes UNM HSC Academic Enterprise and UNM Health System

Total Budgeted Expenditures \$2,226,505,425
9.1% Increase over FY 2019 Original Budget

UNM HSC Academic Enterprise

Comparative Analysis: Current Year - Next Year
(In thousands)

Total HSC Academic	FY 2019 Original Budget	FY 2019 Revised Budget	FY 2020 Original Budget	Percent Change 2019-20
Revenues	\$660,661	\$653,352	\$689,780	5.6%
Expenses	660,621	649,813	688,232	5.9%
Net Margin	\$40	\$3,539	\$1,548	

- *Revenue increase: 3.1% increase in base tuition for all Non-SOM programs and an overall I&G State funding increase of 6.7%*
- *Expense increase: 3.0% across-the-board compensation increase and approved additional increases of up to 2.0% based upon merit*

UNM HSC Academic Enterprise

FY 2020 Budget
(In thousands)

	School of Medicine	College of Nursing	College of Pharmacy	College of Population Health	Research & General Admin.	HSC Academic Enterprise FY20 Total
Revenues	\$558,248	\$15,316	\$21,802	\$3,418	\$90,996	\$689,780
Expenses	556,669	15,162	21,956	3,432	91,013	\$688,232
Net Margin	\$1,579	\$154	(\$154)	(\$14)	(\$17)	\$1,548

ATTACHMENT E cont.

UNM Hospitals ATTACHMENT E cont.

Comparative Analysis: Current Year - Next Year
(In thousands)

	FY 2019 Original Budget	FY 2019 Revised Budget	FY 2020 Original Budget	Percent Change 2019-20
Revenues	\$1,090,730	\$1,158,737	\$1,208,692	4.3%
Expenses	1,090,727	1,154,756	1,204,303	4.3%
Net Margin	\$3	\$3,981	\$4,389	

- *Net revenue increase of \$16.5 million driven by revenue cycle, operational improvements and volume increases after netting MCO rate reductions*
- *Expense increase to match increased volume, market compensation and inflationary increases*
- *\$21.5 million of Gross Receipts Tax budgeted in both revenue and expense.*

UNM Medical Group ATTACHMENT E cont.

Comparative Analysis: Current Year - Next Year
(In thousands)

	FY 2019 Original Budget	FY 2019 Revised Budget	FY 2020 Original Budget	Percent Change 2019-20
Revenues	\$211,823	\$210,890	\$248,389	17.8%
Expenses	211,709	209,939	243,487	16.0%
Net Margin	\$114	\$951	\$4,902	

- *Revenue increases are driven by 3.7% overall increase in wRVUs and new Upper Payment Limit (UPL) program*
- *Expense increase to match increased volume, market compensation and inflationary supply costs; offset by Huron operational efficiencies*

UNM Sandoval Regional Medical Center

Comparative Analysis: Current Year - Next Year
(In thousands)

	FY 2019 Original Budget	FY 2019 Revised Budget	FY 2020 Original Budget	Percent Change 2019-20
Revenues	\$78,534	\$81,972	\$90,511	10.4%
Expenses	78,519	81,923	90,483	10.4%
Net Margin	\$16	\$49	\$28	

- *Revenue increase is driven by greater volume, revenue cycle efficiencies and the addition of the Sandoval County Mil Levy*
- *Expense increase for the new Trauma and Behavioral Health programs, market compensation and inflationary supply costs*

UNM Health System ATTACHMENT E cont.

FY 2020 Budget
(In thousands)

	UNM Hospitals	UNM Medical Group	UNM Sandoval Regional Medical Center	UNM Health System 6/30/2020 Total
Revenues	\$1,208,692	\$248,389	\$90,511	\$1,547,592
Expenses	1,204,303	243,487	90,483	1,538,273
Net Margin	\$4,389	\$4,902	\$28	\$9,319

UNM Health Sciences Center

FY 2020 Budget
(In thousands)

	HSC Academic Enterprise	UNM Health System	HSC Total
Revenues	\$689,780	\$1,547,592	\$2,237,372
Expenses	688,232	1,538,273	2,226,505
Net Margin	\$1,548	\$9,319	\$10,867

ATTACHMENT E cont.

Attachment to Minutes of the May 9, 2019 BOR