Regent Chalmers called the meeting to order at 9:03 a.m. in the Roberts Room at Scholes Hall.

COMMENTS:

Doug Fields informed the Board that he received a letter from the State Auditor in response to Faculty Resolutions passed on February 25, 2009. The letter included a list of items to be audited. Fields is eager for the follow up on this letter. In regard to item 3 on the agenda, the faculty does not see a price advantage to the ITS Dell Computers contract.

Elisha Allen announced Merle Kennedy as president-elect of Staff Council. He also noted the success of Staff Appreciation Week. The week was also an opportunity to cross-pollinate activities as legislators were invited to the events and were impressed with the University’s initiative to recognize staff contribution. The Staff Council is making it their priority this year to work on dispelling rumors and to presenting information clearly to the staff.

ACTION ITEMS:
1. **Meeting Summaries from May 7 and June 2, 2009.** Regent Sanchez moved to approve and Regent Gallegos seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.

2. **Disposition of Surplus Property on Lists dated June 30 and July 20, 2009.** Bruce Cherrin made the presentation. Regent Sanchez moved to approve and Regent Gallegos seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.

3. **Approval of Contracts:**
   1) **UNMH – Cardinal Health Pharmaceutical Distributor.** Steve McKernan made the presentation. Cardinal Health provides warehousing and distribution services for most pharmaceuticals for UNMH. The total contract amount is approximately $35 million per year, and is dependent on patient volumes. The Novation agreement pricing is used on all contracts in this item.

   2) **UNMH – Cardinal Health.** Steve McKernan made the presentation. Cardinal provides computerized storage, retrieval, inventory and distribution systems for accurate storage and distribution of medications. Total contract cost ranges from $1.5 million to $1.8 million per fiscal year.

   3) **UNMH – First Choice Community Health Care.** Steve McKernan made the presentation. First Choice is a federally qualified health center that has clinics throughout the community and is also a UNMH joint venture that extends primary care to convenient sites in Albuquerque. UNMH pays $90 per visit for indigent care patients that are seen at this clinic, and this is advantageous to the university on a cost-benefit analysis. Total contract cost is $1.5 million per fiscal year.

   4) **UNMH – Signature Staffing, Inc.** Steve McKernan made the presentation. Signature Staffing provides agency nurses for UNMH. In response to Regent inquiry, agency nurses cost 60-70% higher than permanent nurses would cost. The turnover rate for nurses is less than 10% but there is still a shortage at UNMH. Total contract cost ranges from $1.4 million to $1.6 million, depending on volume.

   5) **UNMH – MGA Healthcare New Mexico, Inc.** Steve McKernan made the presentation. MGA Healthcare provides short-term or per diem nurse staffing for UNMH. Total contract cost ranges from $1.3 million to $1.4 million, depending on volume.

   6) **UNMH – Healthcare Laundry, Inc.** Steve McKernan made the presentation. This contract provides all laundry and linen services for UNMH. Total contract cost ranges from $1.2 million to $1.4 million, depending on volume.

   7) **UNMH – Network Services.** Steve McKernan made the presentation. This contract provides UNMH network services including: paper, plastic, and supplies for environmental services. Total contract cost ranges from $700,000 to $800,000, depending on volume.

   8) **UNMH – Med Traveler Source.** Steve McKernan made the presentation. This contract provides short-term nurses (14-16 week assignments) for UNMH. Total contract cost ranges from $620,000 to $640,000, depending on need.
9) **UNMH – STAT IQ Solutions.** Steve McKernan made the presentation. STAT IQ provides backup for transcription services at UNMH. Total contract cost is $600,000 per fiscal year.

10) **UNMH – Ikaria (Formally INO Therapeutics).** Steve McKernan made the presentation. This is a sole-source contract. Ikaria is the only FDA approved company to administer nitric oxide therapy. The contract serves 150 UNMH patients per year. Total contract cost is $600,000.

11) **UNMH – PharMedium Services LLC.** Steve McKernan made the presentation. This contract provides for compounding pharmaceuticals. Total contract cost ranges from $575,000 to $650,000, depending on usage.

12) **UNMH – McFrank and Williams.** Steve McKernan made the presentation. This contract provides advertising and recruitment services to attract new UNMH employees. Total contract cost ranges from $515,000 to $550,000 per fiscal year.

13) **UNMH – Hill Rom.** Steve McKernan made the presentation. This contract secures specialty beds for patients with special needs. Total contract cost ranges from $500,000 to $550,000 per fiscal year.

14) **UNMHH – Cerner “mPages.”** Steve McKernan made the presentation. Cerner provides electronic medical records through the software, “mPages.” This effective records management system provides doctors the information they need, and will allow more effective identification of patients and all associated medical conditions with electronic records. Total contract cost is based on capital of $767,000 and annual operating and subscription costs of $284,000.

In response to Regent inquiry, each agreement is bid for four years due to the coordination and operational efforts. About 99% of contracts have exit and cancellation clauses, and are brought before the Regents every year for approval even if the bid is for 3-4 years. Novation is a group purchasing organization that does all the bidding of prices for all supplies, pharmaceuticals, etc. The use of Novation pricing is permitted through the State Procurement Act. Novation bids 40 billion worth of supplies and medication for hospitals throughout the country. UNMH is automatically given the Novation price for many services. Regent Sanchez moved to approve and Regent Gallegos seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.

**UNM ITS – Dell Computers.** Bruce Cherrin, Ava Lovell and Moira Gerety made the presentation. This request for approval is in response to the RFP submitted to re-price the University’s personal computers. This agreement is a strategic partnership that will standardize computer equipment and services, which will benefit the University by being more efficient. Individual departments will have the option to purchase a Dell Computer and enjoy the service benefits and support associated with the agreement; however, a purchase from Dell will not be mandatory. The purpose of this Dell agreement is to give the option to purchase standardized computer equipment that will come with the support and service benefits. Dell is prepared to manage all stipulations and will work to accommodate the needs of various individuals and departments. In response to Regent inquiry, Dell will offer the same discount for students as it offers to the University. In response to Regent inquiry, the various source of funding will come from the University departments, which are funded from various sources – grants, research funds, I&G, etc. The funds will be used by departments...
that need to purchase P.C. computers, although they are not required to purchase computers through Dell.

The University is aware of the concerns that computers may be purchased at a lower price. The University has bid on the best price and service. Quality was an important element in comparing best value for computer equipment. Considerations such as warranty, components, service agreement and overall life of the machine were important factors in this agreement. Computer equipment type will vary and quality of the machine can be modified when necessary to accommodate individual department and/or budget needs.

In response to Regent inquiry, addressing shortages of computers for student use will not be included in $5 million associated with this contract. Addressing student computer needs will be a very high priority in the budget process next year. President Schmidly commented that the issue of computer shortages was not addressed at the Budget Summit because it was recently brought to the University’s attention in the Higher Learning Commission report as a result of the HED review team and student interaction. The recommendation to conduct a formal survey came as a result of the HED review team-student interaction. A formal survey will be conducted this semester. Depending on the results of this survey, the University will address computer shortages and computer access in next year’s budget. If the survey finds that there are serious immediate shortages, resources will be identified to address the need this year. ITS will produce a recommendation to address the issue by the end of the year.

Regent Sanchez moved to approve and Regent Gallegos seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.

4. Approval of Capital Projects and Architect Selection:

   1) **Hodgin Hall Renovation, Phase 1.** Miguel Hidalgo made the presentation. This approval request begins Phase 1 of critical renovations to Hodgin Hall, a landmark of the University constructed in 1972. This project will make interior improvements to restrooms and improve meeting spaces. There will be a total of two phases: Phase 1 includes interior renovations and Phase 2 includes infrastructure improvements, such as electrical and waste water, etc. Phases will be similar depending on how they are modified to accommodate other structures as provided by the master plan. In response to Regent inquiry, this request for approval is for Phase 1 only, and it is anticipated that the entire renovation project will be completed by Phase 2. Total project budget is $2.9 million. Funding sources are as follows: $1.5 million from UNM bonds and the remainder of costs from State Legislature. **Regent Gallegos moved to approve and Regent Sanchez seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**

   2) **Family Practice Fire Sprinkler Project.** Miguel Hidalgo made the presentation. The University requests approval for improvements to the sprinkler and alarm system at the Family Practice Center. These updates are required to satisfy new codes set by the fire department. The project cost is estimated at $713,000, funded from BR&R. In response to Regent inquiry, a bid has not yet been distributed. **Regent Sanchez moved to approve and Paul Roth seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**

   3) **UNM Cancer Treatment Center Second Floor Build Out.** Miguel Hidalgo and Cheryl Willman made the presentation. The University requests approval to build out the second floor of the Cancer Research and Treatment Center (CRTC). The cancer center is the highest volume clinic on campus. The second floor accommodates multi-disciplinary clinics, and would actually double patient capacity. This will complete the construction of the CRTC
facility. The $5.9 million project budget will be used toward completing the actual interior and equipment furnishing. About $750,000 of the $5.9 million will complete the mechanical capacity of the entire building. In response to Regent inquiry, the budget is developed in the overall presentation to the legislature. When the capital projects are requested, the budget is determined. Many of the other projects are done in-house by the Office of Capital Projects and funds are requested. Large projects requiring state investment and other state projects contribute to planning and budget. This project was sent for a detailed bid using architects and engineers through the University’s Office of Capital Projects. The estimate is quite accurate as many experts were consulted to develop the budget. The funding for the project is contingent upon the availability of Federal American Recovery and Reinvestment Act stimulus funds. In response to Regent inquiry, the submission of an application for these funds to be used for completion of the CRTC was suggested by former Governor Anaya. In response to Regent inquiry, this project is shovel-ready and a tour will be scheduled after the completion of the building. **Regent Sanchez moved to approve and Regent Gallegos seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**

5. **Approval of Real Property Purchase – Medical Office Building Occupied by UNMH, 1101-4 Medical Arts Avenue.** Kim Murphy, Steve McKernan and Tom Neale made the presentation. This request for approval allows the University to exercise the option to purchase a facility that is currently leased and occupied by UNMH Lobo Clinic and Senior Health Care. This facility is located adjacent and west of main campus at the Sandia Medical Park. The University currently leases the building, a five-year lease that expires Oct. 2011. The option-to-purchase price is $750,000, which equates to approx. $59 per sq. ft. The University will acquire a leasehold interest which will provide the right to occupy the building for the remaining term of the underlying ground lease of 24 years when the building is acquired. This is the first opportunity to close on the building in October and the only way for the University to acquire the property. Leasehold improvements are constantly being made to the facility as it is old, but functional for clinic use.

In response to Regent inquiry, the lease amount is $12.64 per sq. ft. The stipulated price in the lease is $750,000. Approval would be contingent upon an MAI appraisal that would confirm and support the purchase price of $750,000. In response to Regent inquiry, the reason for acquiring the building is based on cost-benefit to the University – leasing over time would cost the University more than purchasing the building for the remainder of the lease. The clinic would cost $300 per sq. ft. and the building will be functional to use for the next five years. The building is necessary to house the Lobo Clinic, a critical operation of UNMH. The source of the funds would come from the hospital reserves funds, referred to as the Capital Initiative Fund. More buildings are being leased from the area at $16-$18 per sq. ft.

In response to Regent inquiry, for future presentations any and all supplemental information, such as the lease agreement, terms, and economics associated with such transactions regarding any sale, purchase, or exchange should be provided to the Regents in information packets and memos requesting approval. **Regent Chalmers moved to approve and Regent Gallegos seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**

6. **Approval of Appointment for the Harwood Foundation Governing Board of Directors.** David Harris made the presentation. This request for approval includes: one new appointment and re-appointments to the Harwood Board of Directors. Marsha Winter has been recommended by the board to replace Mr. Daniel Montoya who has resigned. The three existing members who would continue to serve on the board are Linda Warning, Charley Strong, and Kate O’Neill. **Regent**
Sanchez moved to approve and Regent Gallegos seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.

7. Approval of Naming Committee Recommendation for the UNM Business Center. Breda Bova made the presentation. This request for approval includes the renaming of the UNM Business Center in honor of Mr. and Mrs. John Parovich. Regent Gallegos moved to approve and Regent Sanchez seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.

8. Approval of and Authorization to File Articles of Incorporation for UNM Sandoval Regional Medical Center. Paul Roth and Scot Sauder made the presentation. This item requests to approve the Research Park Act incorporation for Sandoval Regional Medical Center, Inc. It is also a request to approve the initial Board of Directors for this new hospital to be constructed in UNM Rio Rancho. A separate legal entity has to be created through which financing and maintenance operation of the facility can be possible. The Health Sciences Center (HSC) did not want the debt burden of the hospital construction to compromise the University finances. It was recommended that a separate entity be created in order to secure separate financing. EVP Harris commented that a portion of the land acquired in Rio Rancho was set aside for HSC in negotiations with the state land commissioner. The HSC originally had been working with a hospital corporation to construct a for-profit hospital on the HSC land, which would have required them to compensate the University for the utilization of that land. This new entity is a component of the HSC’s teaching mission. Dr. Roth commented that the HSC ultimately selected Legacy after initially seeking national partners to join in this project. Discussions continued until the turn of the economy, at which time the notion of forming a partnership with a for-profit corporation did not merge with the values and the culture of the HSC. This separate entity changed the initial plan of a new entity that would have included a for-profit leasing space to the entity. The new entity is created as a function of the HSC, and a legitimate part of providing services to that region of New Mexico while offering a reasonable venue for educating medical and nursing students.

Amendments have been made to the Articles of Incorporation for the Sandoval Regional Medical Center, Inc. Minor technical revisions include the additional role of the Executive Vice Dean for the UNM School of Medicine as director of the corporation. This structural change would join the School of Medicine to the new hospital. Another revision made to the structure is that the full board would include nine members, with five initial members. In response to Regent inquiry, the draft articles have been included in the Regents’ information packet and will be filed with the Articles of Incorporation. The services of Sutton Thayer Brown have been retained, and they have guided the structuring of this corporation and the transactions associated with it to balance the elements of corporate and health law. The University will be the sole member of the non-profit. In response to Regent inquiry, Sandoval Regional Medical Center, Inc. will be a separate legal entity from UNM Hospital. Regent Sanchez 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 Appointment to Lobo Energy, Inc. Board of Directors. Steve Beffort made the presentation. Tom Ruiz has been recommended for re-appointment by the Lobo Energy, Inc. Board of Directors. Regent Gallegos moved to approve and Regent Sanchez seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.

10. Approval of FY 2010 Capital Outlay Submission to the Higher Education Department. Andrew Cullen made the presentation. This request for approval is for revisions to the FY10
Capital Outlay Submission. Pending approval, the University will present the revised Capital Outlay Submission to HED, DFA, and LFC staff on August 19, 2009, to review this request. The request differs in that it has been narrowed down significantly from the original at the request of President Schmidly. Next year is not going to be a favorable one for capital. The list has been reduced to focus on the core mission of the University. In response to Regent inquiry, there are sixteen projects at $180 million. Pres Schmidly commented that the University is encouraged by HED to limit requests this year. In response to public inquiry, the University has carefully planned and chose the items on the list because they are areas of critical need. Regent Sanchez moved to approve and Regent Gallegos seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.

Approval of FY 2011 Legislative Requests for BA/MD Program. Marc Saavedra and Paul Roth made the presentation. This item involves a request for approval of six years of funding for the BA/MD program, which is a bachelor’s to medical school program for New Mexico high school students. The legislature funds this program annually by House Bill 2 through the Legislative Finance Committee, and the University will be requesting eight years of funding from the legislature this year. Seven years ago, this program was created due to the physician shortage in New Mexico. As a result of the creation of the BA/MD program, the number of admission seats has increased at the medical school to accommodate students in the program. The program was designed for the purpose of giving particular focus to medically underserved areas of the state, and also to address under-representation within the ranks of the physician community. Five years ago, the first year of funding was acquired to accommodate this class of admitted students into the program as soon as they graduated from high school, and every year since, the program has asked for the incremental funding to accommodate a new class of students.

The reason for this request for funds is that there are a number of students who are already in the pipeline of the program. Each year for a total year of eight years, there will be a new cadre of students who will enter the system, and the program needs to secure the funding for the appropriate amount of teachers, student services and facilities to accommodate program expansion. Last year, in spite of the economy, the program did receive $200,000 to support a new class of students, and the HSC had to work with partners in Arts and Sciences to reallocate the funding that initially went to the first four years of the program in order to efficiently cover that first year. The request was initially for $1.2 million. That request amount was adjusted down by half, and from that adjusted amount, only 40% was received. A quick reassessment of the program was conducted and expenditures were delayed to fit within budget and survive with funding that was received. This year the program will request the amount to cover costs for this year; however, in order to defray some of the other costs that we did not get funding for last year, the program will proceed with one request to the legislature. The program will incur additional expenses and requires the ability to cover those additional expenses for new students.

In response to Regent inquiry, the request amount of $853,000 would cover additional costs as the current class of students proceeds into their second year of medical school. This funding would make it possible to hire more faculty to accommodate the innovative curriculum design of the medical school. The UNM School of Medicine has a non-traditional curriculum design that includes small group tutorials. This innovative curriculum has been copied and is called “problem-based learning.” The UNM Medical School approach is similar to legal case-study form of learning and includes discussion of all the various medical, social and psychological elements that could be understood around each case study. The necessary setting for this curriculum requires small class sizes, since the curriculum cannot be delivered effectively in large lecture class settings. There are currently two faculty facilitators. As more students are added, more faculty will need to be added to serve as facilitators of new small class groups. There are other expenses such as scholarships offered in exchange for service. Part of the program mission is to encourage these students to come
back to New Mexico. They will be offered grants and scholarships if they agree to return to New Mexico after residency and provide service to the state. There are other costs and expenses associated with the current advancing class. Funding in the amount of $300,000 will allow the program to adequately address that additional cost and cover expenses of the last class that is moving forward. This is the first class in the BA/MD program that is moving forward in the second year of medical school.

In response to Regent inquiry, the medical school used to admit seventy-five medical students before the program. The BA/MD program increases physicians by one-third, and places an emphasis on rural students exclusively from New Mexico. The twenty-eight students in each class are guaranteed admission to UNM Medical School if they continue in the program. The demographics of students within this program are as follows: two-thirds of the student body is from rural NM, and about two-thirds are underrepresented. This program will significantly change the demographics of the entire School of Medicine as these students continue. In response to Regent inquiry, only two students have left the program since it was formed and they did so voluntarily. There have been eighty students that completed so far. The selection criteria are created by an elaborate admissions committee and admissions process. This University is fortunate and proud of its ability to deliver what the state has funded this program to do. Regent Sanchez moved to approve and Regent Gallegos seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.

11. **Recommendations for Consent Agenda Items on full Board of Regents Agenda.** Don Chalmers recommended items 2, 3, 4, 6, 8-11 to be placed on the Consent Agenda.

**INFORMATION ITEMS:**

12. **Monthly Consolidated Financial Report.** Ava Lovell made the presentation

13. **Contract Information:**

   Bruce Cherrin made the presentations

   1) UNMH – Press Ganey Associates
   2) UNMH – Community Outreach Program
   3) UNMH – INX, Inc.
   4) UNMH – Stericycle Inc.
   5) UNMH – Children’s Medical Services
   6) UNMH – DCI Donor Services
   7) UNMH – Pacific Interpreters
   8) UNMH – Curastat
   9) UNMH – Vista Care Hospice
   10) UNMH – Nationwide Recovery Systems, Ltd. (NRS)
   11) UNMH – EV3
   12) UNM Civil Engineering - Geotechnical Consulting and Testing System (GCTS)
   13) UNM Cancer Center – Custodial Services
   14) UNM Office of Capital Projects/CRTC II 2nd Floor Clinic – David Edward Co.

14. **Capital Projects Status Report.** Steve Beffort made the presentation.

15. **UNM Rating Agency Update.** Andrew Cullen made the presentation.
16. **FY 2009/10 Budget Revenue Update: Pause & Hold and Use-of-Balance Funds.** Andrew Cullen made the presentation.

17. **Information Pertaining to the Distributions of Endowed Funds.** John Stropp made the presentation

18. **UNM Debt Service and Unexpended Bond Proceeds Update.** Andrew Cullen made the presentation

**EXECUTIVE SESSION:**

None

Regent Chalmers moved to adjourn at 11:45 a.m., and Regent Sanchez seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.