

THE UNIVERSITY OF NEW MEXICO
Regents' Finance and Facilities Committee
February 11, 2010 – Meeting Summary

Committee Members Present: Regent Don Chalmers; Regent Gene Gallegos; Regent Jamie Koch; EVP Paul Roth; EVP and Provost Suzanne Ortega

Committee Members Absent: Mr. Jerry Geist

Non-voting Members Present:

Other Attendees:

Elisha Allen, Staff Council; Martha Bedard, University Libraries; Steve Beffort, Institutional Support Services; Kimberly Bell, University Counsel; Jeffrey Brinker, Engineering; Larry Carmony, Moss Adams; Joe Cecchi, UNM; Bruce Cherrin, Purchasing; Finnie Coleman, University College; David Conway, ASUNM Student Government; Patrick Cull, Res. Life/Student Housing; Andrew Cullen, Budget Office; Rachel Felix, EVP Office; Bob Fondino, HSC; Julia Fulghum, VP for Research; Helen Gonzales, Human Resources; Kathy Guimond, Police Department; Rod Harder, Foundation; David W. Harris, EVP for Administration, COO and CFO; Danny Hernandez, GPSA; Miguel Hidalgo, Capital Projects; Mary Kenney, Planning & Campus Development; Merle Kennedy, Staff Council; Lisa Kuuttila, STC.UNM; Richard Larson, Health Sciences Center; Ava Lovell, Finance; Lisa Marbury, Institutional Support Services; Genissa Martinez, EVP Office; Steve McKernan, UNM Hospitals; Susan McKinsey, Communications & Marketing; Kim Murphy, Real Estate; Bob Notary, Physical Plant Dept.; Maria Probasco, UNM Parent Assoc.; Patricia Remark, Daily Lobo; Theresa Rogers, ASUNM; Martin Salazar, Albuquerque Journal; Antonio Sanchez, Capital Projects; David J. Schmidly, UNM President; Donna Smith, Safety and Risk Services; Carol Stephens, Policy Office; John Stropp, Foundation; Carolyn Thompson, President's Office; Chris Vallejos, Institutional Support Services; Mary Vosevich, Physical Plant Department; Brian Ward, Res. Life /Student Housing; John Welty, Foundation; Ellen Wenzel, Regents' Office; Marla Wood, President's Office

Regent Chalmers called the meeting to order at 9:01 a.m. in the Roberts Room at Scholes Hall.

COMMENTS:

Staff Council: Elisha Allen updated the Board on the initiative to increase the funding amount of the Gerald May Award, and expressed appreciation for the Provost's generous contribution. Allen reported that the United Way campaign exceeded its goals. The Staff Council is working with the Office of Government and Community Relations at the legislative session. Allen is looking forward to involvement in the President's Strategic Taskforce, and he is also starting a new committee on student success and engagement.

ACTION ITEMS:

1. Meeting Summary from October 29, 2009 (revised) and December 10, 2009. Regent Gallegos moved to approve. Regent Koch seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.
2. Disposition of Surplus Property on list dated January 26, 2010. Bruce Cherrin made the presentation. Regent Gallegos 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:
 - a. Capital Project for Renovations for the Clinical and Transitional Science Center, Health Sciences Center. Miguel Hidalgo and Dr. Richard Larson made the presentation. This request for Regent approval includes a 3,500 sq. ft. renovation to transform space in the Cancer Center to be used for translation clinical research. Dr. Paul Roth, Dr. Richard Larson and researchers have been working with the Office of Capital Projects to make modifications that will convert offices into exam rooms and other support spaces. Extensive updates to mechanical systems will be added to support renovations. Total project budget is \$1.2 million funded from the 2007 UNM Bonds. Regent Gallegos moved to approve and Suzanne Ortega seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.
 - b. Architect Selection for Centennial Engineering Center: Nano-Biology Laboratory. Miguel Hidalgo made the presentation. An update was provided on the status of architect selection for the nano-biology laboratory. Total project budget is \$2 million from a legislative appropriation to cover equipment for the nano-biology project, soft costs, architectural fees and construction. The effort to renovate this space was part of a package to retain distinguished professor Dr. Jeffrey Brinker, a member of the National Academy of Engineers. The project has a very high cost per sq. ft. and the project cost has been reduced to \$1.5 million. To go forward, mechanical drawings from an architect are needed to produce a bid consistent with the modified project size. Negotiations are under way for the architect to reduce the fees. The project is scheduled to begin in March. Approval of the architect is necessary so that the funding is not reverted to the State. In addition, Bruce Cherrin stated that an amendment will be included with the intention that the architect will be approved pending final negotiations. Regent Gallegos moved to approve the architectural agreement subject to the understanding that negotiations will be based on the modified project size, and the fee will be further negotiated to accommodate modifications. Suzanne Ortega seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.
 - c. Capital Project for Hokona Hall, Life Safety and General Upgrades. Miguel Hidalgo made the presentation. This item is a request for Regents' approval to renovate and update Hokona Hall. Hokona Hall is used for student housing and was constructed in 1957. Life, safety and general upgrades will improve living conditions and restore the building from deterioration. Improvements will be made to the fire alarm, heating and cooling system, and other extensive mechanical systems. Interior surfaces will be improved. Total project budget is \$3.5 million funded by UNM Student Housing plant funds. In response to Regent inquiry, the project is scheduled to be completed over the summer while the building is unoccupied by student residents. 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. Approval of:

- a. UNMH – Administrator and Fund Sponsors for Defined Contribution Retirement Program, Fidelity Investments. Steve McKernan and Bruce Cherrin made the presentation. According to the Hospital Funding Act, pension plans for UNM Hospital are not provided by the Educational Retirement Board (ERB). The difference between the two plans is that one is a defined contribution plan and the other is a defined benefit plan. Over the years, UNMH has had several different companies who have helped to service the pension plans. Currently there are two companies servicing the plans: Lincoln and Fidelity. The agreement with the two companies is close to expiration, and a bid has already been placed. The recommendation is to accept Fidelity as the company to administer the pension plan for UNMH. This will include a deal to move employees from Lincoln to Fidelity without a penalty fee. Regent Koch moved to approve and Regent Gallegos seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.
- b. UNMH – First Choice Community Health Care. Steve McKernan and Bruce Cherrin made the presentation. First Choice is a federally qualified health center operating six clinics in the Albuquerque metropolitan area that is used by UNMH as a partner. When enrolled UNMH patients qualify for financial assistance, they can choose to use UNMH clinics or First Choice for primary care. UNMH pays \$90 per patient visit. UNMH is in the midst of developing a medical record project to enhance networking and quality patient care through the exchange of electronic data. This partnership has improved access at a very efficient cost. In response to Regent inquiry, if a patient goes to First Choice they have a choice to see any specialist they choose. Regent Koch 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 STC.UNM Annual Report and Audit Report to the Board of Regents. Lisa Kuuttilla, Larry Carmony, and Joe Cecchi made the presentation. There were no weaknesses reported in the presentation by Moss Adams, the third party auditor for STC.UNM. STC brings value to UNM in many ways and it is the most conspicuous of UNM's economic development activities. To illustrate these activities, STC has completed a managerial accounting format that allocates STC's operating expenses and revenue across six categories of services: 1) compliance with the Bayh-Dole Act; 2) support for economic development; 3) support of UNM faculty & staff commercialization; 4) support for UNM research; 5) support for UNM education; and 6) the generating of income from technology transfers. In the area of academic impact, STC has had direct involvement with a number of companies, which led to more than \$2.3 million of new research funding. In addition, the income from licensing fees, royalties and patent cost reimbursements has exceeded \$1 million. There has been a net income of almost \$3.4 million. From 2004-2009, net funds into UNM due to STC's activities have increased over \$1.6 million. UNM has gained substantial and tangible benefits from STC.

There were four broad goals: in-reach activities; outreach activities, metrics, and improvement in operations. In-reach activity goals were met through the following: new invention disclosures, new copyright disclosures, working with student interns, and annual creative awards events. One of the important metrics that STC tracks is the number of visits conducted on a regular basis with inventors. The seminars are an educational function for STC and the community. With respect to legal activity, interns from the UNM Law School are hired who are interested in patent law. STC's newsletter is published twice a year as part of an in-reach effort. STC sponsors innovative functions for the technology transfer office in terms of transparency. Inventors can log into the proprietary database to view all the information regarding their own technologies. Most of the information is via the inventors' portal. UNM has provided a small amount of gap funding as

a method to advance technology internally so that it is more likely to be commercialized by an investor group or company. The outreach goal was to educate UNM and the community about commercialization topics. Eight companies were created this past year based on UNM technologies. The University has received a positive reputation based on start-up companies and working with the venture capital community. Once a year, STC hosts a creative awards reception to honor recipients of issued patents and registered copyrights. In addition, there has been progress in resolving open issues in jointly owned ventures with Sandia.

STC also works to support UNM in economic development efforts. The folio direct system has been adopted by several universities, and this is a way to distribute lower-value items efficiently. STC entered into the first assertion license agreement lawsuit and had positive results from its first litigation with Toshiba. The implication of this case represents the maturing portfolio of patents and reflects their value and utilization potential.

STC does not file patent applications on every single disclosure. There is a process to manage patent application files. STC is a relatively young technology transfer organization, so most income comes from new deals; the portfolio is growing, but is not yet large enough to generate significant royalty amounts. Most current income is generated from new deals with companies. The number of licenses yielding income is at ten, which will grow over time as the products arrive at the marketplace. Sponsored research funding is often an accompaniment to a license or option agreement, in which the company wants to further develop the technology rather than do research in-house. The sponsored research dollars benefit the University. There have been 84 new patent applications and 15 issued patents. STC has experienced more issued patents this current fiscal year than for the entire past fiscal years. If Congress does not revise the patent law, then this progress will continue steadily. The pipeline of service metrics is important because it provides a measure of how well STC performs activities.

The last goal was to improve operations. The Board of Directors has played a key role in the success of STC. In the development of a transfer technology office, there are many goals that need to be achieved before attaining 95% of income for products. STC has taken many strides in building a solid infrastructure and is beginning to see this work come to fruition, especially with the assertion licensing program. A technology transfer program needs all three of these parts of operation in place to be successful: marketing and licensing to establish companies; start-up programs; and the assertion licensing, which was recently established over the past two years. From a metrics point of view, the disclosures have increased significantly since STC was formed. New patent applications are commensurate with that level. In addition, the U.S. Office of Patents and Trademarks has started to increase the issuance of patents over the past few years. This is a very important metric for the organization. The numbers of deals; the royalty income; and the patent cost reimbursement have increased. STC compares favorably to peer institutions.

Regent Gallegos commented on behalf of the Committee that the Toshiba settlement concerning computer chip manufacturing is just the beginning of what the value and potential of the patents can be through enforcement of licensing. STC is a worthwhile investment in innovations for the future. Regent Gallegos moved to approve and Suzanne Ortega seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.

6. Approval of Appointment of Dr. Kevin Malloy to the STC.UNM Board of Directors. Lisa Kuuttila and Joe Cecchi made the presentation. Regent Gallegos moved to approve and Suzanne

Ortega seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.

7. Approval of Fiscal Watch Report and Monthly Consolidated Financial Report. Ava Lovell made the presentation. In response to Regent inquiry, there are people employed in Student Activities who assist Student Organizations with financial reporting and offering support services. The president and vice president for Student Government, both graduate and undergraduate, receive salaries and tuition reimbursement from student fees. In response to Regent inquiry, the fiscal watch report reflects the same data presented in the consolidated financial report. The report will be sent to the Higher Education Department. In response to Regent inquiry, a draft of the detailed decision-making metrics is being gathered and will be presented at the next Finance and Facilities Committee after the State of NM Legislative Session. Regent Gallegos moved to approve and Suzanne Ortega seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.
8. Approval to Purchase Tri-Services Building from State of New Mexico. Richard Larson made the presentation. Currently, the Tri-Services building is located at 700 Camino de Salud, next to the Cancer Research Facility. Tri-Services was constructed in 1974 and has a total of four floors. The basement and first floor are used for the Office of the Medical Investigator and Veterinary Diagnostic services. The second and third floors are wet laboratory spaces, currently used for state laboratories to study infection control. A competitive renovation award from the federal government will be received for \$9.7 million, which is divided for the following use: \$6.8 million for renovation and \$2.9 for equipment. The Health Sciences Center is one of nine drug discovery centers in the U.S. and receives federal funding in the amount of \$18 million every five years for this particular national effort. The renovation is targeted for the second floor, which will house the Drug Discovery Center. Renovations will also target the HVAC and IT structure. The third floor will focus on research space for digestive disease and infection research. The ground floor and first floor provide an opportunity to relocate and consolidate the Emergency Medical Services (EMS) Department and the EMS academy. Steve Beffort presented the values and allocation details of the expenses that would have occurred if the University did not have the opportunity to purchase this building. In response to Regent inquiry, the federal grant has been received and it has been confirmed that the funds will be released in March 2010. Regent Koch moved to approve the purchase of the Tri-Services and to enter into the contract for this purchase. Regent Gallegos 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 Agenda. Don Chalmers recommended items 2, 3, 4, 6, and 7 to be placed on the Consent Agenda.

INFORMATION ITEMS:

10. Contract Information:
 - a) UNMH – Nutech Medical, Inc. Bruce Cherrin made the presentation.
11. Capital Projects Monthly Status Report. Steve Beffort made the presentation.
12. UNM Foundation Quarterly Performance Report Ending 12/31/09. John Stropp made the presentation.

EXECUTIVE SESSION:

- A. Vote to close the meeting and proceed in 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 10-15-1 H (8), 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. Discussion and determination where appropriate of matters subject to attorney-client privilege pertaining to threatened or pending litigation *pursuant to Section 10-15-1 H (7), NMSA (1978)*.
- E. Vote to re-open the meeting.
- F. Certification that only those matters described in paragraphs above were discussed in executive session, and if necessary, ratification of actions, if any, taken in executive session.

Regent Chalmers moved to adjourn at 11:42 a.m., and Regent Sanchez seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.