

THE UNIVERSITY OF NEW MEXICO
Regents' Finance and Facilities Committee
April 11, 2011 – Meeting Summary

Committee Members Present: Regent Don Chalmers; Regent Gene Gallegos; Regent Jamie Koch

Committee Members Absent: none

Non-voting Members Present: Regent Jacob Wellman; Regent Carolyn Abeita

Other Attendees:

Pam Agoyo, American Indian Student Services; **Martha Bedard**, UNM Libraries; **Lazaro Cardenas**, ASUNM; **Bruce Cherrin**, Purchasing; **Mary Clark**, Staff Council; **Ron Compher**, CIO Office; **Andrew Cullen**, Planning, Budget & Analysis; **Bob Doran**, University Architect; **Jose M. Enriquez**, NM PIRG; **Rachel Felix**, Office of the EVP for Administration; **Bob Fondino**, Health Sciences Center; **Kristin Gate**, School of Medicine; **Moirra Gerety**, Information Technologies; **Helen Gonzales**, Human Resources; **Jeff Griffith**, School of Medicine; **Shaun Griswold**, Daily Lobo; **Kathy Guimond**, UNM Police Department; **Diane Gwinn**, College of Education; **David W. Harris**, EVP for Administration, COO and CFO; **Gary Harrison**, Graduate Studies; **Vanessa Hawker**, HSC Budget Office; **Maria Heredia-Griego**, El Centro; **Raphael Hernandez**, UNM; **Merle Kennedy**, Staff Council; **Beverly Kloeppel**, Student Health; **Lissa Knudsen**, GPSA; **Paul Krebs**, Athletics; **Alice Letteney**, UNM Valencia; **Jim Linnell**, College of Fine Arts; **Ava Lovell**, Finance; **Lisa Marbury**, Institutional Support Services; **Cenissa Martinez**, Office of the EVP for Administration; **Rita Martinez-Purson**, UNM Continuing Education; **Susan McKinsey**, Communication and Marketing; **Megan McRoberts**, GPSA; **Kathy Meadows**, Staff Council; **Veronica Mendez-Cruz**, El Centro; Joe Miera, UNM Continuing Education; **Walt Miller**, Student Affairs; **Peter Morgan**, School of Engineering; **Timothy Mousseau**, ASUNM; **Tom Neile**, Real Estate; **Manu Patel**, Internal Audit; **Lee Peifer**, University Counsel; **Elaine Phelps**, Human Resources; **Kennedy Pollard**, HSC Budget Office; **Curt Porter**, Provost's Office; **Maria Probasco**, Parent Association; **Christopher Ramirez**, OEI; **Mike Richards**, UNM USC; **Patricia Roybal Caballero**, PAGSA; **Andrew Sanchez**, UNM Valencia; **Scot Sauder**, University Counsel; **David J. Schmidly**, UNM President; **Alf Simon**, Architecture and Planning; **Bernadette Sizemore**, African American Student Services; **Donna Smith**, Safety and Risk Services; **Vahid Staples**, Planning, Budget & Analysis; **Carolyn Thompson**, President's Office; **Cheo Torres**, VP Student Affairs; **Chris Vallejos**, Institutional Support Services; **Mary Vosevich**, Physical Plant; **Ellen Wenzel**, Regents' Office; **Amy Wohlert**, Graduate Studies; **Richard Wood**, Faculty Senate; **Anne Yegge**, UNM Foundation;

Regent Chalmers called the meeting to order at 9:00 a.m. in the Student Union Building, Ballroom A.

COMMENTS:

Faculty Senate. Richard Wood commented that the faculty senate played an important role in developing the budget. Dr. Wood stated the importance of implementing permanent revenue flows as the Regents make decisions to lower tuition. He stated that drops in revenue flows will decrease quality of education at UNM. He also recommended the following: If UNM is unable to protect employees from the 1.75% ERB pullback, lower-paid employees below grade 15 should be given priority in compensation. Additional savings produced should be used for highest priorities toward the academic mission. Dr. Wood supports the building the tenure-track faculty. In the last budget, \$1.25 million was allocated to hire tenure-track faculty. Despite the allocation, new hiring the number of faculty has fallen as deans face terrible budget decisions. The Regents stated their intention to earmark money for tenure-track faculty.

Staff Council. Merle Kennedy stated that staff has taken a lot of cuts. They have not received any raises since 2007. Paychecks have eroded because of benefits, and the number of staff has been lowered by 8%. The staff has already made many sacrifices, and the Staff Council stands firmly against the intent of the legislature to burden staff further in order to fund the University.

ASUNM. Lazaro Cardenas requested that Regents keep tuition and student fees as low as possible.

GPSA. Lissa Knudsen stated that graduate students oppose an increase in fees and tuition, and they support a reduction in cuts be equal for athletics as they have for the rest of the University.

Parent Assoc. Maria Probasco echoed the concern of students. The parents support minimal student tuition and fees. She stated that a lot of parents are struggling and have lost their jobs, therefore, the decisions of Regents will impact students and families.

ACTION ITEMS:

1. Approval of:

- 1) Capital Project for Centennial Engineering Center: Computer Sciences Computer Lab.** Vahid Staples made the presentation. Regent approval was requested for a computer lab that will build out 2,500 sq. ft. of shell space at the Centennial Engineering Center. The project utilizes existing infrastructure to support new space. Enrollments are growing with a strong demand for computer science graduates. Total project cost is \$430,000. **Regent Gallegos moved to approve and Regent Kcoh seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**
- 2) Capital Project for Emergency Medicine Department.** Vahid Staples made the presentation. Regent approval was requested for a project that will provide renovations on the first floor of the Tri-Services building to accommodate the Emergency Medicine Department. Renovations will convert existing labs to meet needs of the EMS program. Total project budget is \$4.6 million, funded by 2007 UNM Bonds, the School of Medicine and the HSC Chancellor Facilities and Administrative Cost Recovery.

- 3) **Capital Project for the Center for Molecular Discovery.** Vahid Staples made the presentation. Regent approval was requested for a project that will provide renovations on the second floor of the Tri-Services building to accommodate the Center for Molecular Discovery. Renovations will include reorganization of existing lab spaces to meet program requirements. Total project budget is \$9.5 million funded from NCRRA G20 Grant 1G20RR031043.
- 4) **Capital Project for Tri-services 3rd Floor Lab Renovation.** Vahid Staples made the presentation. Regent approval was requested for a project that will provide renovations on the third floor of the Tri-Services building to accommodate the HSC Internal Medicine and Pathology departments. Renovations will include reorganization of existing spaces to meet program requirements. Total project budget is \$2.1 million funded from the HSC Chancellor Facilities and Administrative Cost Recovery and also from the Departments of Internal Medicine and Pathology.

Regent Koch moved to approve items 1(2), 1(3) and 1(4). Regent Gallegos seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.

- 5) **Architect Selection for Chemistry Department Renovation.** Vahid Staples made the presentation. Project approval was granted several months ago due to the urgency and need for renovations at the Chemistry Department. Regent approval was requested for the selection of Smith Group. The architectural firm was selected based on experience in labs and had the best fee approval. Total budget \$2.5 million. In response to Regent inquiry, fees are based on overall scope of the work. In response to Regent inquiry, the University has worked with the Smith Group before on various Health Sciences projects. **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 Contracts:

- 1) **UNM Financial Services – FY11 Financial Audit Services.** Ava Lovell made the presentation. Regent approval was requested to select an auditor for FY11. Under state audit rule, an auditor can be selected under a 3-year contract. State rules are complex and therefore, the bids received only two offers from: (1) Moss Adams LLP and KPMG LLP and (2) Clifton Gunderson LLP. Moss Adams was selected for current year FY11. The total 3-year proposed cost is \$2.6 million plus NM Gross Receipts Tax. **Regent Gallegos moved to approve and Regent Koch seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**
3. **Approval of Real Property Acquisition of 1401-A University Boulevard NE.** Tom Neile made the presentation. Regent approval was requested to purchase commercial property located at 1401-A University Boulevard NE to be used for medical clinics. Contract price is \$350,000 and the seller intends to accomplish a 1031 tax deferred exchange. Source of funding comes from the HSC Capital Initiative Fund. **Regent Gallegos moved to approve amendments of the agreement, and Regent Koch seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**

- 4. Recommendation of the FY 2012 Tuition and Fees Subject to Amendment and Substitution by the Board of Regents.** President Schmidly and Andrew Cullen made the presentation. President Schmidly presented the budget scenarios specific to UNM tuition and fees. The budget scenarios reflect the suggestions from the Budget Summit. The revised budget scenarios includes substantial funding for faculty, adds to graduate assistantship packages and lessens the loss of funds to the academic colleges. The new scenario provides further relief in the colleges, eliminates pause and hold and is a fair representation of compromise and consensus since the budget summit. These scenarios do not include any staff compensation recommendations.

In response to Regent inquiry, Anne Yegge stated that the Foundation will receive \$1.2 million in support for UNM, and the Foundation continues to receive 185 basis points. Regent Koch and Regent Gallegos questioned the use of the auxiliary surplus to fund the Foundation even if it is just for one year. Regent Koch requested budget details from the Foundation and cautioned against main campus \$1.2 million support of the Foundation. In response to Regent Gallegos inquiry on the compensation issue, the 1.75% ERB contribution is not currently in effect; its impact on employees will depend on the state reserves being restored to the 5% level on July 1. It is the intention of the administration to revisit the compensation issue in the fall after enrollment. In response to Regent inquiry, the operations and maintenance (O&M) money for Johnson Center has been reduced by 27%, or \$270,000, after the legislative finance committee audit concluded that 27% of Johnson Center is used for non-I&G activities. In response to Regent inquiry, it is unknown how the deficit of \$270,000 for Johnson Center will be funded. In response to Regent inquiry, Paul Krebs presented information compiled by the Mountain West Conference (MWC) to determine that the average amount of dollars received from student fees for other MWC universities is \$4 million; UNM receives \$1.8 million. In response to Regent inquiry, Paul Krebs stated that there are currently 1,100 seats reserved at the Pit for UNM students during basketball games, and that the athletic department could accommodate increased capacity in exchange for more student fee revenue. Regent Koch stated that a small increase in fees would benefit students in areas that are needed such as Johnson Center, the libraries, computer access, and athletics. Regent Koch also questioned the possibility that auxiliary surpluses could be allocated toward these needs rather than for support of the Foundation. Chairman Chalmers clarified that there were two alternatives for Regent consideration: a \$40 increase in student fees that would yield a tuition increase of 6.3%; and a "moratorium" alternative that would not increase student fees, while yielding a total of 5.5% tuition increase. **Regent Gallegos moved to recommend the increase of \$40 in student fees, to be allocated as follows: \$10 to Johnson Center, \$10 to UNM Libraries, \$10 to computers, and \$10 to athletics. Regent Koch seconded. The motion passed by majority vote, with Chairman Chalmers opposed.** In Regent discussion on the motion, Chairman Chalmers requested that both scenarios be brought forward to the full Board of Regents for discussion, regardless of the recommendation voted on by the Finance and Facilities Committee. Chairman Regent Chalmers also stated his support for the moratorium option because it was in line with the cost of living benchmark. **Regent Koch moved to recommend the tuition increase of 6.3% increase, including the additional \$40 student fee. Regent Gallegos seconded. The motion passed by majority vote, with Chairman Chalmers opposed. A quorum of Committee members was present and voting.** After the vote, an informational presentation was made on the research budget for the University.

- 5. Recommendations for Consent Agenda Items on full Board of Regents' Agenda.** Regent Chalmers recommended items 1, 2 and 3 to be placed on the Consent Agenda.

Regent Chalmers moved to adjourn at 11:30 p.m., and Regent Koch seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.