

**MINUTES OF THE MEETING OF
THE REGENTS OF THE UNIVERSITY OF NEW MEXICO
January 8, 2008
Board of Regents Meeting 9:00 a.m. – 11:30 a.m.
Student Union Ballroom C
1:00 p.m. – 3:00 p.m.
Board of Regents Executive Session Luncheon
11:30 a.m. -1:00 p.m. Sandia Room**

ATTENDANCE:

Regents present:

James H. Koch, President
Jack Fortner, Vice President
Carolyn Abeita, Secretary-Treasurer
John “Mel” Eaves
Raymond Sanchez
Don Chalmers
Dahlia Dorman, Student Regent

President present:

David J. Schmidly

Vice Presidents present:

David Harris, Executive Vice President, CFO, COO
Paul Roth, Executive Vice President, Health Sciences Center
Viola Florez, Interim Provost and Executive Vice President of Academic Affairs
Steve Beffort, Vice President, Institutional Support Services
Michael Kingan, Vice President of Advancement
Helen Gonzales, Vice President of Human Resources
Ava Lovell, Vice President and Comptroller
Terry Babbit, Vice President, Enrollment Management
Rita Martinez-Purson, Interim Vice President, Institutional Diversity
Eliseo Torres, Vice President, Student Affairs
Stephen McKernan, Vice President, Hospital Operations
Paul Krebs, Vice President, Athletics

Vice Presidents unable to attend:

Jack McIver, Vice President, Research & Economic Development

University Counsel present:

Patrick V. Apodaca, University Counsel

Regents’ Advisors present:

Jacqueline Hood, President, Faculty Senate
Vanessa Shields, President, Staff Council
Ashley Fate, President, ASUNM
Lillian Montoya-Rael, President, UNM Alumni Association
Thelma Domenici, President, UNM Foundation
Ilse Gay, President, UNM Retiree Association
Joseph Garcia, President, GPSA, unable to attend

Others in attendance:

Members of the administration, faculty, staff, the media and others.

Regent Koch presided over the meeting and called the meeting to order at 9:00 a.m.

CONFIRMATION OF QUORUM and ADOPTION OF AGENDA, Regent Koch

Motion approved unanimously to adopt today's agenda (1st Koch, 2nd Chalmers).

APPROVAL OF SUMMARIZED MINUTES OF DECEMBER 6, 2007 UNM BOARD OF REGENTS MEETING

Motion approved unanimously to approve the Summarized Minutes of the December 6, 2007 UNM Board of Regents meeting (1st Koch, 2nd Eaves).

REGENTS' MERITORIOUS SERVICE AWARD

Comments by Regent Koch

- Joined law faculty 27 years ago
- Works on behalf of people with mental disabilities
- Recently argued landmark case, *Atkins vs. Virginia*
- Teaches Constitutional Rights, Introduction to Constitutional Law, Rights of Children and Mental Health and Mental Retardation Law and Mental Disability in Criminal Cases
- Argues for the rights of people with mental disabilities
- Received numerous national awards
- Community activist

Presentation of Regents' Meritorious Service Award to Professor Jim Ellis, by Regent Sanchez.

ADMINISTRATIVE REPORTS

President's Report, David J. Schmidly

- Would like to highlight a number of items. Our students return and spring semester begins on January 22nd. During this intercession period, there is a lot of activity on campus. Tomorrow we begin the 2008 New Mexico Economic Outlook Conference, partly sponsored by the University.
- January 12th Arts Lab will host the 4th Annual New Mexico Media Industry Conference at SUB. That conference is part of the state's media industry Strategy Project and ties to Governor Richardson's plan to create a media industry and expand in New Mexico.
- A week from today we begin the '08 session of the New Mexico Legislature and we have been preparing for that for several months. Among the many things we will be working on will be a good compensation package for our faculty and staff along with the lowest tuition credit possible along with a number of other initiatives outlined in booklet distributed.
- Human Resource Department has been working to implement the Banner payroll conversation and that took place on January 2, 2008. Very important in terms of

streamlining the process. Congratulations to Helen Gonzales and all of the HR people for the hard work over the holidays.

- Last week in the *Albuquerque Journal* there was an article about the importance of dual enrollment as a way to get more students to enter and graduate from college. Would like to highlight something that is going on at UNM, the Department of Native American Studies. It has been partnering with Walatowa High School Charter in the Jemez Pueblo and the Seattle-based Center for Native Education to develop dual enrollment opportunities for Native students. This partnership is funded by \$12 million dollar, eight year Bill and Melinda Gates Foundation grant with support from the Carnegie Corporation of New York, Kellogg Foundation and the Lumina Foundation for Education. I think our efforts in that partnership are part of what we need to see more of in New Mexico to make sure we are doing the things to not only create access for students but to make sure they are successful.
- Congratulations to Continuing Education, they were honored for excellence in the best management practice category by the Learning Resources Network, an international association in life long learning.
- Our football team had a great victory in the New Mexico Bowl. We finished the season 9-4 and the bowl victory was our first since 1961. I invited Coach Long today so that all of us could congratulate the football program but he is out of town at a coach's convention. I know I speak for everyone at "Lobo Land" in offering our heartiest congratulations to Coach Long, his staff and every member of the football team for a truly memorable football season.
- Our basketball team is off to a very good start too, having won the last three consecutive games on the road and they will arrive back to play at the Pit this weekend where they take on San Diego State and I invite everyone to come out and enjoy that. Our women's team takes on Wyoming tomorrow evening in the Pit and we need to get out and support the Lady Lobos as well. Both teams are in conference play, attendance has been good and there is every reason to be optimistic for a good outcome with our basketball program as well.

A. Financial Projections

President Schmidly

- Last year when we made our public testimony to the State Board of Finance regarding our bond issue, some questions were raised about the long term financial viability of the University. They made their way into the media. These questions were based on information drawn from a pro forma set of data that was part of an application form. Also, some concerns were expressed about the bond issuance itself as it related to this financial information. So I asked Executive Vice President for Finance and Administration, David Harris, to submit to the State Board of Finance an analysis of our financial status as well as an explanation of the excellent bond offering we recently experienced. I would like for David now to review the material with you and answer any questions you might have.

David Harris, Executive Vice President, CFO, COO

- What we had planned to do, and we will do this as quickly as we can, is to present what we believe to be a conservative 10-year projection of the University's finances. I think most importantly we want to demonstrate that the base line data was based on our audit of last year's financial activity as reflected in our audit report which was recently released by the State Auditor.

- In response to the President's direction, I assembled a team to try to develop what I thought would be meaningful and useful long range projections. We asked Vice President for Enrollment Management, Terry Babbitt, to apply his new enrollment management model but we also had Curt Porter, Mark Chisholm, Ava Lovell and Andrew Cullen working on this effort.
- If we could indulge the Board, I am going to ask Terry, Andrew and Ava, because the health of Health Sciences, the financial well-being, is a very important component of our overall finances at the University, to make some brief comments to you, to walk through the hand outs which I believe are incorporated into your documents. Then we are going to have our auditors Moss Adams and KPMG, Cynthia Reinhart, go through quickly our annual audit, (I don't believe the Regents have accepted that formally yet) so that we can set a proper financial picture for the University. We will try to move through this as quickly as we possibly can.

Terry Babbitt, Vice President for Enrollment Management

- Executive Vice President Harris did gather a group of us to look at this comprehensively and it is clear that the foundation of our financial status is our enrollment. I think it is with great foresight that President Schmidly created a division with someone like me that basically worries about the decisions of 17 to 25 year olds most of their life.
- I have a conservative enrollment projection that is in your packet. Executive Vice President Harris wanted us to be conservative on this. You will see different enrollment models. This is a graph of a very comprehensive model that Mark Chisholm and I worked on that has retention rates, entry levels of students at all different levels and then formulates all the assumptions I put in there based on initiatives, demographics and other variables to come up with enrollment projections.
- We have a very conservative growth over a ten year period in this particular model of 3% and you'll see models later on with realistic opportunities with more growth. The basic thing we are looking at is steady, stable, moderate enrollment growth.

Andrew Cullen, Associate Vice President for Institutional Planning

- Attention to "Historical Trend in Operating Budgets." This chart depicts the approved, consolidated budget for the University of New Mexico over the last nine years. Will walk through chart as it served as the basis for the ten year projection that will follow.
 1. Total UNM budget in 1999-2000 was \$1,062,000,000. Since that time it has increased 73.2% to a figure of \$1,840,000,000. For the purposes of this study we chose to back out certain cost categories, those being the plant fund, activity here at UNM and also the branch campus activity. We wanted to focus on the UNM campus operating budget.
 2. An operating budget in fiscal year of 2007-2008 of \$1,580,000,000. Since 1999-2000 through this current fiscal year that has averaged a 6.9% increase in the operating budget over that nine year period.
 3. Draw your attention to the \$1,580,000,000 figure as it will serve as the basis for Ava's discussion with you on the ten year projection.

Ava Lovell, Vice President and Comptroller

- Please turn to your page three under that tab five and that's going to be our ten year projection for the University of New Mexico. I want to orient us to this report; there is a lot of numbers on it. This report covers the main campus, the Health Sciences Center, and the hospitals. We have some categories of revenue and expenditures, and a total net operating income at the bottom. The first column here, the percentages used in the projections, can show you what percentages we have used to increase our numbers each year, they are very conservative.
- We will start with the first year, which is this current year's budget, the fiscal year '08, we start with total expenses of \$1,000,580,191 and we projected a zero net income for this current year. So then we will look at the next year and as you can see, we just continually increase at a very conservative rate. What we did is took what has happened over the last ten years and we said we're going to project out for the next ten years, not projecting any big new initiatives, which there will be, there always is, but we wanted to say if we were going along the way were are would it be positive and it certainly would be.
- As we get down to fiscal year 18, we're projecting that we will have a total expense budget of \$2,500,000,000 in ten years. We are projecting that if we continue on the way we were, without adding new programs, we'd end up with about \$8.6 million more revenue than expense. Now ever year we go along and we set up new programs to serve the citizens of New Mexico so I am not saying that we'll make ourselves have that profit but if we didn't go along with any new initiatives, that is what we would do considering everything we have pay over the next ten years.
- Some of the key assumptions - 6% growth in state appropriations. Tuition and fee increase per year we have kept at 5%. Overall results, we end up with approximate 4.5% per year growth in revenue and expenses. We do project a work load increase in that last year, which is fiscal year 18.

David Harris

- I do believe there is a graph you will see just behind the table that depicts the trend line. If there would be any questions from the Regents at this time, we probably should do that before we move to the audit.

Regent Koch

- I want to make a couple of comments. When I came to the Board of Regents, I was appointed to the Finance and Facilities and at that time Beverly was president of the Faculty Senate. The Finance and Facilities meetings were closed and you didn't get to participate in those meetings. The first thing I did at that time, I said I wasn't going to be in a closed meeting at all, I don't think we should. They said if we have four Regents attend a meeting we'd have to abide by the Open Meetings Act. Also, before Mel joined it, I clearly remembered when we were getting ready to do the budget; I'll tell you exactly what I was told by the staff. You don't need to worry about the budget, you just wait until after the legislature determines what our tuition increase will be and we'll tell you about the budget. I said, well do you have anything that I can look at on the budget. By the way I have copies of all the minutes, you can go to the minutes of the Finance and Facilities and see what I am saying is exact. They said no we don't, we don't have that. So there is no way we know what we're voting for? No, but don't worry about it. After the legislature meets and we'll do it. Then Mel comes on at that time and we meet after the legislature meets and said you're going to have tuition increase and there is your

budget. And I said, and I want you to go look at the minutes, that I would never participate again in a meeting that we did not have an opportunity to review and understand our budgeted figures. And at that time I did go to the Faculty Senate and the Faculty Senate said they never could get these dollars.

- I would like you to go to #32 of agenda and we have a current financial statement that is being provided every month. I don't know of any other university in this state that has that. That has been published every month so everybody can take a look at it. There have been no hidden agendas.
- Then when I take a look at the amount of capital outlay that we've had in five years, which is \$860 some million dollars, of that \$860 some million dollars, \$39 million is athletics, \$350 million is the hospital, \$400 million is on the main campus. I see that, then we approved a bond issue of \$140 some million, which brings us to over a billion, we go before the finance group and we're questioned about the ability to pay our bonds, which we would have never got approval of the bonds and have the bond ratings that we have unless it was carefully reviewed.
- Then I hear that people are questioning the financial stability of this University and I want to commend David for - - when David came to the University, the first thing that I know Mel, as Chairman of the Finance and Facilities, wanted to have the kind of financial data to show where we were going. Unfortunately, I did send an e-mail to our Lieutenant Governor and asked if she could come yesterday to have all of this reviewed, all these numbers reviewed, where we are and what direction we're going. The concern I have is that this University, financially, is in the best shape that it has been in a number of years. I have had a lot of faculty members come up to me, faculty members who in the past have sort of been aggressive saying we walk around this campus, we see more building going on than we've ever had before. I know when we go to the legislature and the legislature gives us \$5 million dollars for an engineering building and we keep going on, if we didn't have the bonding we wouldn't have it, but I really want to make it perfectly clear, especially to people out there and to the faculty, is that if you'll go back and look at the minutes, and look at the information we have been providing to the public in an open session, there is no hidden agenda, you can look where our money is being spent. We get a report on the hospital which we haven't had in the past where the money is being spent, that this University is in the best financial we have had in the past.
- I would also like to go back, that as the second year of Regents, we went above the faculty salaries by far above what was requested by the legislature. We did that because we said we want our faculty to be at 100% of their peers. Our staff, at that time, they are at 100% of their peers and we have been very aggressive on it. So, you know, the reason I am bringing this up is that when people question your financial ability and you don't have all the information in front of you that has been there to show that they are questions are wrong, it sends a bad message. It gets written in the press, the press has to write an article. I can tell you that when we get through, I am going to be on a soap box and I am going to challenge other universities in this state to produce the kind of financial information that we are producing publicly and that other universities in this state do the same thing that we have, show how we're doing in all aspects of our university, and I believe that when the legislature - - which I believe the legislature knows that - - knows that this

university is financially in about the best condition it possibly could be. So, I know that I am just dipping into a place here but I was concerned when we went before the Board of Finance. I was concerned about the questions being asked of us, that all you had to do is take a look at what our financial people are telling us and our ratings, that the strong financial capability. Also, it was very interesting that somebody said, "What is your ten year tale? What does it look like ten years from now?" Well, I'd like to ask that question of a lot of things the state invests in on what the ten year lay out is. So I want to commend you on showing us what it looks like where we're going to be in ten years at this University. We need to realize that when we have things that are open, there is nothing that is hidden on the table. Please look at the financial data, I have also reviewed the minutes before I came on the Regents and I have copies of the minutes of the Regents, and I can go through those minutes if anybody wants to talk to me about it and I can show you that only one time a year, the former Regents reviewed anything on budget and it took about five minutes. So I just want to make sure that the message gets out to the university community that this university is in a strong financial position and that we're going to move ahead with the \$140 some million dollars that we got for future bonding is going to be very much of an asset of this university.

- When I drove in this morning, I drove by and I saw this beautiful engineering building that the legislature tried to fund about five years ago with the first level of money and they were just funding it just a little at a time. If we hadn't had our \$125 million dollar bond we wouldn't have had that engineering building. I look right across the street over here and I see the architect building that they didn't have the money to do, that we did. So the thing is, we need to be proud of our administration and our administration financially what they are doing and we need to be a little bit more open on how well we are doing and I just wanted to interrupt your portion because it has come to my understanding from different sources that people, here at our own university, are questioning the financial strength of this university. Now if we hadn't provided all this information over these last four or five years, if we hadn't had our finances, if we hadn't showed our financial statements, if we hadn't been doing that, I would agree that by gosh we haven't been doing that. So if you'll go and take a look at that and if anybody has any question, you can look at what percentage we spent on the budget, where are we in the budget, if we lost money in athletics we said we lost money in athletics and now we're turning around and making money in athletics. If we said we were loosing money at the hospital, we've turned it around and we're making money at the hospital. All you have to do is take the time to look at this and take a look at these financial positions of where we are and I think you need to be very proud as individuals of the university of where we are. I didn't mean to get on the soap box but I did mean to make sure that people realize that we are not hiding anything and we're not hiding a thing whatsoever. And again, I am going to send a letter to the rest of the universities and I am going to ask them to join with us and provide on a monthly basis, a monthly financial statement on how they are operating and I would like to see it compared to what we have here.
- I am sorry to interrupt you President but I have been waiting for my opportunity to comment on this issue.

President Schmidly

- I would just like to comment too that when we started discussing the bond package, I had asked Vice President Harris to show how that would fit with regard to the long term financial picture of the institution. Once I saw this information I was very comfortable that we should indeed proceed with the bond package because we need these facilities. I can you that this is the third university where I have been president and I have never stepped into a presidency where the financial, the baseline underlying financial strength of the university, is as strong as it is here. So I think we are in very good shape financially. I think there is no reason to worry about our future. I look forward to continuing to do what our job is and that is to provide a financial basis for this institution to give the very education that can be given to the citizens of New Mexico.

Regent Fortner

- Jamie I would say that when you and Mel came on, I had been on a couple of years, your expertise with budget with the legislature is what really led you to know what questions to ask and I appreciate the experience you have lent to this university and opening up the process but especially the budget.

B. External Audit FY07

Ava Lovell, Vice President and Comptroller

- Introduction of our auditors that just completed our fiscal year '07 audit - Mr. Scott Allison, partner with Moss Adams and Ms. Cynthia Reinhart, partner with KPMG. Review by Mr. Allison and Ms. Reinhart of audit information / materials handed out.

Motion approved unanimously for purposes of discussion Action Plans are in process. (1st Sanchez, 2nd Koch).

C. Update on UNM Organizational Structure

President Schmidly

- Issue of organization and structure is very important. Important that we have the right boxes in place and recruit key leaders to make sure we are accomplishing our major goals. Also, important that we avoid top-heavy administrative structures. Moving in the right direction and making progress in getting structure in place.
- Using external search firms but wherever possible, we are committed to looking internally.
- Review of organizational chart.
- Additional position – with the loss of Terry Yates, our Vice President for Research and Economic Development, existing search firm to amend its contract to assist us with a national search for this position. Considering possible changes in this position.

David Harris, Executive Vice President

- Review of his organization; addition of Ava Lovell, Helen Gonzales, and Steve Beffort. Administrative structure going forward that reflects the challenges and goals of the university.

COMMENTS FROM REGENT ADVISORS

Jackie Hood, President, Faculty Senate

- We represent constituents that want to be involved and included in decision making and bring their questions to those who can answer them. Appreciate raises over the past five year and encouraged to see that is continuing for this year. Would like the ability to help, have a say and be involved. What would happen if we didn't ask the questions?
- Have been working over the break to push forward new initiatives.
- Faculty would like to be involved in future planning.
- Regent Koch asked if the faculty members know that the financial report is presented every month. Faculty invited to participate, open meetings.
- Jackie Hood stated their questions go beyond that.
- Regent Eaves stated on a number of occasions invited faculty participation and surprised at lack of interest shown. Frequent change of leadership puts Faculty Senate in a difficult position, no continuity of leadership on key issues.
- Jackie Hood agreed and will be attempting to extend that role.

Vanessa Shields, President, Staff Council

- This Friday is the Higher Education Staff Association meeting that UNM is hosting and President Schmidly will be addressing the group.
- Have been working on "UNM Day" for the legislative session. Developed post cards for staff members to write messages to their representative or senator and will be passed out.
- As state-wide staff representative for the New Mexico Higher Education Advisory Board, was able to attend that meeting and have a voice. Expressed concerns and disappointment about their legislative request regarding staff and faculty salaries.
- Thanks to Helen Gonzales, has been very helpful and look forward to working with her.
- Regent Koch, clarified meeting every Wednesday during legislative session at the Rio Chama from 11:00 to 1:00. Advisors welcomed to attend.
- Vice President David Harris, having "UNM Day" at the legislature this year.

Joseph Garcia, President, GPSA

- Not present, no report.

Ashley Fate, President, ASUNM

- Prepared for "UNM Day" at the capital.
- Student Peer Review Board, received 24 applications and requests. Hearings will be scheduled for February 1 and 2, 2008.
- Regent Koch, thank you for everything and the students really make a good impression at the legislature.

Lillian Montoya-Rael, President, UNM Alumni Association

- The Alumni Association Annual Legislative Appreciation Reception will be on January 28, 2008 at the El Dorado.
- President Schmidly, UNM Day is the next day on the 29th at the capital.
- One final reception, tomorrow, at the home of Dr. David and Judith Bennom.
- Sponsored and supported the efforts for the Bowl game, over 900 attend.

- February 7, 2008, we will host the annual awards banquet at the Hotel Albuquerque. Those being honored will be Lieutenant Governor Diane Denish with the James F. Zimmerman Award; Dr. Warren Heffron with the Erna S. Ferguson Award; Henrietta Mann with the Bernard Rodey Award; and recognizing Dr. Bradley Ellingbow with the Faculty Teaching Award.
- Association will be active this session in helping the university's team with legislative efforts. Please feel free to call on us, we are prepared to step in and help wherever we can.

Thelma Domenici, Chair, UNM Foundation

- Brief review of report, goal is \$80 million dollars in gifts, pledges and deferred gifts. The status, through December, is 63% which is outstanding compared to the status of trying to meet last year's goal at the same time.
- We have been looking at gift transactions; we've had almost 20,500 this year. If we look at the same period last year, it was 17,700 so that is increasing.
- Planning our annual retreat, February 28 and 29, 2008. It is coming together very well.
- Bring your attention to article on Ernie Butterfield in the paper the other day; he is a huge contributor and asset to UNM.

Ilse Gay, President, UNM Retiree Association

- Usual big party in December, 130 and 140 retirees attended.
- Went to KNME and helped with fundraiser, very successful.
- As a direct result of the Board of Regents' decision to give the UNM Retiree Association advisory status to the Board, our membership has more than doubled. We are getting fairly close to 500, started off the year around 180.
- Association of Retiree Associations in Higher Education, includes a cross section of universities across the country. Just completed a very extensive survey for them and should be helpful for our organization.
- January 15, 2008 we have a special board meeting.

COMMENTS FROM REGENTS

Regent Abeita

- Would like to acknowledge she is approaching her first year anniversary on the Board of Regents. It has been an interesting and exciting time and would like to thank everyone for their support and is looking forward to the rest of her tenure.
- There are a couple of projects she would like to bring to everyone's attention. The first one that President Schmidly already mentioned is the early college initiative project between the University of New Mexico and the Walatowa High Charter High school which encourages students to graduate high school and go onto college. The second is the partnership created between the University of New Mexico Health Sciences Center and the Santa Fe Indian School. It allows Native American students to pursue an education in the area of health sciences or the health profession. These kinds of projects increase access, insure success and have far reaching impacts in the Native American community and in the state. Ask that we acknowledge, encourage and support these kinds of innovative projects and programs which will have a lasting impact on the community. Community involvement makes a difference at all levels and wide reaching positive impact.

CONSENT AGENDA, Mel Eaves, Chair

- The Consent Agenda for the Finance & Facilities Committee is listed in the agenda. I will review briefly what we did. Our disposition surplus property list was very small this month, only about \$65,000 and the reasons for disposition were primarily obsolescence. We approved a UNM Los Alamos renovation for SMART classroom space for \$434,000. We received from the Anderson School the performance report on the Regents Endowment Portfolio. We approved the two new members to the STC UNM Board of Directors, Mr. Pedro Suarez and Mr. Joseph Trujillo. We also approved the annual report and the audit report of STC.
- We approved changes to Regents Policy 2.11 for naming university facilities and the changes were dealt with gifts made over time and when the university would actually recognize those and publicize them. There will be a no payment schedule longer than five years will be approved without express consent. 2/3's of the gift must be paid prior to a relevant space being recognized by naming and the entire pledge must be paid prior to public recognition. This was in effort to codify the rules for paying in installments gifts to the University.
- Approval of endowment funds, \$50,000 was transferred from the Terry Yates principle investigator overhead account into an endowment.
- We approved Lobo Energy, Inc. audit for '06 and '07.
- We approved a Harwood Museum of Art capital outlay request for \$1.4 million which had inadvertently been left off of the UNM priority list.

Regent Koch

- He believes the policy changes are too strict, especially with large gifts. Should be able to trust our gift people to work things out in a proper manner and should have more flexibility.

Regent Chalmers

- We do not need to change the Regents' Manual to do this, you just need an express consent from the Foundation Board and the Regents. If someone has the capacity to give a very, very large gift, it doesn't require that we change the Regents' Manual, it provides for that the Regents and the Foundation expressly need to say that it's okay in this case and hopefully it would not get in the way of a large gift.

Regent Eaves

- Asks that Item F be removed from Consent Agenda before voting

Motion approved unanimously for approval for Consent Agenda, except Item F (1st Eaves, 2nd Sanchez).

Regent Eaves

- Return discussion to Item F.

Michael Kingan

- I think it is perfectly appropriate what you're suggesting that over time, especially for very large gifts, a longer time frame so we did put language that allows for that to happen. I am perfectly comfortable not to have a time period.

Regent Sanchez

- Expressed his concerns as well.

President Schmidly

- Suggests that we table this and engage in further discussion.

Motion approved unanimously to table Item F (1st Eaves, 2nd Sanchez).

Information Items

- The information items that we had in front of the committee are not listed on the agenda but are significant enough to mention. Cara Barbaroff and Lou Weller came to our committee meeting and introduced a proposal to the committee for the *Native American Community Academy*, which is a charter school and are interested in relocating to the UNM campus. By locating close to our campus they want to insure that our partnership continues to grow and deepen and prepare their graduates to succeed at UNM and other institutions.
- I have worked with David Harris and have requested that the committee begin to *receive regular major capital reports of all projects, planned or under construction*, at the university. We received the first prototype of that type of report at our last meeting which covered 42 projects, almost 1.5 million square feet for a total value of over \$362 million dollars. I thought it would be good for the committee and the Regents to be able to track this on a regular basis so we're all aware of the progress of these projects and potential difficulties. I think it would be good if all of the Regents receive this because it is very helpful.
- The last item is listed as tab item 31, Construction Manager at Risk Method of Construction. Requests David Harris to summarize.

David Harris

- The concept is to actually use the prequalification process that we have used in the procurement code to get a general contractor under contract while the project is being developed. Subsequently, where the at risk concept comes into play is that the contractor would be required to "a firm cost of the construction at the point that the bid documents are available." So it is an opportunity in a complicated project like the Pit where we're going to have a large factor of unknown work. We're also going to be using the building while it is in construction. There are a lot of aspects of the Pit project that we think lend themselves to construction manager concepts.

Regent Eaves

- Offers further explanation and submits Resolution for review and approval. Regent Eaves explains that after David Harris negotiates the guaranteed maximum price and actually negotiates the contract, then that contract is presented to the President and the Board of Regents for final approval.

Bill Turner, Director of Capital Projects

- Engaged in construction manager at risk processes in the state of Washington as well as the state of Texas.

Regent Chalmers

- Expresses construction management at risk is not the proper process on all projects. For projects where you have particular concerns with timing, such as the Pit, and when we really want to value engineer it, it seems particularly appropriate and has been very successful in other states and other institutions that have used it.

President Schmidly

- Stated this process was used at both Texas Tech and Oklahoma State and it worked very well.

Regent Fortner

- Asked Steve McKernan how the at risk person have made different or helped us in the hospital. Mr. McKernan stated we have not done an at risk, we used a construction manager, they were not at risk. We would have seen some benefit. The construction manager added a lot of expertise to our project but when we got in the middle of the project they objected a lot and there was no constrain on them to objecting so they could run up their fees by objecting a lot and having to manage the project, of which there was no negative consequence to them doing that.

Motion approved unanimously for approval of **Resolution Approving Construction Manager at Risk Delivery Method for Pit Renovation Project** (1st Eaves, 2nd Fortner).

ACADEMIC/STUDENT AFFAIRS & RESEARCH COMMITTEE, Raymond Sanchez, Chair

- Academic and Student Affairs met and we have three items for approval, they are in your book at 24, 25 and 26.
- Academic Freedom & Tenure Committee Tim Lowrey, Chair which is charged with the responsibility of carrying out changes to Section B of the Faculty Handbook. This Professor of Practice has been in the works for several years and carefully considered by the committee.
- Regent Koch requested AFT presentation report at 2/14/08 Board of Regent Meeting.

Motion approved unanimously for approval of the Professor of Practice Policy (1st Sanchez, 2nd Eaves).

Motion approved unanimously for approval of the GPSA Constitutional Amendments (1st Sanchez, 2nd Dorman).

Motion approved unanimously for approval of the Faculty Nepotism Policy (1st Sanchez, 2nd Fortner).

- Employment of family members – discussion by Regent Sanchez and others. Began as an audit recommendation and staff policy changes.
- Richard Holder and Helen Gonzales discuss and explain policy, supervision of family member. It was passed by the Faculty Senate in April.
- Extended discussion by Regent Koch, Sanchez and Eaves.

Information Items:

- Regents' Professorships, Dr. Richard Holder.

President Schmidly suggested it should be an informational item that comes through Academic Affairs Committee and then into the Regents be made standard procedure.

Regent Koch requested an annual report be made to the Regents.

- UNM Enrollment Planning, Terry Babbitt reviews GPA, retention rates, high school preparation, graduation rates, milestones, etc. Much discussion by Regents, Terry Babbitt and President Schmidly.
- Regent Koch would like to reach agreement by December 2008 Board of Regents' meeting.
- Draft UNM Diversity Plan, presentation, briefing and explanation by Rita Martinez-Purson.

ADVANCEMENT COMMITTEE, Don Chalmers, Chair

- No report.

DEVELOPMENT, Don Chalmers, Chair

- No report.

AUDIT COMMITTEE, Raymond Sanchez, Chair

- Audit Committee is in the report, nothing to approve, just informational.

FINANCE & FACILITIES REPORT, Mel Eaves, Chair

- Financial report available to review at tab 32.

HSC HEALTH SCIENCES, Jack Fortner, Chair

Motion approved unanimously approved for permanent appointments to the Medical Staff, Dr. Torgerson through Dr. Libby Watch (1st Fortner, 2nd Eaves).

Motion approved unanimously approved for reappointments permanent appointments to the Medical Staff, Dr. Philips to Dr. Valdez (1st Fortner, 2nd Eaves).

Motion approved unanimously approved for permanent appointments to the Medical Staff, Dr. Harvey Malory through Dr. James Cole (1st Fortner, 2nd Eaves).

Motion approved unanimously approved for reappointments permanent appointments to the Medical Staff, Dr. Lana Wagner to Dr. John Russell (1st Fortner, 2nd Eaves).

Motion approved unanimously approved for appointment to Carrie Tingley Advisory Board, Dr. Kristyn Yepa and Dr. Fred Sherman (1st Koch, 2nd Chalmers).

Information Items:

- UNMH Dashboard Report – Steve McKernan, CEO, UNM Hospital
Patient days, discharges, outpatient visits, emergency room, operations and births are all up. Our finances are stable at the hospital. We have a positive bottom line and we have sufficient cash on hand and our accounts receivables are performing well. Regent Chalmers asked about cash on hand. Mr. McKernan said we have been very aggressive in paying off our accounts payable so we have a very low state of accounts payable for

November financial close. Mil levy funds will be received in January and we should be in good shape.

- UNMH CEO Report

UNM Care Program is going very well. As a result of the summit we had a couple of years ago; we have increased efforts to be able to enroll people that are uninsured in Bernalillo County. The UNM Care Initiative has upwards of 8,000 people enrolled in that program.

PUBLIC COMMENT

- No public comment.

Executive Session was held from 1:00 p.m. – 2:00 p.m. in the Sandia Room.

Motion approved unanimously to adjourn to Executive Session at 12:45 p.m. (1st Koch, 2nd Eaves).

- A. Discussion and determination, where appropriate, of limited personnel matters pursuant to Section 10-15-1 H (2), NMSA (1978).
- B. 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).
- C. Vote to re-open the meeting
- D. Certification that only those matters described in Agenda items A & B were discussed in Executive Session and if necessary, ratification of actions, if any, taken in Executive Session.

Motion approved unanimously to reopen the meeting at 2:33 p.m. (1st Eaves, 2nd Abeita).

Motion approved unanimously for the Board of Regents to decline to accept the appeal of the faculty member dated December 3, 2007 (1st Eaves, 2nd Chalmers).

Motion approved unanimously to adjourn the meeting at 2:35 p.m. (1st Koch, 2nd Chalmers).

ADJOURNMENT

Regent James H. Koch
President

Regent Carolyn J. Abeita
Secretary Treasurer

Attachments:

1. President's Report (tab 4)
2. Audit Report 2007 (for year ending June 30, 2007 (tab 6)
3. External Audit (6/30/07) presentation by Moss Adams (tab 6)
4. UNM Organizational Update (tab 7)
5. Resolution Approving Construction Manager at Risk Delivery Method or Pit Renovation Project (tab 31)

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