

**THE UNIVERSITY OF NEW MEXICO**  
**Regents' Finance and Facilities Committee**  
**October 2, 2008 – Meeting Summary**

**Committee Members Present:** Regent Mel Eaves, Regent Raymond Sanchez, Regent Don Chalmers, and Jerry Geist

**Non-voting Members Present:** None

**Other Attendees:**

**Steve Beffort**, Institutional Support Services; **Ann K. Brooks**, Faculty Senate; **Duane Brown**, Modrall Spering Law Firm; **Pug Burge**, HSC; **Joseph Cecchi**, SOE; **Christine Chavez**, Internal Audit; **Bruce Cherrin**, Purchasing; **Andrew Cullen**, Planning, Budget & Analysis; **Finnie Coleman**, University College; **Pat Davis**, UNMPD; **Jim DeZetter**, Safety & Risk Services; **Rachel Felix**, EVP Office; **Bob Fondino**, HSC Finance; **Julia Fulghum**, OVPR; **Will Gleason**, DPS; **Art Gonzales**, Office of Equal Opportunity; **Gil Gonzales**, CIO; **Helen Gonzales**, VP Human Resources; **Bob Goodman**, Sandia Foundation; **David Harris**, EVP for Administration, COO, and CFO; **Miguel Hidalgo**, Capital Projects; **Richard Holder**, Deputy Provost; **Kathy Jacques**, Budget Office; **Sul Kassisieh**, ASM; **Mary Kenney**, Planning & Campus Development; **Lisa Kuuttila**, STC.UNM; **Sandra Liggett**, University Counsel; **Ava Lovell**, Finance; **Roger Lujan**, Office of Capital Projects; **Lisa Marbury**, Institutional Support Services; **Marvin Marter**, Office of Capital Projects; **Cenissa Martinez**, EVP Office; **Steve McKernan**, UNMH; **Susan McKinsey**, Communications & Marketing; **Walt Miller**, AVP Student Life; **Kim Murphy**, Real Estate; **Marc Nigliazzo**, UNM West; **Michael Polikaff**, Planning & Campus Development; **Christopher Ramirez**, GPSA; **Alex Riebli**, ASUNM; **Martin Salazar**, Albuquerque Journal; **David J. Schmidly**, UNM President; **Carol Stephens**, Policy Office; **Ana Andzic Tomlison**, University Counsel; **William Turner**, Office of Capital Projects; **Chris Vallejos**, Institutional Support Services; **Mary Vosevich**, PPD; **Ellen Wenzel**, Regents' Office;

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**Regent Eaves called the meeting to order at 9:10 a.m. in the Roberts Room at Scholes Hall.**

**COMMENTS:**

Christopher Ramirez thanked those who worked on the Mitchell Hall project for engaging students and welcoming input on the renovations. He also thanked those responsible for recycling efforts and the efforts for childcare expansion, which will serve a long list of student in need. Alex Riebli represented Ashley Fate, who was unable to attend. Elisha Allen spoke on behalf of Staff Council and expressed satisfaction with revisions to the tuition remission policy. He also expressed his concern about the new parking structures as a huge financial obligation, encouraging the Regents to consider alternative forms of transportation. Ann Brooks, Faculty Senate, thanked the administration for working closely with faculty resolution at the town hall meeting as they develop good relationships.

**ACTION ITEMS:**

- 1. Meeting Summary from September 8, 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 List dated September 17, 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 – Philips Medical Systems.** Bruce Cherrin and Steve McKernan made the presentation. The picture archival computer (PAC) system provides computerized images for radiology and ultrasounds. This is a renewal of contract. Annual costs are based on the number of images generated, increasing as the hospital expands. In response to Regent inquiry, \$800,000 of capital funds is for workstations. **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) **UNMH – Siemens Medical Systems.** Bruce Cherrin and Steve McKernan made the presentation. The SPECT (Single Photon Emission Computed Tomography) will enhance the Nuclear Medicine Department. The hybrid technology combines nuclear detector imaging and CT scanning and imaging procedures. Total cost is \$672,000 plus \$182,000 for renovation. **Jerry Geist moved to approve and Regent Sanchez. The motion passed by unanimous vote with a quorum of Committee members present and voting.**

**4. Approval of:**

a) **Capital Project for Mitchell Hall Renovation.** Roger Lujan made the presentation. Mitchell Hall is one of the most historical buildings on main campus, and has never had any major building improvements or renovations. This project includes a complete renovation and upgrade of Mitchell Hall to contemporary standards. Renovations will conform to Leadership in Energy & Environmental Design (LEED)-silver renovation standards, and will be one of UNM's first LEED-certified renovation projects on main campus. Construction is projected to begin in January 2009, and is scheduled to be completed in December 2009. Total project budget is \$9.5 million to be funded by FY07 UNM System Revenue Bond proceeds. **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) **Capital Project for Zimmerman Library.** Item was removed from the agenda.

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**INFORMATION ITEM:**

**12. Rio Rancho Master Plan Status Report.** Mary Kenney and Scott Miller of Ayers/Saint/Gross of Tempe, AZ made the presentation.

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**ACTION ITEMS (Cont'd):**

**5. Approval of UNM-Gallup GO Bond.** Richard Holder made the presentation. This is a request for approval to proceed with a GO Bond issue to be voted on by McKinley County voters in February 2009. The GO Bond issue would allow UNM to complete various renovations and improvements for additional space to buildings such as Gurley Hall, Calvin Hall, Lyons Hall, and the Childcare Center expansion. It will also fund preparations for a new community education building. **Regent Sanchez moved to approve, and Jerry Geist seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**

Pug Burge and Susan McKinsey provided information on GO Bond C for health facilities and GO Bonds B and D for higher education, which will be on the ballot in November. These are statewide GO Bond issues. EVP Harris emphasized the significance of Bond C, and the importance of UNM's efforts to educate voters about this issue.

**6. Approval of Quasi Endowments for:**

a) **STC.UNM Endowment Program.** Andrew Cullen made the presentation. This is a request for approval to change the funding source, and a proposed use of investment income reserve monies. In June 2006, the Regents established the STC Enhancement Program (STEP) to assist companies associated with UNM to develop technological innovations through STC. It was funded with \$650,000. The proposed new funding source for the STEP is from reserve against investment income valued at \$600,000.

b) **Business Development Activities at the Anderson School of Management.** Andrew Cullen made the presentation. The use of the STEP endowment funds will be changed to support the UNM Business Plan Competition. EVP Harris recommended the approach to use the STEP endowment funds to support the Business Plan Competition, which would otherwise require inconsistent annual funding through the operating budget.

**Regent Sanchez moved to approve items 6a and 6b. Regent Chalmers Seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**

**7. Approval of New Mexico Finance Authority Bond Redemption Agreement.** Andrew Cullen made the presentation. As part of the total funding for the UNM Cancer Center construction project, legislation was passed to proceed with using cigarette tax revenues to fund the debt service for bonds that were issued for the Cancer Center and the Pavilion project. The New Mexico Finance Authority (NMFA) had been paying the debt service bonds. The bonds were sold as auction rate securities and insured by NBIA. However, NBIA's financial viability was called into question in May 2008 and they were downgraded. Many of the bond holders placed the bonds back on the underwriter, JP Morgan. JP Morgan was unsuccessful at marketing the bonds because of the insurance rating of NBIA. Thus, the bonds are currently being held by Bank of America, the liquidity provider. NMFA is paying prime rate for the bonds. NMFA held discussions with UNM to refund the bonds, and they proposed to redeem the bonds and to pay them off with the public project revolving fund revenues. This request for approval is for the redemption and reimbursement agreement with the NMFA that will allow the University to reimburse the NM Finance Authority for their bond redemption. The cigarette tax revenue will flow to the University, and in turn, the University will reimburse the NMFA. The approved effective rate is a competitive 3.35% fixed rate. This is in the best interest for UNM to save money on the interest earnings. In response to Regent inquiry, the rate is fixed for the entire 10-year term. In response to Regent inquiry, the NM Finance Authority is acting as the bond holder and UNM is paying them back. There are \$8 million generated through the cigarette tax issue - \$6 million is used for debt service, the remaining \$2 million goes to the Cancer Center's operating budget. **Jerry Geist moved to approve, and Regent Sanchez seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**

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

**INFORMATION ITEMS:**

- 9. Monthly Financial Report.** Ava Lovell made the presentation.
- 10. Contract Information:**  
a) **Office of Capital Projects – Contract Associates, Inc.**  
b) **UNMH Novartis Vaccines.**  
Bruce Cherrin made the presentation
- 11. Capital Projects Status Report.** Steve Beffort made the presentation
- 13. HB 616 – Agreement between the ERB and UNM.** Ava Lovell
- 14. UNM Operational and Capital Investment Portfolios.** Andrew Cullen made the presentation.
- 15. Childcare Center Update.** Steve Beffort 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. Approval to Negotiate Initial Building at UNM West and Childcare Expansion. Regent Sanchez moved to authorize President Schmidly to negotiate the lease/purchase for an initial building at UNM West Campus in Rio Rancho and childcare expansion at its existing location on main campus. Jerry Geist seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**
- E. Certification that only those matters described in paragraphs above were discussed in executive session.**

**Regent Eaves moved to close the meeting and adjourn at 11:00 a.m, and Regent Sanchez seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**