

THE UNIVERSITY OF NEW MEXICO
Board of Regents' Finance and Facilities Committee (F&F)
May 3, 2013 – Meeting Summary

Committee Members Present: Regent Jamie Koch, Regent Gene Gallegos and Regent Conrad James

Committee Members Absent: none

Non-voting Members Present: Regent Jack Fortner

Other Attendees: Chaouki Abdallah, Provost; Dianne Anderson, University Communication & Marketing; Terry Babbit, Enrollment Management; Tanya Baker-McCue, CDD; Duane Brown, Modrall Sperlberg; Ryan Cangioli, HSC; Tim Cass, Athletics; Bruce Cherrin, Purchasing; Mary Clark, Staff Council; Andrew Cullen, Planning, Budget & Analysis; Pamina Deutsch, Policy Office; Bob Doran, University Architect; Mike Duran, HR; Rachel Felix, Office of the EVP for Administration; Matt Fleischer, ASUNM; Bob Fondino, HSC; Debra Fondino, University Services; Robert G. Frank, UNM President; Wynn Goering, President's Office; Gil Gonzales, CIO; Kathy Guimond, UNMPD; David W. Harris, EVP for Administration, COO and CFO; Beverly Kloeppel, Student Health; Paul Krebs, Athletics; Lisa Kuuttila, STC; Ava Lovell, Finance; Karen Mann, KNME; Lisa Marbury, Institutional Support Services; Cenissa Martinez, Office of the EVP for Administration; Cate McClain, CDD; Steve McKernan, UNMH; Liz Metzger, Controller's Office; Caroline Muraida, ASUNM; Tom Neale, Real Estate; Amy Neel, Faculty Senate; Elaine Phelps, HR; Curt Porter, Provost's Office; Duffy Rodriguez, President's Office; Antoinette Sedillo-Lopez, Academic Leadership Fellow; Marisa Silva, GPSA; Jewel Washington, HR; Chris Vallejos, Institutional Support Services; Mary Vosevich, Physical Plant; Ellen Wenzel, Regents' Office

Chairman Regent Koch called the meeting to order at 9:00 a.m. in Scholes Hall, Roberts Room.

ACTION ITEMS:

- **Quorum established**
- 1. **Meeting Summaries from April 5, 2013. Regent Gallegos moved to approve and Regent Koch seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**
- 2. **Approval of Fiscal Watch Report and Monthly Consolidated Financial Reports.** Liz Metzger and Ava Lovell made the presentation. The monthly consolidated financial report was presented for the quarter ending in March. In response to Regent inquiry, large transfer numbers were explained between exhibits, including the two entries for UNMH revenue. In response to Regent inquiry, meaningful use revenue comes from federal sources. In response to Regent inquiry regarding SRMC, the start-up plan expected the losses and the current utilization is positive, except doctor recruiting. Updates have been provided every month since the beginning of SRMC. Regent Koch suggested that the plan should be

presented at the full Board meeting regularly. The fiscal watch report was provided in the template required by the Higher Education Department for approval of the Regents. **Regent Gallegos moved to approve submittal of the HED report, and Regent Koch seconded. The motion passed as a non-consent item by unanimous vote with a quorum of committee members present and voting.**

3. **Disposition of Surplus Property for Main Campus on list dated April 12, 2013.** Bruce Cherrin made the presentation. **Regent Gallegos moved to approve and Regent Koch seconded. The motion passed as a consent item by unanimous vote with a quorum of committee members present and voting.**

4. **Approval of:**

- 1) **Request for Approval of Architect Selection for North Golf Course Renovation.** Chris Vallejos and Lisa Marbury made the presentation. Regents' approval was requested for the selection of Sites Southwest of Albuquerque for the North Golf Course renovation project in partnership with Bernalillo County. Bernalillo County allocated \$1.5 million from the open space funds. An advisory committee formed by UNM, neighborhood associations and Bernalillo County recommended Sites Southwest based on the quality of their team. Sites Southwest's team is made up of the following: Andy Staples of Staples Golf, a trained public facilitator to enter positive communication and also an arborist on their team to meet the unique needs of the trees at the North Golf Course. The quality of the design will save the University costs moving forward. The coaches are also participating and the neighborhood. Regent Fortner requested that UNM be acknowledged in the request for the contribution of time, resources and funding of the project. **Regent Gallegos moved to approve and Regent James seconded. The motion passed as a non-consent item by unanimous vote with a quorum of committee members present and voting.**

5. **Approval of Resolution: Refunding of UNM Revenue bonds – Series 2003.** Andrew Cullen and Duane Brown made the presentation. Regents' approval was requested to re-fund the UNM revenue bonds series 2003a, 2003b, and 2003c. This action takes advantage of the opportunity to re-fund the bonds without any penalty before the call date. Net present value savings is \$2.5 million or 13.84% if interest rates hold. The current interest cost about 2.725% which results in the savings. The bonds will be priced before the August F&F meeting date, at which point the price structure will be presented. In response to Regent inquiry, the law requires the approval to go through a process that does not allow for state approvals to be made in time to take advantage of the current rate before the August meeting. **Regent Gallegos moved to approve, and Regent James seconded. The motion passed as a non-consent item by unanimous vote with a quorum of committee members present and voting.**

6. **Approval of Reappointments of four STC Board Members.** Lisa Kuutila made the presentation. Regents' approval was requested to re-appoint board members Terri Cole, James Cramer, Gregg Mayer and Robert Fisher. **Regent Gallegos moved to approve and**

Regent James seconded. The motion passed as a consent item by unanimous vote with a quorum of committee members present and voting.

INFORMATION ITEM:

- 7. Approval of VEBA Financial Analysis.** Jewel Washington and Mike Duran made the presentation. Information was provided to the Regents regarding the cost of the VEBA to employees and retirees and presented what the recommended rates of the VEBA plan would be.

ACTION ITEMS:

- 8. Approval of 1650 University Renovation and Tenant Improvement Project.** David W. Harris made the presentation. Regents' approval was requested for a tenant improvement plan including total costs and additional costs. The core and shell phase of the project had a budget of \$4.95 million approved by the Regents. Through the process of the core and shell improvement phase, there was \$152,000 of change orders that occurred. These change orders were a result of changes on the project due to requirements that were initially unanticipated. As that component was spent down, \$4.89 million was expended including the change orders. In response to Regent inquiry, the project was presented to the Board of Finance when it was originally conceived, and the Real Estate department adopted the project as a good opportunity for low cost investment that expanded the perimeter boundaries of the University. At that time, it was anticipated that half of the building would be supported by rent-paying entities from the University. This building will be occupied by 90% HSC tenants. The opportunity to backfill this space gave tremendous opportunity to reduce occupancy costs and renegotiate with current landlords and in the case of the CDD, the landlord agreed to tenant improvement project and a more favorable rental rate. In response to Regent inquiry, the parking situation for clinical spaces will be relieved with this project. In response to Regent inquiry, there will be \$12 million left in the Chancellors' capital initiative fund when this project is completed. In response to Regent inquiry, many internal taxes have been imposed for various start-up purposes. In the final analysis of the project, even if you include the land acquisition, the building is a good buy for the University and it costs less to renovate than to start over. The current plan for the project is to proceed to the Regents on May 14, to the Higher Education Department in June, and to the State Board of Finance in July. **Regent James moved to approve and Regent Koch seconded. The motion passed as a non-consent item by majority (2-1) vote with a quorum of committee members present and voting. Regent Gallegos opposed.**
- 9. Approval of Real Property Acquisition – NM Department of Transportation Parcel at the Northeast Corner of Lomas Boulevard and I-25.** Tom Neale made the presentation. Regents approval was requested to purchase 3.3 acres of real property at the NE corner of I-25 and Lomas. This parcel has been identified on the master plan. Contract purchase price is \$11.00 per square ft., for a total of \$1.5 million, established by market value appraisal in conformance with the New Mexico Department of Transportation (NMDOT) real property disposition guidelines. In response to Regent inquiry, the actual piece of land was originally acquired as part of the federal highway administration, and the land has now

been declared excess. In response to Regent inquiry, more efficient use of the parcel would be to acquire the American Legion Post property that is near the property. **Regent Gallegos moved to approve and Regent James seconded. The motion passed as a non-consent item by unanimous vote with a quorum of committee members present and voting.**

10. **Approval of Severance Tax Bond Resolution.** Andrew Cullen made the presentation. Regents' approval was requested for the UNM Severance Tax Bond Resolution Notification and Certification, a yearly process when tax bonds are sold on behalf of the University. **Regent Gallegos moved to approve and Regent James seconded. The motion passed as a non-consent item by unanimous vote with a quorum of committee members present and voting.**
11. **Approval of Project Search for the Center of Development and Disability.** Cate McClain and Tanya Baker-McCue made the presentation. Regents' approval was requested to implement "Project Search," a model program for individuals with intellectual disabilities. The program provides employable skills training and workplace internships to increase competitive employment opportunities for individuals with intellectual disabilities. Project Search has experienced national successful in other cities. Included in the approval is a request for \$100,000 to support the development of a plan of action: identify partners and build collaborative partnerships to support sustainable funding streams; identify project participants; participation in national training institute; onsite technical assistance for UNM from the national office; purchasing licensing agreement; and develop of infrastructure to coordinate the project. **Regent Gallegos moved to approve and Regent James seconded. The motion passed as a non-consent item by unanimous vote with a quorum of committee members present and voting.**
12. **Contact Approval:**
 - 1) **Human Resources Benefits – Stop Loss Insurance.** Bruce Cherrin, Elaine Phelps and Jewel Washington made the presentation. Regents' approval was requested to accept the bid from Sun Life for medical stop-loss coverage. Based on cost evaluations by the HR team and Gallagher, the consultant, Sun Life was qualified as the lowest bidder. In comparison to the second lowest bidder, Sun Life offered competitive rates at 13.3% lower than the competitor, which is 34.4% lower than the rate that UNM pays with the current provider. The expected FY 2014 cost will be \$1.4 million, a savings of more than \$750,000. In response to Regent approval, the contract term is 1 year. In response to Regent inquiry, Sun Life won't guarantee the rate for 2 years but they will cap it at 50%. The current deductible for UNM is \$500,000, however with Sun Life, that same deductible charges UNM \$480,000 less at a \$600,000 deductible. **Regent Gallegos moved to approve and Regent James seconded. The motion passed as a consent item by unanimous vote with a quorum of committee members present and voting.**
13. **Recommendations for Consent Agenda Items on Full Board of Regents' Agenda.** Regent Koch recommended items 3, 6, and 12 to be placed on the full Board of Regents' consent agenda.

COMMENTS:

none

EXECUTIVE SESSION:

- A. Vote to close the meeting and proceed into executive session.
- B. Discussion and determination where appropriate of potential purchase, acquisition or disposal of real property *pursuant to Section 10-15-1 H (8), NMSA (1978)*
- C. Vote to re-open the meeting
- D. Certification that only those matters described in paragraph B above were discussed in executive session, and any matter discussed in executive session will, if necessary, be subsequently ratified in the open session of the public meeting

Chairman Koch moved to adjourn at 11:23 a.m., and Regent James seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.