

**MINUTES OF THE MEETING OF
THE REGENTS OF THE UNIVERSITY OF NEW MEXICO**

October 14, 2008

**Board of Regents Meeting 9:00 a.m. – 11:30 a.m.
Student Union Ballroom C**

**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 (via conference phone)
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
Suzanne Trager-Ortega, Executive Vice President, Provost
Marc Nigliazzo, Vice President, Rio Rancho
Julia Fulgham, Interim Vice President, Research & Development
Walter Miller for Eliseo Torres, Vice President, Student Affairs
Steve Beffort, Vice President, Institutional Support Services
Josephine DeLeon, Vice President, Equity and Inclusion
Carmen Alvarez Brown, Vice President, Enrollment Management
Paul Krebs, Vice President, Athletics
Helen Gonzales, Vice President of Human Resources
Ava Lovell, Vice President and Comptroller
John Stropp, President, UNM Foundation
Stephen McKernan, Vice President, Hospital Operations

University Counsel present:

Patrick V. Apodaca, University Counsel

Regents’ Advisors present:

Howard Snell, President, Faculty Senate

Elisha Allen, President Elect, Staff Council for Loyola Chastain
Christopher Ramirez, President, GPSA,
Ashley Fate, President, ASUNM
Judy Zanotti, President, Alumni Association
Thelma Domenici, Chair, UNM Foundation
Susan Deese-Roberts, President, Retiree Association
Maria Probasco, President, Parent Association

Guests:

Rick Wadley, President, Bank of America
Leon Howard, President Student Bar Association

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 Eaves, 2nd Sanchez).

APPROVAL OF SUMMARIZED MINUTES OF SEPTEMBER 9, 2008 UNM BOARD OF REGENTS MEETING

Motion approved unanimously to approve the Minutes of the September 9, 2008 UNM Board of Regents meeting (1st Eaves, 2nd Fortner).

ADMINISTRATIVE REPORTS

President's Report, David J. Schmidly

- G.O. Bonds election on November 4, 2008; doing all we can to educate everyone about the importance; investment in the future of the state
- Acknowledged former UNM visiting faculty member Jean-Marie Gustave Le Clezio, received the 2008 Nobel Prize in literature
- Financial market anxiety, UNM is sound; retirement carriers, sound financial footing
- Introduction of and comments re: health of UNM Accounts by Rick Wadley, President, Bank of America
- Comments by John Stropp, UNM Foundation, Inc. who deferred to Thelma Domenici, Foundation Chair, for Foundation report.

APPROVAL OF APPOINTMENTS

New Mexico Consortium, Inc. and New Mexico University Research Consortium, Inc.

Dr. Julia Fulghum

- New Mexico University Research Consortium, Inc.; approval of board members
 - Richard Larson, member
 - Julia Fulghum, Chair of the NMURC Board
- New Mexico Consortium, Inc.; approval of board members
 - Richard Larson, member
 - Julia Fulghum, Chair of the NMC Board
 - NMSU, NM Tech and Los Alamos National Lab members

Motion approved unanimously to approve board members to the New Mexico Consortium, Inc. and New Mexico University Research Consortium (1st Eaves, 2nd Sanchez).

New Mexico Lambda Rail, Inc.

- New Mexico Lambda Rail, Inc.; approval for formation of the Board of Directors as noted

Motion approved unanimously to approve appointments to the Board of Directors of the New Mexico Lambda Rail, Inc. (NMLR)(1st Eaves, 2nd Sanchez).

NMLR Board of Directors consists of:

1. Two directors (Chief Research Officer and Chief Technology Officer) from each of the three participating research universities (UNM, NMIM, NMSU)
2. State's Chief Information Officer, Secretary of Economic Development Department, and Secretary of General Services Division.
3. Governor's Science Advisory and Chair of NM Commission on Information Technology.
4. Representative director of national labs in New Mexico.
5. Representative from business industry related to mission of NMURC.

Governor Appointees:

Tom Bowles, Chief Science Advisor to Governor

Mark Duran, Chair, IT Commission

Fred Mondragon, Secretary Economic Development Department

Arturo Jaramillo, General Services Secretary, State of New Mexico

Marlin Mackey, Secretary Department of IT < State of New Mexico

National Lab Director:

Fil Macias, White Sands

Business Representative

Casey DeRaad, University Research Park

COMMENTS FROM REGENTS' ADVISORS

Howard Snell, President, Faculty Senate

- Introduction of Pamela Pyle, Professor of Music
- Update on Faculty Senate committees
- Different administrative offices attending Faculty Senate meetings

Elisha Allen for Loyola Chastain, President, Staff Council

- Pleased with numbers on enrollment and retention
- Next Staff Council meeting the Executive Director and Deputy Director of Education Retirement Board will speak
- Tough year anticipated in legislature
- Upcoming meeting with Steve Beffort regarding new parking structure
- Student Town Hall on student services coming up

Christopher Ramirez, President, GPSA

- Upcoming immigration symposium
- Hispanic Association of Colleges and Universities national conference recently held in Denver
- Introduction of and comments by Leon Howard, President of Student Bar Association
- Meeting held regarding recycling on campus

Ashley Fate, President, ASUNM

- Homecoming Week was a great success
- Applications collected for annual scholarship
- Continuing student outreach programs
- Town Hall meeting to be held soon

Judy Zanotti, President, UNM Alumni Association

- Report on Homecoming activities
- Legislative appreciation reception will be held on February 2nd at the LaFonda
- Report on chili roast
- Working with the Foundation and President's office on various receptions
- Report on birthday cake program, fundraising effort with Parent Association

Thelma Domenici, Chair, UNM Foundation

- Comments future of Foundation, a lot of activity, strong board
- Board of Trustees fall meeting is October 24th reception and dinner to follow

Susan Deese-Roberts, President, UNM Retiree Association

- Continues to meet with departments around campus who interact with retirees
- Conference for New Mexico Association of Education Retirees and Annual Meeting will be held this weekend; our board has voted for our association to join that association as a unit
- Will be representing the Association at the Association of Retiree Associations in Higher Education Conference
- Wine tasting later this month

Maria Probasco, President, UNM Parent Association

- Looking forward to Town Hall meeting tomorrow
- Ongoing discussion regarding firearm legislation
- UNM Family Weekend scheduled for November 1st and 2nd
- Parent Involvement Day, February 12th at State Capitol
- High School Senior Day, a lot of participation
- Birthday Cake initiative, successful
- October 17th, fundraising event at University House

COMMENTS FROM REGENTS

Regent Sanchez

- Listening to all the reports today, noticed a common thread of collegiality and information sharing. This is one of the better exchanges and I appreciate it.
“If we cannot communicate, we cannot understand each other.”
“Out of every adversity something good can be achieved.”

Regent Koch

- Commented on the openness and positive tone of all reports; thanked Regent Advisors for their information and input, it is valuable to the Board of Regents and the University. It is good for the University as we all work together.

CONSENT AGENDA

Regent Eaves

- F&F Meeting, approved items A through F, under agenda item VII as Consent Agenda items (Tab 6-11)
 - Disposition of Surplus Property on Lists dated 9/17/08.
 - Approval of Contracts at UNMH-Philips Medical Systems, Siemens Medical Systems.
 - Approval of Capital Project for Mitchell Hall Renovations

- Approval of UNM-Gallup G.O. Bond
 - Approval of Quasi Endowments for STC.UNM Endowment Program and Business Development Activities at the Anderson School of Management
 - Approval of New Mexico Finance Authority 2004 Bond Redemption Agreement
- These items were approved unanimously by the Finance Committee and recommended to the Board of Regents

Motion approved unanimously to approve items listed on Consent Agenda. (1st Eaves, 2nd Sanchez).

REGENT COMMITTEE REPORTS

Academic/Student Affairs & Research Committee

Regent Sanchez

- No report, will be meeting October 21, 2008 at Scholes Hall, all invited to attend; extensive agenda

Audit Committee

Regent Sanchez

- No report, will be meeting October 21, 2008.

Finance & Facilities

Regent Eaves

- Tab 12 is Approval of Permanent Appointments and Reappointments of the Medical Staff

Motion approved unanimously to approve permanent appointments and reappointments of the Medical Staff (1st Eaves, 2nd Sanchez).

Regent Eaves

- Tab 13, Monthly Financial Report, Ava Lovell
 - Financial report of the first two months of the fiscal year '09, period ending August 31, 2008; with only two months of operations under our belt we will look first at the tuition and fees. Fall semester has started so we booked 56% of our tuition. Trying to look at whether or not that is a

good number, we looked at last year, we were at about 55% tuition book last year at this time so it seems like we are doing quite well in collecting our tuition.

- Net line for instruction in general and that will show us a \$57.6 million favorable net result after two months. Again, that's because of that booking of tuition and we'll be every month spending that down until we'll hit another in the spring semester.
- The next block of numbers is our unrestricted research. The number that stands out there is that budgeted number of \$6 million use of balance and that is really being driven right now by conservative budgeting in our large arts and sciences research units. They feel that is necessary because we have projected less F&A to come in this year than last year but our budget office and our research groups are working with those units and we'll have a mid-year budget adjustment to see if we have to be that conservative.
- Use of balance in the actual is just a temporary timing as our F&A comes in
- The next block of numbers is our clinical operations, all of our hospital, cancer center, physician fees are in there. We have budgeted positive there of \$4.7 million projected for the year. We are running favorable there at \$1.4 million dollars through two months.
- Public Service, again, funding here for a lot of small projects. We are showing a favorable budgeted addition to balance and we are showing favorable net operations after two months.
- Independent Operations are basically all our house staff operations, more than 500 residents which we train at our hospitals and at the VA. They will break even by years end, timing issue there with billing the hospitals.
- Student Aid, essentially almost all of the expenditures in this area are booked on a semester basis, showing that we are just about break even in actual and we'll have somewhat of a positive result, at least that is what we have budgeted for this year.
- Student Activities, that's all of our student government, club organization and other student organizations, they have budgeted about break even, running favorable right now because they are also part of the tuition and fees that get booked for the fall semester so the revenue is running a little bit ahead of their expenses.
- Auxiliary and Athletics, we can go to page 3 for a breakdown; just beginning to book game revenues so actuals are running a little bit in the hole. The budget is really driven by some changes we have made in this report and have already made some adjustments to that but will wait until those are presented through the revised budget for approval before we add them to this report.
- Operation of auxiliaries right now are favorable; many are housing our student health. They get an infusion of tuition fees the beginning of the fall so everybody is showing favorable right now.
- Sponsored Programs, that is all of our contract and grant revenue.

- Showing a favorable total university operations net of \$64 million right now. Again, we'll be spending a lot of that down over the next three months or so until the spring semester begins.

Regent Eaves

- Tab 14, Capital Projects Status Report, Steve Beffort
 - Page 1 actually shows a roll up of the total, obviously, we continue to have a lot of activity going on campus with a 148 total projects, 53 major capital and 95 minor capital projects for a total of \$440 million dollars.
 - Next we start breaking down by category, intake planning, programming, etc., and under programming is the child care initiative. What is shown there is just the planning money that had been allocated. What has happened and that we discussed in F&F the other day, was that we have been authorized to proceed with negotiations with Sandia Foundation to fund this project. So we are in the negotiation process on that. We are looking at an expanded capacity of the current facility that would double the current capacity of that. The President has challenged us to make sure that it is financially viable with the constituents that use that and Walt Miller and his team are in the process of doing that.
 - Regent Koch asked how many people will that be.
 - It would be an additional 250. The current capacity is 250, that would make that facility handle 500.
 - Regent Koch stated we have a waiting list of 600. Are you looking at the potential of another facility?
 - The way that we are anticipating servicing more is that we would address the next phase in the master plan process. It was felt that we needed to do something immediately and we felt like in dealing with the operational people that we could double the capacity on that site on a short term basis and the next steps will require some additional planning.
 - Regent Abeita asked how long this phase will take.
 - We hope to have this phase complete by January 2010. We are looking at design, construction, etc. to be complete in about 12 to 14 months max. We hope that we can get it open sooner than that but we are trying to be very realistic in that anticipation.
 - Regent Eaves – I can hear the concern in Jamie's voice and I share a similar concern. If the demand consists of a real waiting list of 600 children and we are only building space for an additional 250, is there not likely enough cash flow to cover a larger expansion than 250?
 - Their potentially could be but part of this funding comes from student fees and other revenue streams. It is one of those situations that we want to make absolutely sure that we don't create false expectations and say that we're going to go out and build an additional 300-400 capacity unit without really looking at where we're going to put it, how we're going to fund it and whether or not in fact that demand would be able to justify that. Part of the situation is that people are getting on this list because of

the long delays in anticipation of children as opposed to where the demand is there because the list has been so long. That list is somewhat artificial because of that reason. We would like to look at doubling the capacity and then really examine, does that demand change with additional capacity.

- Regent Eaves – Wouldn't it be possible to poll the people on that list and find out how real their need is?
- That is part of what Walt Miller and his team are going to be doing when they look at, again what the President asked us to do and that is to validate the ability to pay if there would be an increase and actually then shake out that list to make sure it's valid. That then helps us in our master planning process to look at the next phase and what that might be. But that next phase, I think also Regent Eaves, is Health Sciences wants to be considered and they have some additional demand options that are not included in that current waiting list that we want to make sure that we include them in our planning process.
- Regent Eaves - So the demand may be even larger than the 600 child wait list?
- Yes sir it could be and they would like us to consider elder care in that as well.
- Regent Eaves – Have there been any discussions with student government about whether or not the students would be willing to bear some additional fee support if we expanded beyond another 250 children?
- I believe those conversations in that part of the process, and Walt Miller I think is here, I don't know if Walt wants to speak to that.
- Regent Eaves – Well let's ask the student government representatives to speak to it. How would student government – I know the graduate students have sent out several items to the regents, how would student government react to some increase in fee support for expansion of the child care facilities?
- Christopher Ramirez – You know that is a very good question and I think that would be a good conversation to have across the student body to see where students fall. We were actually talking yesterday at that recycling meeting, for example, who should pay for the cost of recycling even. So as I think of these good services that students want to see, whether it's recycling, child care or many other services, what do students want to pay for? I think part of this conversation is right now the cost of child care at the child care center is exorbitant.
- Regent Koch – What is the cost?
- Christopher Ramirez- My understanding is that it is over \$600 per child, per month. I know a graduate student who is a full time staff person here who has two children in the child care center who pays \$1,200 a month just in child care to have those children at UNM child care. One of the things that GPSA would also like to look at as we expand the child care center is what kind of grants or other kinds of opportunities do we have that we could try to subsidize the cost of child care?

- Walt Miller – In the current structure, 80% of the revenue coming in is coming from the parents, 20% is coming from the student fee allocation. The cost depends on the age of the child, infant care is a much higher expense, I don't have that number with me but I will get it. That is where we are seeing the growth. The growth is in infant care and that because of the licensure and the program that we have that is meeting all kinds of accreditation drives the cost.
- Regent Fortner – Is the infant considered up to age 1?
- Walt Miller – I believe so.
- Regent Fortner – And then what is the cost from 1 to 4?
- Walt Miller – We break it up into three groups, I'll get the information. But we are having those discussions currently about the future and what we can have funded.
- Regent Eaves – It seems, whatever the cost is, it seems that has not really depressed the demand because you have a long wait list. Usually if a cost is exorbitant you would not find many people on the wait list I would believe. I would also like to know how our charges compare with the market place elsewhere.
- Walt Miller – We will be doing that analysis.
- Regent Eaves – It seems to me, I would suggest that you poll the persons on the waiting list and find out how real that waiting list, actual conversations, and then get the cost schedules and share them with the Regents and student government and let us review that and then lets find out if student government is willing to support some additional fees to increase the expansion beyond what is presently planned. I might explain to the student government representatives, what we are doing here is a direct response to the need. It was a judgment of the leadership, the President, the Regents and everyone else, that we are not going to be able to get any money from the legislature this session, it is probably not going to be available for this, with the current market conditions being what they are it is very difficult for the University, if not impossible, to go out with a bond issue to support this so the funding sources on this are limited. This plan to go with Sandia Foundation is really an excellent plan for the University and it makes it possible for us to do something that we probably wouldn't be able to do for a couple more years at least. So it's a great opportunity but if an expansion of 250 children is way below what is needed, the only way to change that is to come up with a different source of cash flow to service the debt and that is going to take some cooperation from student government and David and Steve are going to have to put their creative caps on and see if they can come up with any other source for that money. The Health Science Center, I don't know what the Health Science Center can offer, do you have any idea Paul what the Health Science Center's additional needs are over and above the waiting list we now know about?
- Paul Roth – The issues forever at the Health Sciences Center is that we have a 24/7 operation so our students, our faculty and the staff,

particularly in the hospital have needs that range seven days a week and all day and it's a substantial hardship. In fact, there are good parts of the day care isn't - - we need day care, afternoon care, evening and night care and it extends over to other dependents as well. So there is a huge need among all of the Health Sciences Center, including house staff, that was part of the union negotiations, that topic came up in that setting. It is prevalent throughout the entire Health Sciences Center.

- Regent Abeita – I just have a question following up on the need for the 24 hour care, what are the hours now? What are the hours that the facility operates?
- Walt Miller – Currently we are Monday through Friday, from 8:00 am to 6:00 pm. We do have a federal grant that extends that to about 8:00 pm for studying and there is no charge for that service. But again, it's a Monday through Friday operation.
- Regent Abeita – Those hours, as a parent you need more hours so there is a big need. You can't run something like that 8-5 just during the week. That's really part of it. Because especially if we are looking at students who are looking at trying to get in an alternative schedule, things like that, these are all issues that you need to consider just aside from the fact that you have slots, opening for that time period I think there is a much bigger need to expand the hours.
- Maria Probasco – It appears to me that this facility is trying to service employees and students. Of course students have different needs because of their class schedules and I do agree that if you have a need for 600 and we're increasing it 250, we do need to start looking at the whole child care situation. How can the University meet the needs of the employees and their children and the needs of the students because you're looking at two different schedules. Of course the hospital is different because they have a different working schedule because of the doctors and nurses working different shifts but I do think that a committee – you may want to consider putting a committee together and we would like to participate in that because we do have first hand knowledge. We had to juggle a lot of those schedules when we were raising the kids so we would like to participate in that because I do feel that the students' needs are quite different than the employee needs. That's why you're looking at Monday through Friday, 8 to 5. Well we have students that go to classes at 7:00 pm in the evening, where are they going to leave their children for those hours?
- Regent Eaves – Well Steve, it doesn't sound like our current child care facility or even the expansion is really designed to operate in a fashion that would satisfy the needs of the Health Sciences Center. Paul, were you discussing a separate child care facility? Obviously, it's not a 24 hour facility as presently structured.
- Paul Roth – I think there is a process under way working with Cheo, incorporating some planning around the HSC. So I think as I understand it there is some strategic thinking occurring. I don't have any details right at my fingertips.

- President Schmidly – I can share a little on that if I might. We have some site limitations here. What we are talking about with this doubling is at the current site. There are strict federal regulations that govern the square footage, etc. We cannot go beyond doubling at the current site. So the master planners are in fact looking at – for the long term solution – they are looking at other sites for the next phase of the expansion and as part of that conversation as I understand it, they are looking at a site near the Health Science Center that would address some of your concerns and your employees and students concerns. The strategy that has evolved is let’s double at our current capacity because that is all we can do. Let’s do that through the Sandia Foundation because that is the only source of funding we have available to immediately do this, but let’s have a longer term solution that addresses some of the things that Maria talked about, the Health Science Center, and let’s also look at how we are going to fund that. Because if you try to fund that strictly on student fees and charges then you could put yourself in a situation where you are out of the market and in fact people will be able to purchase that outside the institution for less money and will in fact do that and you’re building a facility that nobody will use. So this is an extremely complex situation and we cannot build any more than 250 at this current site. There is nothing we can do unless we go to a completely different site and that is going to change the entire cost structure dramatically. So my feeling is that this is phase one, designed to address an emergency as best we can address it right now but it is not the total comprehensive solution that the institution needs. We are trying to do that through the master planning process. I hope that puts this in some sort of context. I think, if we could, we would like to build more than 250 Mel and we probably do have the demand but I don’t think we can at this site, can we Walt?
- Walt Miller – Currently at that site - -
- Regent Eaves – How large is the site?
- Walt Miller – Another five or six acres I think.
- Steve Beffort – It’s five acres and we would probably add an acre to the additional facility.
- Regent Eaves- It sounds like you’ve got excess acreage?
- Steve Beffort – No sir, it’s required for play ground and so on. You have to have that, that’s back to what the President was talking about on regulations, state and federal on child management.
- Regent Eaves – Well I wanted to have this discussion in public - - actually this was on the Executive Committee agenda and I wanted to have it in public because I know there is a lot of concern around the University about this and I thought it would be good for the Regents to be able to hear everyone’s point of view. Even though it has taken a little bit of time, I think it is time well spent. Is there anyone else who would like to say something about this?
- Unidentified Speaker – I would just second that it is not just students that are concerned about this, definitely staff. There is a lot of staff with young

kids so it is definitely on the minds of staff and I would assume faculty as well.

- Susan ____ – I just wanted to make the comment and there are people here much smarter than I am about these kinds of things but I think a well thought out, comprehensive child care program is one of the issues that become a recruitment tool, both for students and for faculty and staff at an institution. Figuring out the issues so that you are in the market, the things that President Schmidly was talking about but also realizing that one of the things that I have found as a faculty member here, is that I have many students as undergraduates who have children. More so I think and other institutions that might be considered similar to ours and child care is an important issue. I have had students bring sick children to class because they don't have a place to take them that day or their babysitter is sick or I have people miss class because of child care issues. Also as a supervisor of other faculty and staff, when I worked here I think that really thinking about this as part of the image of the University of New Mexico and what we provide to people who are students and people who work here, it sounds like we have the opportunity to do that. I think it's one of those things that we may not always put on a list of reasons why people might want to work or go to school here but I think it is an important one. I think in the economic times and with the economic levels of many of our students, I think it is one of those things that could make the University of New Mexico be a stand out institution in terms of really dealing with the realities of many of our students when it comes to child care. I'd just like for the Regents to think about it in that big comprehensive way as we are doing the master planning for the future.
- Regent Eaves – I can assure you we are and the President is too. That is the reason we are dealing with this on an emergency basis even though we don't have the funding readily available. Those are all very good points. Anything else that anyone wants to add?
- Christopher Ramirez – One other thing to point out and I'm going to look to Steve and Walt for this, my understanding is, of those 600, that represents approximately 500 students; about 200 graduate students and 300 under graduate students, is that roughly correct? Just to give a sense of – that 600, that is a majority of students that are on that waiting list, students who are parents.
- Walt Miller – As we monitor the list, it is mostly graduate and undergraduate students. The staff is the third group as we look at the 600.
- Steve Beffort – The next subject that Regent Eaves anted us to discuss was Rio Rancho.
- Regent Eaves – Obviously, you have a green light from the Regents to proceed expeditiously on the planning and financing of the child care.
- Regent Koch – Mel are we going to discuss this list of major capital programs? Are we going to look at that?
- Regent Eaves – That is also a part of what we're talking about.
- Regent Koch – So we are going to do the Rio Rancho now?

- Regent Eaves – I am leaving it to Steve what order he wants to take.
- Steve Beffort – Rio Rancho is not on this list but Regent Eaves asked that we discuss that and the reason is that we had been working on a potential negotiated situation to build our first building off site or the city center site as opposed to on our campus.
- Regent Koch – We’re not going to do that, right?
- Steve Beffort – We’re not going to do that. So we have been directed to proceed with negotiations, again with Sandia Foundation, to build our first building actually on our campus site so we are in the process of negotiating that. Again, working with Marc Nigliazzo and his team, we are in that scoping process to determine the actual size that we would do that so we are on parallel tracks looking at the Sandia Foundation, a contractor, an architect. At the same time we are trying to define the size of that building so that as soon as we identify the size that we need we’ll be able to finalize and begin construction on the site.
- Regent Eaves – I can’t remember if you were there but we did have a session in which this was discussed and Jamie had a particular concern on the fact that we were about to make a deal with an outside developer to buy land from the City of Rio Rancho which would obviously increase the cost of the project and then at some future date, after a long term lease, the University would have right to exercise a buy option on that property, which dealing with a private developer would probably be rather expensive. It was his thought, and I shared it, that we should build this on our property, we have plenty of property up there, and hopefully come up with a project that is not as expensive and would have the opportunity to exercise a buy option for a lot less money than it would be with a private developer. So a lot of this emanated from Jamie’s suggestion that we had at our last Regents’ meeting. I just wanted to reiterate that we are very supportive of this alternate process that you’re now going to tell us about.
- Regent Koch – When you do that, we’re talking about working the CNM and NMSU and all that. I think it is really important when you talk about this building and who all is going to potentially be in that building to help pay for it.
- Steve Beffort – Well those are all issues Marc is working on with the President and that side of it. Those discussions are going on as to what partners would be in that building that would actually drive the size. Obviously those partners, the potential, could be NMSU as well as CNM as well as HSC having some applications in there. So the combination of those will drive the size and it will probably somewhere between 40,000 and 60,000 square foot building based upon the final resolutions. But the point is, we are actually doing the negotiations as the same time we are working on the resolution of the applications that will be in that building so that we can expedite it. Again, the game plan is to have that opened by January of 2010. So that addresses that unless Marc, you wanted to make any other comments as it relates to that.
- Regent Eaves – Marc, did you attend the Regents’ meeting at NMSU?

- Marc Nigliazzo – Yes, I did.
- Regent Eaves- Then you heard what was said down there and I think Jamie’s point, and well taken, is that we have some potential partners as far as tenancy in that new building and we ought to follow through on that.
- Howard Snell – I would just like to say, personally, it sounded like a great idea. I was curious as to why we were going off site in the first place, I didn’t understand the intricacies. I like the idea of our site having ownership and we are establishing our history.
- Regent Eaves – Howard that was really an initiative of the President because he is faced with the need to get a project under way as quickly as possible because people in the community of Rio Rancho have been very supportive and we want to keep their support for CNM and the University. Frankly, he was faced with the same problem we have in the child care center, difficulty if not the impossibility of getting money from the legislature this time and difficult economic environment for new bond issues for the University. So actually the University was approached with that alternative and it was a very interesting alternative because it provided a way to get it done quickly but we may have a better way of getting it done quickly now.
- Steve Beffort – In both of these cases we would hope to bring recommended negotiated packages before the next regent’s meeting but this gets everybody up to speed as to what is going on and what process we’re in. At this point, asking for final approval where this is an information item.
- Back to the report itself, I had not planned to go through any line listing unless you had some questions.
- Regent Koch – I have a question, Hodgkin Hall renovations, that is to turn it back into dorms, is that correct? What is the old dorm right over here/
- Steve Beffort – That is Mesa Vista. Hodgkin Hall is where the Alumni Association is.
- Regent Koch – Mesa Vista is the one that is over here, right? Is that on here anywhere?
- Steve Beffort– It is not at this time.
- President Schmidly – But it is part of the conversations that will be included when we issue the RFP for student housing, is that not correct?
- Steve Beffort – Mr. President, what our intention is, that is not specifically included in the RFP that is on the street today but when we negotiate with the finalist, we can add it at that time. So we can change it, at this particular point, and this goes back to one of the Lobo Development company issues, the RFP for student housing to add 1,000 beds on campus is on the street as we speak today. It will be back in on November 7th and at that time we would have interviews from the presenters the following week and then we would be coming back to the Regents with a recommendation after we go through the Lobo board and then to the Regents after that. So that is the sequential process on that. We did have the interviews this last week and the finalists now have the RFP in their

hands. So we will have full flexibility to add whatever the Regents or the administration feels might need to be added to that final negotiation.

- Regent Eves – In addition to that, another Lobo Development project is the RFP for commercial development of University properties. The return date on those RFPs has already passed, right?
- Steve Beffort – Those responses are in and they are actually being evaluated at this time and then those will go to the Lobo Development board and then come to the Regents in that sequence, that is the process that has been established.
- Regent Eaves- This is obviously a very important undertaking because it provides the University with potential additional income to fund other things that we have been talking about.
- Steve Beffort – Additional things or the debt service already established.
- Regent Eaves- Are there any questions about this summary? Thanks Steve. As you can tell, there is a lot of interest on the Regents and elsewhere on Rio Rancho, child care and student housing.
- Steve Beffort – And the master planning is on track so that is good too.
- Regent Fortner – And parking.
- Regent Eaves – And parking, absolutely.

Regent Eaves

- Tab 15, UNM Operational and Capital Investment Portfolios
 - Fairly detailed written report given
- Andrew Cullen
 - Back in '04, '05 this Board directed the administration to go ahead and look at a more actively managed structured bond portfolio, we have done that. The basis of that formed the Debt Investment Advisory Committee. We went out with a competitive RFP process to select an investment advisor and we developed an investment statement and guidelines that have governed us since that time. The overall methodology of these guidelines is pretty straight forward. In order of importance it is preservation of capital, liquidity and yield or return.
 - This group meets quarterly or as needed. We met at the beginning of the year and our advisor expressed to us some concerns regarding the overall market and specifically the banking and financial sectors. With that in mind we went to a more conservative approach and that has been in place since.
 - The assets under the management of the Ettinger Group, our advisor at Smith Barney, is about \$360 million dollars. It includes operational funds and bond dollars of the University and also operational dollars of the hospital.
 - In general, the portfolio is very conservative. It has a number of very high quality securities. It contains no asset backed or mortgage securities,

mortgage backed securities which had been a mechanism for a lot of investor to chase yield and they have gotten in trouble as many of the baking of those mortgages has gone south.

- The credit rating of all of our securities is A, A2 or better. We have all senior debts in our agencies, Fannie Mae and Freddie Mac. Again, our portfolio is well diversified. It includes treasuries, agencies, and corporate bonds. Corporate bonds are further diversified by sector. Municipal bonds within the municipal bond sectors, it contains no more than 2% per issuer and that includes commercial paper.
- I can tell you it is very well diversified, has high quality securities and it is monitored both by our consultant and UNM personnel on a daily basis for the last few weeks.
- Regent Eaves – Don't rely too heavily on bond rating agencies. They let the public down recently, very badly.
- Andrew Cullen – That is correct, that is true. Specifically in the municipal sector our team looks at the underlying credit of those municipalities and also the cash flows of those municipalities so that really shields us from that type of risk.
- Regent Koch – Are you looking at the different universities, surplus or funds, are you going to be harvesting those?
- Andrew Cullen – We are pulling together that information right now. In fact, we have a meeting with EVP Harris tomorrow morning to take a first look at that draft and we'll be bringing it to the Board in November.
- Regent Koch – You'll be taking it to Finance and Facilities in November?
- Andrew Cullen – That is correct.
- David Harris – We'll take it to the President first.
- Regent Koch – I was just curious if that was going to be looked at.

Regent Eaves

- Tab 16, UNMH Dashboard Report
- Steve McKernan – I can tell you that the report is very stable from the last 16 or 17 months. That business at UNM Hospital is up again this year, about 10% over the prior years. Our case mix index is up and we're very busy at the hospital.
- Regent Eaves – Steve you have really spoiled us, you and Paul Roth, because from the crisis situations we remember in the past to now is really sort of a boring report every month.. Commendation on excellent job.

HSC – Health Sciences

Regent Fortner

- No report.
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PUBLIC COMMENT

- No public comment.

Motion approved unanimously to adjourn the meeting and proceed in Executive Session at 10:55 a.m. (1st Eaves, 2nd Abeita).

Executive Session was held from 11:00 a.m. – 12:30 p.m. in the Sandia Room.

- 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. Discussion and determination where appropriate of potential purchase, acquisition or disposal of real property pursuant to Section 10-15-1H (8), NMSA (1978).
- D. Vote to re-open meeting

Motion approved unanimously to reopen the meeting at 11:55 p.m. (1st Eaves, 2nd Dorman).

- E. Certification that only those matters described in Agenda Item XI were discussed in Executive Session and if necessary, ratification of actions, if any, taken in Executive Session.

Motion approved unanimously confirming no action was taken and only those items described in Agenda item XI were discussed (1st Fortner, 2nd Abeita).

Motion approved unanimously to adjourn the meeting at 11:56 p.m. (1st Koch, 2nd Dorman).

ADJOURNMENT

Regent James H. Koch
President

Regent Carolyn J. Abeita
Secretary Treasurer

Attachments:

1. President's Administrative Report, tab 3
2. Resolution re: Redemption and Reimbursement Agreement in connection with Redemption of the Weekly Rate New Mexico Finance Authority Cigarette Tax Revue Bonds Series 2004B and Exhibit A. Tab 11