

THE UNIVERSITY OF NEW MEXICO
Regents' Finance and Facilities Committee
September 8, 2008 – Meeting Summary

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

Non-voting Members Present:

Other Attendees:

Patrick Apodaca, University Counsel; **Steve Beffort**, Institutional Support Services; **Christy Butler**, UNM Gallup; **Joseph Cecchi**, SOE; **Loyola Chastain**, Staff Council; **Bruce Cherrin**, Purchasing; **Andrew Cullen**, Planning, Budget & Analysis; **Finnie Coleman**, University College; **Rachel Felix**, EVP Office; **Bob Fondino**, HSC Finance; **Will Gleason**, DPS; **Helen Gonzales**, VP Human Resources; **Kathy Guimond**, UNMPD; **David Harris**, EVP for Administration, COO, and CFO; **Miguel Hidalgo**, Capital Projects; **Mary Kenney**, Planning & Campus Development; **Bev Kloeppel**, Student Health; **Ava Lovell**, Finance; **Lisa Marbury**, Institutional Support Services; **Cenissa Martinez**, EVP Office; **Steve McKernan**, UNMH; **Susan McKinsey**, Communications & Marketing; **Walt Miller**, AVP Student Life; **Kim Murphy**, Real Estate; **Tom Neale**, Real Estate; **Marc Nigliazzo**, UNM West; **Curt Porter**, Provost's office; **Paul Roth**, EVP Health Sciences; **Martin Salazar**, Albuquerque Journal; **David J. Schmidly**, UNM President; **Carol Stephens**, Policy Office; **Richard Swanson**, Internal Audit; **Carolyn Thompson**, Strategy; **William Turner**, Office of Capital Projects; **Chris Vallejos**, Institutional Support Services; **Mary Vosevich**, PPD; **Ellen Wenzel**, Regents' Office; **Jeff Zimwalt**, PPD

Regent Eaves called the meeting to order at 8:31 a.m. in the Roberts Room at Scholes Hall.

COMMENTS:

Loyola Chastain, Staff Council president, expressed the staff's appreciation for free bus passes.

ACTION ITEMS:

- 1. Meeting Summary from August 1, 2008 and Revised Minutes of June 5, 2008. Regent Sanchez moved to approve, and Jerry Geist seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**
- 2. Disposition of Surplus Property on Lists dated July 25, 2008 and August 20, 2008. Bruce Cherrin 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.**
- 3. Approval of Contracts:**
 - a) UNMH Seven Bar Flying Service, Inc.** Bruce Cherrin and Steve McKernan made the presentation. Seven Bar has provided air emergency transportation services to UNMH patients for 25 years. Total cost ranges from \$1.7 - \$2 million a year depending on fuel prices and the number of flights. In response to Regent inquiry, the price is set within the range and the contract allows for variables included in the cost. **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) **UNMH Cardinal Health Solutions.** Bruce Cherrin and Steve McKernan made the presentation. This Novation contract provides medication dispensing systems and pharmacy inventory management systems. Total cost is \$1.15 million. **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.**
- c) **UNMH HRN Services.** Bruce Cherrin and Steve McKernan made the presentation. This 2-year agreement will provide short-term or per diem nurses to cover nurse staffing needs for UNMH. Total cost ranges from \$700,000 to \$950,000 depending on volume.
- d) **UNMH OR Nurses, Inc.** Bruce Cherrin and Steve McKernan made the presentation. This multi-year agreement will provide short-term or per diem nurses to cover nurse staffing needs for UNMH. Total cost ranges from \$600,000 to \$850,000 depending on volume.
- e) **UNMH Ocean to Ocean.** Bruce Cherrin and Steve McKernan made the presentation. Ocean to Ocean provides short-term/per diem nurses to cover nurse staffing needs throughout UNMH for 13-19 week work assignments. Total cost ranges from \$600,000 to \$850,000 depending on volume.

In response to Regent inquiry, HRN Services, OR Nurses, and Ocean to Ocean provide about 100 nurses. There is a current shortage of 300 nurses at UNMH. In response to Regent inquiry, the second priority of the hospital association is to work internally and with the legislature to provide additional funding that would allow for expansion of the nursing programs. Paul Roth commented that there is a significant need to expand the nursing program. Class sizes were doubled four years ago, but they have not received any significant funding from the legislature for further improvements. The long term plan is to double the program again. In response to Regent inquiry, it would take \$775,000 to expand the nursing program to accommodate 24 additional graduates per year.

Regent Sanchez moved to approve items c, d, and e. Jerry Geist seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.

- f) **Voicemail System Replacement.** Bruce Cherrin made the presentation. This is a request for one-year approval from ITS to purchase a new enhanced campus-wide voicemail system from Black Box Network Services. Total cost is \$673,126. **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.**

4. Approval of:

- a) **Ground Lease to UNM Medical Group for New Hospital (UNM West Campus ~ Rio Ranch).** Kim Murphy, Tom Neale and Paul Roth made the presentation. This request for approval includes a ground lease of University land to UNM Medical group of 60 acres at the Rio Rancho campus for the purpose of allowing the medical group to joint venture with Legacy partners for the construction of a community hospital and medical offices. The actual project is

being defined based on the letter of intent between UNM Medical Group and Legacy. In response to Regent inquiry, the lease is still in the Letter of Intent stage. In response to Regent inquiry, the University originally paid \$2,700 per acre, which is about 30 cents per sq. ft. for the property. Based on a Performa with Legacy, the Medical Group anticipates a deficit in the first five years of the lease. The terms of the first five years are favorable for the Medical Group in its efforts to keep expenses low during that time period. The Medical Group plans on subleasing 50 acres to the LLC for \$1 per year. This will allow the Medical Group to take full advantage of the market value of the property, which will be part of their contribution to the equity. Other options have been explored for the rest of the financing. Adjustments can be made to the lease if there is no deficit. In response to Regent inquiry, Scot Sauder stated that the improvements and operations are taxable, while the real estate itself is not taxable. **Regent Sanchez moved to approve with the caveat that the lease and sublease will come back to the Regents as an information item after it is approved by President Schmidly. Jerry Geist seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**

- b) **Purchase of Residential Property (2205 Peggy Ann Drive, Gallup).** Kim Murphy, Tom Neale and Christy Butler made the presentation. This request for approval is for the acquisition of 2205 Peggy Ann Drive, in Gallup, NM. The 3.82 acre property will be used to expand the Gallup campus. The negotiated acquisition price is \$550,000, supported by an appraisal. The source of funds is local G.O. Bonds. **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.**

5. Approval of:

- a) **Construction Manager at Risk Selection for Parking Structures – Main Campus.** Item was removed and deferred to the agenda for next month.
- b) **Construction Manager at Risk Selection for University Stadium Press Box Renovations and Additions.** Item was removed from agenda.
- c) **Capital Project Approval for UNMH Center for Digestive Diseases.** Steve McKernan made the presentation. This capital project approval request involves renovation of the UNMH building at 1001 Martin Luther King Drive to prepare for the Center for Digestive Diseases, which will provide new expanded services. Construction is scheduled to complete in FY09. Total project cost is an estimated \$2 million, to be funded by FY09 Capital Initiatives Funds from the UNM Health Sciences Center and UNMH patient revenues. **Regent Sanchez moved to approve, and Jerry Geist seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**

6. Approval of Governance Recommendations for UNMH Clinical Operations Board.

Steve McKernan made the presentation. This is a request for approval of revised Regents' Policy 2.13. The revisions change the name of the Clinical Operations Board to the "Hospital Board of Trustees." The language of the policy was revised to clarify the responsibility of the Hospital Board of Trustees with regard to the UNMH Medicare license that effectively operates in Bernalillo County. The policy also clarifies the delegation of the Hospital Board of Trustees as it relates to clinical activity, not academic activity related to the Health Sciences Center and Medical School. All activities will come before the President and Dr. Roth, then to the Finance and Facilities Committee

before they go before the full Board of Regents. Regent Eaves expressed his satisfaction with the changes made to the revised policy. **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.**

- 7. Recommendations for Consent Agenda Items on full Board of Regents Agenda.** Regent Eaves recommended items 1, 2, 3, 4b, and 5c to be placed on the Consent Agenda and item 6 to be placed on the Regular Agenda.

INFORMATION ITEMS:

- 8. Monthly Financial Report.** Ava Lovell made the presentation.
- 9. Contract Information:**
- a. Student Publication – Signature Offset**
 - b. Media Technology Services – Advanced Presentation Systems**
 - c. UNMH Community Outreach Program**
 - d. UNMH Press Ganey Associates**
 - e. UNMH Siemens Medical Group**
- Bruce Cherrin made the presentation.
- 10. Progress Briefing on Comprehensive Master Plan.** Mary Kenney made the presentation.
- 11. UNM Utilities Update.** Jeff Zumwalt made the presentation.

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 paragraphs above were discussed in executive session.**

Regent Eaves moved to close the meeting and adjourn at 10:22 p.m, and Regent Sanchez seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.