

THE UNIVERSITY OF NEW MEXICO
Regents' Finance and Facilities Committee
June 3, 2010 – Meeting Summary
DRAFT

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

Committee Members Absent:

Non-voting Members Present:

Other Attendees:

Deborah Altschul, Psychiatry; Steve Beffort, Institutional Support Services; Breda Bova, President's Office; Doug Brown, Anderson School of Management; Pug Burge, HSC; Bruce Cherrin, Purchasing; Andrew Cullen, Budget Office; Maria Dion, Capital Projects; Erin Doles, University Hospital; Rachel Felix, EVP Office; Bob Fondino, HSC; Gil Gonzales, Chief Information Officer; David W. Harris, EVP for Administration, COO and CFO; Miguel Hidalgo, Capital Projects; Charles Kassiech, Anderson School of Management; Merle Kennedy, Staff Council; Evan Kitsos, Anderson School of Management; Lisa Knudsen, GPSA; Paul Krebs, Athletics; Susan LongHenry, Harwood Museum of Art; Ava Lovell, Finance; Avedona Lucero, Internal Audit; Lisa Marbury, Institutional Support Services; Cenissa Martinez, EVP Office; Susan McKinsey, Communications & Marketing; Walt Miller, Student Affairs; Kim Murphy, Real Estate; Tom Neale, Real Estate; Cynthia Schaedig, Capital Projects; Donna Smith, Safety and Risk Services; Vahid Staples, Planning Budget & Analysis; Carol Stephens, Policy Office; Michael Thorning, ASUNM; William Turner, Capital Projects; Chris Vallejos, Institutional Support Services; Mary Vosevich, Physical Plant Department; Ellen Wenzel, Regents' Office; Fran Wilkinson, University Libraries; Jeff Zumwalt, Physical Plant

Regent Chalmers called the meeting to order at 9:02 a.m. in the Roberts Room at Scholes Hall.

COMMENTS:

Staff Council. Newly elected staff council president Merle Kennedy was introduced. Kennedy invited meeting attendees to the 20th anniversary of Staff Council celebration throughout the month of July.

Student Government. Michael Thorning represented ASUNM and stated that President Cardenas is on military duty in the South Pacific and will return in July. Cardenas looks forward to working with the Board upon his return.

ACTION ITEMS:

1. Meeting Summary from April 8, 2010. Regent Gallegos 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 May 21, 2010. Bruce Cherrin made the presentation. Jerry Geist 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 – Philips Healthcare. Bruce Cherrin and Erin Doles made the presentation. This contract includes maintenance service for 13,000 medical systems. The types of equipment that are serviced through the contract include: surgery robots, radiology equipment, all ultra sound and imaging, cath lab, ventilators, IV pumps, and all other pieces of equipment. This is a 4-year agreement with the option of two 2-year extensions. Total contract cost is \$14 million over 4 years. In response to Regent inquiry, liability is covered by safety and risk services. It is unknown who is responsible for contractor liability. Regent Gallegos moved to approve and Regent Koch seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.
 - 2) UNMH – Matheson Tri-gas Inc. Bruce Cherrin and Erin Doles made the presentation. Tri-Gas is the only distributor in New Mexico that UNM Hospital contracts through Novation. Tri-Gas provides the rental agreement for medical gas tanks at the hospital. Jerry Geist moved to approve and Paul Roth seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.
 - 3) PPD Utilities Division – British Petroleum. Bruce Cherrin and Jeff Zumwalt made the presentation. This is a request for Regent approval for the purchase of natural gas for FY11. In response to Regent inquiry, UNM pays \$0.05 per therm to transport gas from the San Juan basin to the University. Those payments are received by the New Mexico Gas Company. Jerry Geist moved to approve and Paul Roth seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.
4. Approval of:
 - 1) Capital Project for UNMH Steam boiler Replacement. Vahid Staples made the presentation. This project requires demolition removal of the current 24-year-old steam boiler and will include installation of a new steam boiler to replace the old one. This project allows for efficiencies and will provide backup operations for the hospital. Total project cost is \$750,000, funded by UNMH Capital Operations Fund. Jerry Geist moved to approve and Regent Koch seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.
 - 2) Capital Project for UNMH Second Floor North Surgical Decontamination Mechanical Upgrade. Vahid Staples made the presentation. This project requires the demolition and removal of the current system and will include the installation of eight new handling units and HIPA air filters. The upgraded system will meet guidelines from the American Institute of Architects and will also allow for a more sterile environment. The project cost is \$750,000, funded by UNMH Capital Initiatives funds. Regent Gallegos moved to approve and Jerry Geist seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.
5. Approval of:

- 1) Real Property Acquisition, Proposed Site for UNMH Ophthalmology Clinic, 1407 University Blvd. NE. Kim Murphy, Tom Neale, and Erin Doles made the presentation. This request for Regent approval involves the acquisition of property that includes: 1.47 acres of land and a 12,000 sq. ft industrial office warehouse building. The property will be used for an ophthalmology clinic site. The appraised value for the site was \$980,000. Currently the ophthalmology services are split between two sites at the Hospital and another site located at the corner of University and Indian School. As more physician staff has been added to provide increased ability to offer special ophthalmology services, a site needed to be identified close to the ambulatory surgical center for the ophthalmology clinic. UNMH has partnered with the Lyons Club, who will be donating to this property acquisition.
In response to Regent inquiry, the appraisal of the \$980,000 was a compromise of the land value to include the warehouse. The office warehouse's contributory value of improvements is relatively minor and is over and above the value of the land. In response to Regent inquiry, the two current separate ophthalmology sites will be combined and relocated to the new site.
Regent Gallegos commented regarding the recommended price for acquisition and questioned the approaches of value used for negotiation. There was a signed letter of intent to purchase at a cost of \$890,000. This was negotiated based on a reasonable price. The \$960,000 was an indication of the land value in the appraisal. Regent Gallegos is concerned that the University isn't getting the best deals that it can due to the current approaches in negotiation.
In response to Regent inquiry, the risk of delay is that the University could lose the deal. The risk might be greater than any benefit of re-engaging the owner. The Lyons Club has already expressed concern whether their donation will be of good use given the delay. In response to Regent inquiry, the Lyons Club donation is \$2 million. The delay would not impact the project. The committee agreed to authorize the Real Estate office to revisit the original intent and re-negotiate a more comfortable price in an effort to move forward. Regent Gallegos moved to approve with the caveat that the Real Estate office attempt to negotiate a lower price than the price set in the tentative agreement and that Chairman Chalmers is delegated authority to review and approve the negotiated price. Regent Koch seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.
6. Approval of Capital Outlay Submission to the Higher Education Department. Andrew Cullen made the presentation. The capital outlay listing is submitted by the University every year, and it is due at the Higher Education Department (HED) by June 30, 2010. At that time, the HED will receive submissions from other institutions and will compile the statewide recommendation for the 2011 legislative session. The list represents a generalization of the University's priorities and needs for capital outlay and it was generated with the intent to complete projects that were already in progress, and to include projects ineligible for GO funding. The list has been significantly reduced compared to previous years with the understanding that capital funding from the state will be scarce for FY11. In response to Regent inquiry, the \$15 million SUB expansion project is a 60,000 sq. ft. addition to match the building capacity with enrollment needs. In response to Regent inquiry, the football stadium field replacement includes turf replacement as an alternative to the current grass field. Regent Gallegos moved to approve and Jerry Geist seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting
7. Approval of Increased Budget for Harwood Museum Expansion. Andrew Cullen made the presentation. This is a request for Regent approval to increase the budget for the Harwood Museum expansion. In March 2009, the Regents approved the expansion budget of \$5.869 million. Implicit in that approval was the understanding that the Harwood board would raise significant funds in the amount of \$1.784 million. The superstructure has been built already, and the fund-raising effort has been successful. Currently, the total approved pledges and gifts amount to \$2.133 million, of that amount \$1.687 is currently booked at the Foundation, leaving only \$446,000 to be paid over the next

several years. While a minor amount of funds still need to be raised, the performance of the Harwood Board lends a great deal of confidence to recommend that the expanded budget be increased to \$6,251,481. Regent Koch moved to approve and Jerry Geist 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. Don Chalmers recommended items 2,3,4,6 and 7 to be placed on the Consent Agenda.

INFORMATION ITEMS:

9. Monthly Consolidated Financial Report. Ava Lovell made the presentation.

10. Contract Information:

- 1) UNMH – GE Medical Equipment
- 2) UNMH – Philips Medical Equipment
- 3) Department of Psychiatry – NM Family Network
- 4) Beverage Contract

Bruce Cherrin made the presentation.

11. Monthly Capital Projects Status Report and Special Update on PIT Construction. Chris Vallejos, Maria Dion and Paul Krebs made the presentation.

12. Quarterly Update, UNM Regents Endowment Fund Portfolio [3rd Quarter of Fiscal Year 2010 – 1/1/10 – 3/31/2010]. Doug Brown, Charles Kassiech, and Evan Kitsos 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. Vote to re-open the meeting.
- E. Certification that only those matters described in paragraphs B and C above were discussed in executive session, and if necessary, ratification of actions, if any, taken in executive session.

Regent Chalmers moved to adjourn at 11:32 a.m., and Regent Koch seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.