

THE UNIVERSITY OF NEW MEXICO
Regents' Finance and Facilities Committee
April 3, 2008– Meeting Summary

Committee Members Present: Regent Mel Eaves, Regent Raymond Sanchez, Jerry Geist, and Louise Campbell-Tolber

Non-voting Members Present: Regent James Koch, Regent Jack Fortner, Regent Carolyn Abeita, Regent Dahlia Dorman

Other Attendees:

Patrick Apodaca, University Counsel; **Steve Beffort**, Institutional Services; **Ann K. Brooks**, Faculty Senate Budget Committee; **Pug Burge**, HSC; **Brandon Call**, Student Publications; **Joe Cecchi**, Dean of SOE; **Loyola Chastain**, Staff Council; **Christine Chavez**, Internal Audit; **Bruce Cherrin**, Purchasing; **Brenda Claiborne**, Dean of Arts & Sciences; **Andrew Cullen**, Budget, Planning & Analysis; **Regina Dominguez**, COE Admin; **Ashley Fate**, ASUNM; **Rachel Felix**, EVP Office; **Chuck Fledderman**, SOE; **Vi Flores**, Interim Provost; **Gus Foster**, Harwood Museum; **Kathy Guimond**, UNM Police Department; **Helen Gonzales**, VP Human Resources; **Joy Griffin**, Health, Exercise & Sports Sciences; **Jackie Hood**, ASM; **Richard Howell**, COE; **Mary Kenney**, HSC Facility Planning; **Mike Kingan**, VP Advancement; **Beverly Klooppel**, SHC; **Kim Klooppel**, Student Affairs; **Paul Krebs**, Athletics Director; **Lisa Kuuttila**, STC; **Ava Lovell**, Finance; **Roger Lujan**, University Architect; **Barney Maccabe**, CIO; **Lisa Marbury**, Business Development & Auxiliary Enterprises; **Cenissa Martinez**, EVP Office; **John Maes**, Foundation; **Susan McKinsey**, Communications & Marketing; **Steve McKernan**, UNMH; **Christopher Mead**, College of Fine Arts; **Walt Miller**, AVP Student Union; **Kate Moore**, Provost's Office; **Kim Murphy**, Real Estate; **Curt Porter**, Budget, Planning & Analysis; **Paul Roth**, EVP Health Sciences Center; **Martin Salazar**, Albuquerque Journal; **David J. Schmidly**, UNM President; **Vanessa Shields**, Staff Council; **Howard Shell**, Biology; **Virginia Shipman**, IFCE; **Donna Smith**, SRS; **Carol Stephens**, Policy; **William Turner**, Office of Capital Projects; **Chris Vallejos**, Business Development & Auxiliary Enterprises; **Melissa Vargas**, Provost's Office; **Mary Vosevich**, PPD; **Linda Warnig**, Harwood Museum; **Ellen Wenzel**, Regents' Office;

Regent Eaves called the meeting to order at 9:37 a.m. in the Roberts Room at Scholes Hall.

Regent Eaves asked for comments from Staff Council, Faculty Senate and Student Government. Vanessa Shields, Staff Council, commented on the Staff Picnic. Shields suggested that a salary study for UNM staff be conducted for comparison at the local, state, and national level. Staff Council is seeking funding options for the Higher Education Dept. to conduct the study. Regent Koch emphasized the importance of the study because it will verify that UNM compared to their peers is above average in the area of staff compensation. Regent Koch noted that the average wage of UNM staff, excluding faculty, athletic coaches, and administrators, is \$42,548.00, compared to the average wage for the State of New Mexico is \$34,811.00; the minimum wage for UNM is \$9.00/hr, while the minimum wage at the state level is \$6.50/hr, and the average wage for the City of Albuquerque is \$7.15/hr. The resignation rate at UNM is 9%, and for every available job we have 27 applicants. It takes 61 days to hire somebody, 30 days notice, 30 days interview. There were no comments from Faculty Senate and Student Government.

ACTION ITEMS:

8. **Final Recommendation of Tuition and Fees FY 2008/09.** President Schmidly presented a plan to change historical process for tuition increase fluctuation at UNM. He proposed a Guaranteed Tuition plan, which would fix tuition rates for a period of five-years. This guaranteed tuition plan would be built around allocation from the state legislature. President Schmidly emphasized the importance of guaranteed tuition because tuition rates would be fixed for the freshman classes, and it would remain unchanged for four years. Schmidly asked the board to join him in examining new models so that the UNM tuition model allows families to plan a budget, and one that offers students the incentive to graduate in four years. President Schmidly offered a frugal approach in tuition increase this year with a recommendation of 4.85%. The budget would allow increases in spending for enrollment management, specifically in the areas of technology and scholarships. It also allows for the extension of library hours, improvements in marketing and communications, and the increase in departmental operating expenses. President Schmidly stated that the \$3 million allocation would be derived from several sources: \$1.25 million from self-insurance reserve funding, \$500,000 from the reallocation of non-academic fund balances, \$750,000 from reallocation of academic fund balances, \$500,000 from utility energy savings funds, and an additional \$750,000 in endowments to cover scholarships. Fees were not raised, with the exception of those passed by the Student Fee Board and the fees recommended to cover the Bond Issue. Total tuition and fee increase is 5.75%, with an average dollar increase to students of \$262.79.

The Regents commended President Schmidly for the planning initiative of the guaranteed tuition budget plan, which emphasizes student success, and they expressed their full support of the frugal tuition recommendation. Ashley Fate stated that student government is in full support of the tuition recommendation, especially the accountability of expenses. Vanessa Shields expressed satisfaction on behalf of Staff Council. Jackie Hood also agreed with the frugal tuition recommendation. **Regent Koch moved to approve the tuition recommendation of 4.85% and Regent Sanchez seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**

Regent Sanchez moved to adjourn the meeting at 10:36 a.m. and proceeded into recess. Regent Fortner seconded and the motion passed by unanimous vote with a quorum of Committee members present and voting.

Regent Eaves moved to re-open the meeting at 10:39 a.m. Regent Sanchez seconded and the motion passed by unanimous vote with a quorum of Committee members present and voting.

1. **Meeting Summary from February 7, 2008. Regent Sanchez moved to approve and Regent Koch seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**

2. **Disposition of Surplus Property on Lists Dated February 20, 2008 and March 18, 2008. Regent Sanchez 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 Contracts:**
 - a) **UNM Manufacturing, Training, and Technology Center.** Bruce Cherrin and Dr. John Wood made the presentation. The request includes the purchase of a tool in excess of \$500,000.00 to enhance technology for MTTTC. **Regent Sanchez moved to approve and Louise Campbell-Tolber seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**
 - b) **Maxim Healthcare.** Steve McKernan made the presentation. Maxim provides short-term or per diem nurses needed to accommodate the drastic increase in patient population. In response to Regent inquiry, the population increase can be attributed to new facility additions to the hospital. The total cost depends on need, ranging from \$324,000 to \$750,000 per fiscal year, and is within UNMH Operating Budget.
 - c) **Med Staff Inc.** Steve McKernan made the presentation. Med Staff provides temporary nurses necessary to accommodate patient population due to recent hospital additions. The total cost depends on need, ranging from \$250,000 to \$800,000 per fiscal year, and is within UNMH Operating Budget.
 - d) **Healthcare Laundry Inc.** This is a continuation of the laundry services for UNMH. In response to Regent inquiry, it is more cost efficient to outsource laundry services. Dependent on volumes, the cost ranges from \$755,800 to \$1,000,000 per fiscal year, and is within UNMH Operating Budget.
 - e) **Sea Spine Inc.** This company supplies implants for surgical procedures for UNMH. Total cost is \$2,000,000 per fiscal year, and is within UNMH Operating Budget.
 - f) **Cardinal Health Pharmaceutical Distributor.** Responsible for delivering medication twice a day. Total cost is \$35,000,000 per fiscal year, and is within UNMH Operating Budget.
 - g) **US Food Services.** This is a multi-year approval request for FY 2008 through FY 2011. Total cost is \$3,000,000 per fiscal year, and is within UNMH Operating Budget.
 - h) **Signature Staffing.** This contract provides short-term or per diem nurses to hire nurses necessary to accommodate drastic increase in patient population. The total cost depends on need, ranging from \$800,000 to \$1,000,000 per fiscal year, and is within UNMH Operating Budget.
 - i) **Network Services.** Provides paper, plastic, and chemical supplies. Total cost is \$650,000 per fiscal year, and is within UNMH Operating Budget.
 - j) **Hill-Rom.** Will replace 63 new medical/surgical beds. Total cost is \$577,868, and is within UNMH Operating Budget.
 - k) **Paloma Blanca Health and Rehabilitation Inc.** This contract provides care to patients that receive IV antibiotic treatments. It is a locally negotiated agreement under the Healthcare Provider Exemption. The total cost is \$500,000 per fiscal year, and is within UNMH Operating Budget.
 - l) **MGA Healthcare New Mexico Inc.** This multi-year agreement provides short-term or per diem nurses to cover nurse staffing needs for UNMH. The total cost

depends on need, ranging from \$300,000 to \$500,000 per fiscal year, and is within UNMH Operating Budget.

In response to Regent inquiry, Novation produces all the bidding for contracts b) through l). They bid about 30 billion in contracts per year, and their bids are used as a reference by UNMH for contracts.

Jerry Geist moved to approve items b) through l), and Louise Campbell-Tolber seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.

4. Approval of:

- a) **Real Property Purchase, University Plaza, 1131 University Boulevard NE.** Tom Neale made the presentation. This purchase of an office retail facility is a leasehold interest. UNM leases the ground to American Property Co. The near term plan is to fill the space as the leases expire. Satellite Coffee is the only tenant on a long term lease of 10 years. In response to Regent inquiry, the space will be utilized for clinics. The hospital is interested in the property because of its proximity to other pivotal UNMH medical facilities. In response to Regent inquiry, there is an option to purchase. **Jerry Geist moved to approve and Regent Sanchez seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**

- b) **Lease for HSC Cancer Research and Treatment Center 715 Martin Luther King Jr. Boulevard NE.** Item was withdrawn from agenda.

5. Approval of Capital Projects:

- a) **College of Education Addition.** Roger Lujan made the presentation. This project replaces faculty offices that were removed from the College of Education four years ago. Seven new classrooms and an administrative office space will be added. The project is scheduled to begin construction in the summer of 2008, and will be completed in a year. The project budget is \$8.5 million, and is being funded from two sources: \$5 million from the university system revenue bond and \$3.5 million from the State of New Mexico general obligation bond proceeds. In response to Regent inquiry, Christine Chavez reported that funds had been allocated for this project in the amount of \$500,000 for construction in general. **Regent Sanchez moved to approve and Jerry Geist seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**

- b) **Harwood Museum of Art Expansion in Taos, NM.** This is a project that consists of a 10,082 sq. ft. addition for showcases and exhibits. The project completion date is December 2009. The project budget is \$4,267,500. In response to Regent inquiry, the available balance from funds donated by the public is \$1,083,000. **Regent Sanchez moved to approve and Jerry Geist seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**

- c) **UNMH third Floor Connector from 3N Cardiac Cath Lab to 3N Barbara and Bill Richardson Pavilion (BBRP).** This project consists of a connector bridge between an old wing and the new facility. The labs need to be expanded and will be moved to the 3rd floor of the old critical care wing that is now vacated. The emergency room is too far from cardio cath labs, and since the interventional work is critical, the bridge is needed so that the patients can be

transferred to the cath lab from the emergency room. Total project budget is \$1.5 million to be funded by UNMH Capital Funds.

- d) **UNMH Native American Liaison Offices.** This project will consolidate all Native American patient representative staff in one location to serve the significant Native American patient population. Total project cost is \$310,000.
- e) **Consultant Selection to Update the UNM Health Sciences Center Master Plan and for Programming/Design Services for a New Addition to UNM Hospital.** This is a joint venture between HSC and UNMH. It requires approval of the selection of a consultant to begin to plan new additions to UNMH. The project will allow a thorough assessment of relocation for north campus HSC and UNMH offices. In response to Regent inquiry, the Real Estate Master Plan is in progress, and this approval is part of an update to the overall planning effort. Total project budget is to be determined; however, \$250,000 is currently available from UNMH FY08 capital funds. Regents Koch recommended that the funds be secured in the next legislative session. **Jerry Geist moved to approve and Regent Sanchez seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**
- f) **UNMH Operating Suite Utility Improvement Project.** This project is an upgrade to operating rooms, which have not been updated since 1965. The new system will incorporate a boom system and other mechanical upgrades. The total project budget is \$4,086,510 funded by UNMH Capital Project Funds.
- g) **UNMH Emergency Power Generation Backup.** This approval includes two new emergency generators instead of one, and all associated switchgear. Revised project budget is \$5,425,304.00. **Jerry Geist moved to approve items c, d, f and g. Regent Koch seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**

13. Construction Manager at Risk Selection for the University Arena. Bill Turner made the presentation. The Construction Manager at Risk committee recommends the University Arena contract be awarded to Flintco West, Inc. In response to Regent inquiry, the final value of the contract is to be established over time, and the proposals received were based on a nominal construction value of \$40 million. In response to Regent inquiry, Flintco's fee percentage is 5.5% of construction costs, and the duties of Flintco are preconstruction services, including estimation services during the design phase to guide the architect to an affordable solution that fits within the available budget. They will also gather estimates from the subcontractor community, design a schedule during the design phase, and clarify expectations for subcontractors. In response to Regent inquiry, approval of Construction Management at Risk does not guarantee Flintco will have an automatic role as contractor. Construction will begin next year. **Jerry Geist moved to approve and Regent Sanchez seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**

6. Approval of STC.UNM Board of Directors Appointments. Lisa Kuutila and Joe Cecchi made the presentation. **Jerry Geist moved to approve and Regent Sanchez seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**

7. Approval of Amendment of Bylaws of Lobo Development Corporation. Patrick Apodaca made the presentation. **Regent Sanchez moved to approve and Jerry Geist seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**

- 9. Recommendations for Consent Agenda Items on full Board of Regents.** Regent Eaves recommended items 2 through 7, and 13 to be placed on the Consent Agenda.

INFORMATION ITEMS:

- 13. Monthly Financial Report.** Ava Lovell made the presentation.
- 14. UNM Endowment Investment Program.** Mike Kingan and Gary Gordon made the presentation.
- 15. Concessions Update, UNM Athletics.** Paul Krebs made the presentation.

EXECUTIVE SESSION:

- A. Vote to Close the Meeting and Proceed in Executive Session.** Regent Eaves moved to close the meeting at 11:50 a.m. and proceed to Executive Session. Regent Sanchez seconded and the motion passed by unanimous vote with a quorum of Committee members present and voting.
- B. Discussion and determination where appropriate of strategic and long-range business plans of public hospital pursuant to section 10-15-1H (9), NMSA (1978)**
- C. Discussion and determination where appropriate of matters subject to attorney-client privilege pertaining to threatened litigation pursuant to section 10-15-1H (7), NMSA (1978)**
- D. Vote to re-open the meeting.**
- E. Certification.** The Regents certified that only the matters described in paragraphs above were discussed in Executive Session and, if necessary, ratification of actions, if any, taken in executive session pursuant to Section 10-15-1 H(7) and H(8), NMSA (1978).

Regent Eaves moved to adjourn and Regent Koch seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting and the meeting adjourned at 12:15 p.m.