

THE UNIVERSITY OF NEW MEXICO
Regents' Finance and Facilities Committee
October 26, 2010 – Meeting Summary

Committee Members Present: Regent Don Chalmers; Regent Gene Gallegos; Regent Jamie Koch; Regent Raymond Sanchez; EVP and Provost Suzanne Ortega; EVP Paul Roth; Mr. Jerry Geist

Committee Members Absent: none

Non-voting Members Present: none

Other Attendees:

Karen Abraham, Alumni; **Clovis Acosta**, Parking and Transportation Services; **Norma Allen**, Planning Budget & Analysis; **Martha Bedard**, University Libraries; **Doug Brown**, Anderson School of Management; **Pug Burge**, Health Sciences Center; **Steve Chreist**, Alumni; **Bruce Cherrin**, Purchasing; **Mary Clark**, Staff Council; **Andrew Cullen**, Planning, Budget & Analysis; **Rachel Felix**, Office of the EVP for Administration; **Bob Fondino**, Health Sciences Center; **Donald Godwin**, College of Pharmacy; **Gil Gonzales**, Information Technology; **Helen Gonzales**, Human Resources; **Richard Goshorn**, Arts & Sciences; **David W. Harris**, EVP for Administration, COO and CFO; **Sul Kassiech**, Anderson School of Management; **Merle Kennedy**, Staff Council; **Mary Kenney**, Campus Planning and Development; **Beverly Kloeppe**, Student Health and Counseling; **Gabriel Kraus**, Anderson School of Management; **Ava Lovell**, Finance; **Lisa Marbury**, Institutional Support Services; **Trent Marshall**, Anderson School of Management; **Cenissa Martinez**, Office of the EVP for Administration; **Steve McKernan**, UNM Hospital; **Susan McKinsey**, Communications & Marketing; **Megan McRoberts**, GPSA; **Kim Murphy**, Real Estate; **Tom Neale**, Real Estate; **Karen Olsen**, CAPS; **Manu Patel**, Internal Audit; **Elaine Phelps**, Human Resources; **Curt Porter**, Provost's Office; **Timothy Ross**, Faculty Senate; **Tony Sanchez**, Capital Projects; **Donna Smith**, Safety and Risk Services; **Richard Sobieski**, Parking and Transportation Services; **Vahid Staples**, Planning Budget & Analysis; **Carolyn Thompson**, President's Office; **Michael Thorning**, ASUNM; **Susan Tiano**, Latin American Iberian Institute; **William Turner**, Capital Projects; **Vivian Valencia**, University Secretary; **Chris Vallejos**, Institutional Support Services; **Linda Warning**, Harwood Art Museum; **Anne Yegge**, UNM Foundation

Regent Koch called the meeting to order at 2:00 p.m. in the Roberts Room at Scholes Hall.

COMMENTS:

Faculty Senate. Tim Ross, president-elect of Faculty Senate, stated that several committees and key Faculty have looked at strategic budget for FY12, and discussions are occurring on how budget cuts will be implemented in alignment with the academic mission of the University. Three senate committees have been working on revisions of the faculty workload policy because the last revisions were made in 1978. The Faculty continues to work on revamping the core curriculum.

Staff Council. Merle Kennedy stated that the staff council remains willing to assist where possible and they are continuing to watch forecasts concerning money that the University needs. They are also monitoring the Education Retirement Board very closely.

Student Government. Michael Thorning stated that student government is concerned about tuition increases, and asks that tuition increases be a last resort.

ACTION ITEMS:

1. **Meeting Summary from September 1, 2010. Regent Sanchez moved to approve and EVP Ortega seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**
2. **Disposition of Surplus Property on list dated October 8, 2010.** Bruce Cherrin made the presentation. **Regent Sanchez moved to approve and EVP Ortega seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**
3. **Approval of Contracts:**
 - 1) **UNMH – Phillips Medical Systems.** Steve McKernan made the presentation. UNMH requested Regent approval of a contract with Phillips Medical Systems that replaces old radiology machines and provides new interventional radiology lab equipment. The new machines provide enhanced resolution and overall improved performance. The contract is a result of an RFP and is funded by UNMH's capital budget. **Jerry Geist moved to approve and Regent Gallegos seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**
 - 2) **UNMH – Press Ganey Associates.** Steve McKernan made the presentation. UNMH requested Regent approval of a contract with Press Ganey Associates to manage opinion surveys issued to employees, physicians and patients. These surveys are vital for hospital operations and are required by the Center for Medicare and Medicaid Services (CMS). The contract is funded by UNMH's operating budget. In response to Regent inquiry, surveys are continuous throughout the year and provide feedback on hospital services. **Jerry Geist moved to approve and Regent Gallegos seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**
 - 3) **Office of Capital Projects – Dental Residency Clinic Equipment.** Bruce Cherrin made the presentation. Capital Projects requested Regent approval to purchase equipment for the new dental residency clinic. The clinic has fifteen stations and one of these stations is equipped to serve special needs patients. In response to Regent inquiry, ten general dentistry residents are currently in the dental residency program. **Regent Gallegos moved to approve and Jerry Geist seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**
 - 4) **Human Resources – Retiree Health Plan.** Helen Gonzales made the presentation. Human Resources requested Regent approval of new retiree health plans that were selected through an RFP. The rates apply to over 645 Medicare-eligible retirees and they are Medicare approved. This year there are four different plans: two Medicare advantage plans and two supplement senior plans. The rates are overall relatively unchanged from last year. The University pays 43% and the retiree pays 57%. In response to Regent inquiry, retirees have had these benefits for more than ten years, and a committee will be reviewing changes and may produce possible recommendations for the future of UNM's retiree health benefits. **Regent Gallegos moved to approve and EVP Ortega seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**

4. Approval of:

- 1) **Architect Selection for UNMH Children's Ambulatory Care Center.** Vahid Staples made the presentation. The recommended firm for Regent approval is Studio Southwest Architects of Albuquerque, NM. This 100,000 sq. ft. project includes a new five-story children's ambulatory care center that will be located on the west side of the Barbara and Bill Richardson pavilion and north of Physics and Astronomy. The project will provide pediatric outpatient clinics and programs will include: primary care, same day access, pediatric residency, children's heart clinic, orthotics and prosthetics, and numerous specialty clinics. The architectural fee is based upon total scope and work and covers the complete design and construction administration. The total fee amount is \$1,737,000. Total project budget is \$40,000,000 funded from 2010 GO bonds and University Hospital Capital Initiatives Funds. In response to Regent inquiry, the fee is an all inclusive fixed fee of 4.3%, which is lower than traditional architectural fees have been. In response to Regent inquiry, a parking garage is being planned for north of this building to accommodate additional parking. Legal counsel advised the disclosure that a UNMH doctor is married to an employee at this architectural firm; however, the doctor was not involved in the selection process and the doctor's spouse is not working on this particular project. **Regent Gallegos moved to approve and EVP Ortega seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**
- 2) **Architect Selection for Facility for Advanced Cell Engineering.** Vahid Staples made the presentation. The recommended firm for Regent approval is Greg T. Hicks & Associates of Albuquerque, NM. This project includes renovation of about 4,000 sq. ft. of existing space in the Basic Medical Science Building (BMSB) on the ground floor. This space will include laboratories, tissue culture rooms, centrifuge or autoclave, polymerase chain reaction room (PCR), histology room, a confocal dark room and areas for freezers, storage and offices. This facility will be used primarily for research training and clinical studies in the search for treatments and cures for human disease and transplant rejection. The total fee is \$101,875 based on the total scope and work of the project. The fee includes the planning and construction administration of the project. In response to Regent inquiry, the lowest bidder was not selected because the firm wanted to use an out-of-state consultant, which would eventually increase the cost. In response to Regent inquiry, the reallocation of bond funds for this project occurred on November 10, 2009. **Regent Koch moved to approve and EVP Ortega seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**
- 3) **Capital Project for Clinical and Translational Science Center: 3rd Floor Lab Renovation, Phase 1.** Vahid Staples made the presentation. Regent approval was requested for this project to design, construct and equip an operational research laboratory and support space on the third floor of the Clinical and Translational Science Center. Project includes the remodeling of 6,378 gross sq. ft and will include a general lab, three tissue culture rooms, a shared microscopy room, a polymerase chain reaction (PCR) room, freezer and refrigerator space, three offices and other support spaces. The Health Sciences Center was recently awarded \$22.9 million in grant funding and includes this project as part of the institutional commitment. The project is designed to create new space for junior faculty recruits within the new center. Total project budget is \$1.75 million, of that amount \$1.5 million is funded from 2007 UNM System Revenue Bonds and \$250,000 is being funded from the HSC EVP Facilities and Administrative Costs. **Regent Gallegos moved to approve and Regent Koch seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**
- 4) **Capital Project for Basic Medical Sciences Building (BMSB) Façade Repair.** Vahid Staples made the presentation. Regent approval was requested to repair the 1968 BMSB building, which

is crumbling and has proven to be dangerous to the public. The current panels only provide minimal insulation from the elements and have been failing due to age. The exterior laminate has been flaking and falling to the ground. Total project budget is \$400,000 and is funded from Building Renewal and Replacement funds. **Regent Koch moved to approve and Jerry Geist seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**

5. **Approval of Resolution to Reallocate UNM 2007 Bond Proceeds.** Andrew Cullen made the presentation. Regent approval was requested for the fourth reallocation since these bonds were sold. The reallocation of \$200,000 is an opportunity to take advantage of favorable construction costs that will complete the Interdisciplinary Film and Digital Media (IFDM) renovation project on the corner of Stanford and Central. The facility is very old and it has been an ongoing process and challenge to complete due to hidden conditions that have escalated the cost of repair. This reallocation will make it possible to make final repairs to the building and close out the IFDM project. The second reallocation amount of \$3.5 million will be used to purchase 1650 University Blvd. A contract price of \$3.5 million has been negotiated under the appraised value. The University will reallocate dollars from the UNM press facility constructed several years ago in partnership with the Sandia Foundation. We are choosing to use bond dollars for the 1650 University and forego the UNM press facility. Regent Gallegos expressed concerns about servicing the debt of these bonds. **Regent Gallegos moved to approve and Regent Koch seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**
6. **Approval of FY 2010/2011 Unbudgeted Tuition: Hold in Reserve.** Andrew Cullen made the presentation. As in previous years, the University holds the pooled tuition revenue budget constant at the prior year level. This is a long-standing strategy that avoids coming up short on projected revenues due to anticipating enrollment increases not yet materialized. This year, UNM has seen an increase in enrollment. The University is predicting a \$4 million unbudgeted tuition reserve. The reason for the recommendation is the uncertainty of the state budget. The University will incur another budget reduction and by holding on to the dollars, the University might attain some flexibility in dealing with the budget cut. **Regent Koch moved to approve and Regent Gallegos seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**
7. **Approval to Establish and Fund Quasi-Endowment Fund: The John A. Peiper Leadership Scholars Program.** Donald Godwin made the presentation. The mission of the College of Pharmacy is to develop innovative leaders in pharmaceutical care and research who enhance the quality of life for people of NM. In that light, the college requested Regent approval to establish the John A. Peiper Leadership Scholars Program quasi-endowment fund. Dean Peiper had a management consulting contract with Pfizer that brought in approximately \$30,000 that he had in an unrestricted account, which he wants to donate to this endowment. Since that time, donations of \$4,000-5,000 have also been received from alumni. In response to Regent inquiry, the UNM Foundation will manage the investment of endowment funds. **EVP Ortega moved to approve and Regent Gallegos seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**
8. **Approval of the Amended Bylaws of the Governing Board of the UNM Harwood Foundation.** Linda Warning made the presentation. Regent approval was requested to make minor changes to the bylaws of the governing board of the UNM Harwood Foundation. Over the last year, a strategic plan was mandated by an audit. From the strategic plan, several changes have been recommended to include: the allowable number of members on the advisory council; the name "advisory board" will be changed to "advisory council"; changes to the standing committees; the board will now appoint the

chairs and advisory council members. **Regent Koch moved to approve and Regent Gallegos seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**

- 9. Approval of Lease Renewal for 2700 Yale NE, HSC Department of Emergency Medicine.** Kim Murphy and Tom Neale made the presentation. The University entered into this lease in 2007 with a 2-year term and a 3-year renewal option that commenced on November 1, 2010. The lease has been renegotiated to offer UNM more flexibility on the term. The key difference is the right to terminate the lease with one-year increments. The lease rate is \$14.06 per sq. ft. and increases by 2% each year. **Jerry Geist moved to approve and Regent Gallegos seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**
- 10. Approval of University Business Policies and Procedures 7000 for Main, Branch Campuses, and HSC, FYE-2010.** Andrew Cullen and Ava Lovell made the presentation. This is a request for Regent approval of all reports for Main and Branch campuses and HSC as submitted per policy 7000: summary of current unrestricted balances; summary of current unrestricted balances by college/school/division; summary of main campus I&G balances by VP unit; summary of main campus I&G undesignated fund balance. In response to Regent inquiry, there are three levels of categorization: *contractual committed* balances that are legally required by contract or grant; *dedicated* balances that are committed in writing and approved by deans, chairs, or EVPs; *discretionary* balances include funding that has not yet been dedicated or committed. **Gallegos moved to approve and Regent Koch seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**
- 11. Approval of McDonnell Investments for UNM Operational Funds and Approval of Modification to Regents' Policy 7.21.** Andrew Cullen made the presentation. This item requests Regent approval of placing operational dollars at UNM in the amount of \$40 million with McDonnell Investments. The University will build a fixed income portfolio with McDonnell Investments. This company already manages UNM's unspent bond proceeds. McDonnell holds securities and does not rely on derivatives. In response to Regent inquiry, McDonnell estimates about 3-4% as a short-term goal for returns. In response to Regent inquiry, the fee will be 38 basis points including the investment consultant services and portfolio management fee, all custodial fees and all trade-in points. There will be no changes to Regents' policy 7.21. **Regent Gallegos moved to approve and Regent Koch seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**
- 12. Approval of Fiscal Watch Report and Monthly Consolidated Financial Report.** Ava Lovell made the presentation. **Regent Koch moved to approve and Jerry Geist seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**
- 13. Recommendations for Consent Agenda Items on full Board of Regents' Agenda.** Don Chalmers recommended items 2-9, 11, and 12 to be placed on the Consent Agenda.

INFORMATION ITEMS:

- 14. Review of Provost's Administrative Unit Budget.** Curt Porter made the presentation.
- 15. Contract Information:**
 - 1) UNMH – United Parcel Services
 - 2) Cell Biology & Physiology – Leica Microsystems Inc.

3) Office of Capital Projects – Science & Math Learning Center

Bruce Cherrin and Steve McKernan made the presentations.

16. FY 2011/2012 State Tuition Credit Calculation. Andrew Cullen made the presentation.

17. Capital Projects Monthly Project Status Report. Chris Vallejos made the presentation.

18. UNM Regents Endowment Quarterly Update on Fund Portfolio. Doug Brown made the presentation.

19. UNM Foundation Quarterly Performance Report. Anne Yegge made the presentation.

EXECUTIVE SESSION:

- A. Vote to close the meeting and proceed into executive session.
- B. Discussion and determination where appropriate of limited personnel matters relating to consideration of medical staff appointments, re-appointments and privileges *pursuant to Section 10-15-1H (2), NMSA (1978)*.
- C. Discussion and determination where appropriate of potential purchase, acquisition or disposal of real property *pursuant to Section 10-15-1 H (8), NMSA (1978)*.
- D. Vote to re-open the meeting.
- E. Certification that only those matters described in paragraphs B, C, D and E 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.

Regent Chalmers moved to adjourn at 5:30 p.m., and Regent Koch seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.