

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

August, 10 2010

Board of Regents Meeting 9:00 a.m. – 11:30 a.m. 1:00 p.m. – 3:00 p.m.

Student Union Ballroom C

Board of Regents Executive Session Luncheon

11:30a.m. – 1:00 p.m.

Sandia Room

Attendance:

Regents present:

Raymond G. Sanchez, President
Jack L. Fortner, Vice President
Carolyn J. Abeita, Secretary-Treasurer
Don L. Chalmers
J.E. "Gene" Gallegos
Cate Wisdom

Regent unable to attend:

James H. Koch

President present:

Dr. David J. Schmidly

Vice Presidents present:

David Harris, Executive Vice President, CFO, COO
Dr. Richard Holder, Deputy Provost for Dr. Suzanne Ortega, Executive Vice
President & Provost
Dr. Paul Roth, Executive Vice President, Health Sciences Center
Eliseo Torres, Vice President, Student Affairs
Carmen Alvarez Brown, VP Enrollment Management
Connie Beimer, Special Assistant to the VP, R&D for Julia Fulghum, Vice
President, R&D
Chris Vallejos, AVP Institutional Support Services
Paul Krebs, Vice President, Athletics
Helen Gonzales, Vice President for Human Resources
Ava Lovell, Vice President and Controller
Stephen McKernan, Vice President, Hospital Operations

Vice Presidents unable to attend:

Josephine Deleon, Vice President, Equity and Inclusion
Julia Fulghum, Vice President, R&D

University Counsel Present:

Michelle Huff, Deputy University Counsel

Regents' Advisors present:

Richard Wood, President, Faculty Senate
 Merle Kennedy, President, Staff Council
 Brendan Picker for Lissa Knudsen, President, GPSA
 Lazaro Cardenas, Jr., President, ASUNM
 Steven Chreist, President, Alumni Association
 Anne Yegge, Chair, UNM Foundation
 Maria Probasco, President, Parent Association
 Mimi Swanson, President, Retiree Association

Regent Sanchez presided and called the meeting to order at 9:00 a.m. He welcomed Richard Peck, former UNM President, and Aiden Shaffer, President of the Taos Student Government Association who were in the audience.

Regent Sanchez stated, "I have asked Don Chalmers to note the addition of Consent Agenda items from the Finance and Facilities Committee meeting August 5th, and the addition of item number 11, the approval of Resolutions Authorizing Amendment No. 1 to the Ground Lease Agreement with UNM Sandoval Regional Medical Center, Inc.

I. Confirmation of a Quorum; Adoption of the Agenda Regent Sanchez

Motion approved unanimously to adopt today's agenda with F&F Committee Consent Agenda items (1st Chalmers, 2nd Gallegos).

II. Approval of Summarized Minutes of the May 11, 2010 BOR Meeting, May 25, 2010 BOR Special Meeting and June 22, 2010 BOR Special Meeting and the BOR Calendar for 2010-2011.

Motion approved unanimously to approve the minutes and calendar (1st Chalmers, 2nd Gallegos).

III. President's Administrative Report, Dr. David J. Schmidly, President

President Schmidly honored Vice President McKernan and Carrie Tingley leaders for the Energy Star Award to Carrie Tingley Hospital Outpatient Clinic. He also complimented Physical Plant Director Mary Vosevich's energy savings teams and team leaders. Faculty, staff and students working with Lobo Energy, Energy Education Inc. and the PPD teams have reduced UNM's energy use more than 17% since May 2008, a gross savings of over \$8 million and a net savings of \$3.8 million.

- a. Presentation and review of President's Goals and Objectives, Proposed Presidential Work Plan for FY11 and Key Dashboard Indicators 2010-2011
(included in BOR E Book on web site)

Issues:

Additional budget reductions; 3.2 % currently and more later in the year.
 Legislative Finance Committee Performance Audit, due out 8/11/10, will express concern about the 6 year graduation rate of 43% and a 4 year graduation rate of just 13%, focusing on outcomes rather than access.
 Shared governance benchmark report due this month from the consultant.
 UNM must file a report to the Higher Learning Commission in May 2011 regarding the status of governance.
 Capital Campaign goal of \$675 million and, while fundraising has been up over the last three years, it will require more time from the President.
 President's medical condition and absence from campus from late August to the end of September will have no impact on his ability to fulfill the goals and objectives set by the regents. The Executive Vice Presidents have instructions and Dr. Schmidly will be available via email and telephone.

Comments from Regents:

Regent Chalmers requested regular reports at every BOR meeting on the following: *

Budget Task Force, Cost Containment Task Force, Cost Containment Task Force, Energy Task force/Lobo Energy, and the Provosts' Task Force looking at Academic Mission, Academic Health, and percentage of tenured Faculty.

President Schmidly: In addition to the Cost Containment Task Force, the Provost has convened a task force on the academic mission of UNM in light of continuing budget reductions. The Provost should provide regular reports on this task force. Lobo Energy gets energy use update reports and that data will be presented at BOR meetings in the future.

Regent Gallegos asked if UNM currently has course sustainability evaluations, what the time frame of the Provost's Task Force is and if there was a projection on enrollment for FY12.

President Schmidly: Course and college evaluations are part of the Provost's Task Force agenda. A preliminary report should be done by late October, early November. We expect to break out of the current funding band providing some revenue to cope with reductions. However, the LFC has indicated there should be a shift in emphasis from enrollment growth to student success and graduation rates and so the funding formula may be reevaluated.

Regent Abeita: Where will incentivizing performance and less incremental budgeting as recommended by the LFC be addressed?

President Schmidly: Tracking is included in my goals: Responsibility Centered Management could address the LFC points and we have an experienced source working with us on it. We are also investigating other methods. There will be an alternative way of budgeting next spring.

Regent Sanchez: noted that all Regents have received a copy of the goals and work plan. I am confirming there are no changes in the copy we have today.

President Schmidly confirmed to Regent Sanchez that the copy of the Goals and Work Plan before the Board today has not changed from the copy the regents received except for changes requested by the board.

Motion approved unanimously to give final approval to the President's Work Plan (1st Chalmers, 2nd Abeita).

Regent Sanchez stated that in meetings on 5/25/10 and 6/22/10 President Schmidly provided the BOR with a detailed review of the past year, progress on his goals, and proposed goals for FY11. Board members reflected carefully on this information and noted that they are pleased with major progress in several areas. Concerns expressed by the Regents have been addressed by the presentation today and in the goals. The Regents commend President Schmidly's commitment "to engage all the stakeholders of the university to insure that we meet the challenges and opportunities we face today and in the future by bringing forth good will, sincere effort and sustained commitment on behalf of our students and the citizens of New Mexico." The Regents are encouraged that President Schmidly is carrying out his commitments and the Regents' goals.

Regent Sanchez: "By letter, dated June 25th 2010 I stated on behalf of the Board of Regents that I was please to inform you that with the exception of the concerns stated relative to those items that you have addressed already, our expectations have been met during your third year as President of the University of New Mexico. On behalf of the Regents, thank you for your leadership during what has been a challenging economic period in UNM history and for handling it in a fiscally responsible manner. Additionally, thank you for your commitment and devotion to UNM over the last three years. We look forward to working with you and helping you to implement the goals for this grand university and we want you to know that we have ultimate confidence that you are the right person for this job at this time. Thank you very much for your service."

IV. Approval of Appointment of Bill Gilbert to Harwood Board; reappointment of Gus Foster, Phyllis Nottingham, Wynn Goering to new 3 year terms, EVP David Harris for Linda Warning, Chair.

Motion approved unanimously to follow the recommendation and approve the appointments (1st Chalmers, 2nd Fortner).

V. Comments from Regent's Advisors
(reports are included in BOR E Book on web site)

Each of the Regents' advisors expressed best wishes and a speedy recovery to President Schmidly.

Faculty Senate, Richard Wood, President

Regent Gallegos would like, in addition to the head count, a report on the revenue allocated to tenure track faculty.

Staff Council, Merle Kennedy, President

GPSA, Brendan Picker for Lissa Knudsen, President

Mr. Picker noted that the stipend for the GPSA President is set by the GPSA Constitution, not by the Office of Graduate Studies and is ultimately approved by the Regents (*Note: BOR Minutes 5/11/10*).

Regent Abeita commented that child care scholarships would be another way to provide support for students.

ASUNM, Lazaro Cardenas, Jr., President

Regent Abeita indicated that ASUNM and GPSA should continue to follow up on IT accessibility (student fee increases) and printing costs.

Alumni Association President, Steve Christ

UNM Foundation Chair, Anne Yegge

Ms. Yegge noted that this is John Stropp's last BOR meeting and reported that the Foundation Board of Trustees approved the hiring of HenryNemcik as the next president of the UNM Foundation.

The Board of Trustees has been reduced from 45 members to 23 voting members.

Regent Chalmers expressed appreciation to Mr. Stropp for his work at the Foundation.

Parent Association President, Maria Probasco

Retiree Association President, Mimi Swanson

Ms. Swanson encouraged the Regents and the administration to seek out retirees to volunteer with the university.

VI. Regents' Comments

Regent Sanchez thanked the Regents' Advisors for providing information as well as comments in their reports and comments.

Regent Abeita thanked the staff of the Maxwell Museum, in particular David Campbell, Curator of Archaeology, Kathryn Klein, Curator of Ethnology and Heather Edgar, Curator of Human Osteology, for the tour of their collections and facility. She encouraged everyone to avail themselves of these resources.

VII. Public Comment (none)

VIII. Regent Committee Reports

Finance and Facilities Committee, Regent Don Chalmers, Chair (reports in book).

A. Consent Agenda (meeting 6/3/2010)

Motion approved unanimously to approve consent agenda items 1 through 5 (1st Chalmers, 2nd Gallegos).

1. Disposition of Surplus Property on list dated 5/21/2010 (report in book).
2. Approval of Contracts (reports in book):
 - 1) UNMH-Philips Healthcare
 - 2) UNMH Matheson TriGas Inc.
 - 3) PPD Utilities Division-British Petroleum
3. Approval of (reports in book):
 - 1) Capital Project for UNMH Steam Boiler Replacement
 - 2) Capital Project for UNMH Second Floor North Surgical Decontamination Mechanical Upgrade
4. Approval of Capital Outlay Submission to the Higher Education Department (see also item B 14)
5. Approval of Increased Budget for Harwood Museum Expansion

B) Action Items (Consent agenda items from F&F Meeting 8/5/10 are noted):

Motion approved unanimously to approve agenda items 6, 7, 8, 9, 10, 13, 14, 15 & 16 (1st Chalmers, 2nd Fortner).

Discussion: Approval of Item #16 (Revised By-laws for the UNM Lobo Club) is subject to review of the final wording by Regent Gallegos.

6. Disposition of Surplus Property on list dated July 20, 2010, Bruce Cherrin, Chief, Procurement Officer. *Consent.*

7. Approval of Capital Project for Renovations for College of Nursing Reorganization HSC, Vahid Staples, Budget Officer. *Consent.*
8. Approval of Contracts: Bruce Cherrin, Chief Procurement Officer, Steve McKernan, CEO, UNMH. *Consent.*
 - 1) UNMH - Cardinal Health Pharmaceutical Distributor
 - 2) UNMH - US Foods
 - 3) UNMH - Covidien
 - 4) UNMH - Cardinal Pyxis (Carefusion)
 - 5) UNMH - Advantage RN
 - 6) UNMH - Phillips Medical
 - 7) UNMH - Ikon Office Solutions
 - 8) UNMH - United Blood Services
 - 9) UNMH - First Choice Community Health Care
 - 10) UNMH - MSN
 - 11) UNMH - Travel Nurse
 - 12) UNMH - Admin. Stop Loss Insurance Provider
9. Approval of re-appointment and appointment to STC.UNM Board of Directors: Cindy McGill, Presbyterian Health Services, Richard Larson, UNMH.
Lisa Kuuttila, President & CEO, STC, Joe Cecchi, Chair, STC. *Consent.*
10. Approval of Naming Request "Robert Hartung Building" for former Architecture Bldg. Breda Bova, Chair, Naming Committee. *Consent.*
11. Approval of Resolution Authorizing Execution and Performance of Amendment No. 1 to Ground Lease with UNM Sandoval Regional Medical Center, Inc. (BOR E Book on web site includes Resolution).

Motion approved unanimously to approve the Resolution (1st Chalmers, 2nd Fortner).

Discussion: Regent Chalmers explained that HUD normally requires, in a transaction such as the one the Regents are doing with the Sandoval County Medical Center, an option to purchase the ground if the regents default. When making the purchase, the regents agreed to a stipulation by the State Land Commissioner, not to do that. The requirement has been waived.

12. Approval of UNM Foundation items (report in book).

- 1) UNM and UNM Foundation Consolidated Investment Fund Policy, Anne Yegge, Chair (*Policy included in BOR E Book on web site*)

Motion approved to approve the July 2010 version of the amended Consolidated Investment Fund policy (1st Gallegos, 2nd Chalmers).

Regent Gallegos: Now that everyone has a copy, and I don't want to take too much time on it, but I thought I could just hit the high points on the policy. This was worked up over several months period, and I start by reminding the board that the fiduciary responsibility for these funds which are donated by various sources are for the purposes of the University and our responsibility is the safe-keeping and investment of those funds. Under the New Mexico statutes we are authorized to delegate that authority to an advisory committee and so we cite in the beginning of this policy that statutory authority by which our responsibility is delegated to the New Mexico Foundation. The policy, if approved today, will actually be effective July 1st of this year. Page 2, I think the essence of the investment philosophy is captured in the 2nd paragraph under that heading which reads, "...the assets will be managed on a total return basis..." and "...the policy recognizes the importance of preservation of capital. It is appropriate to consider alternate investment strategies if such strategies are in the CIF's best interest on a risk adjusted basis and are consistent with sufficient liquidity and investment risks that are prudent and reasonable given the prevailing capital market conditions." Then, I would call attention to what is really an important aspect of the investment policy, which appears on page 4 and that's asset allocation, and as it reads there, "Asset allocation is the single most important decision which affects the Consolidated Investment Fund." Then you have a chart which shows the revised, and what would be adopted by this policy, as the asset allocation. And what's notable, if you look where you see illiquid real assets, which now include an asset allocation, but which presently constitute 9% of the Consolidated Investment Fund. Private Equity will not be an authorized asset allocation and they presently constitute 10% of the CIF. Marketable alternatives would be allowed from a minimum of 5% to a maximum of 20% and they presently constitute 22% of the marketable alternatives. And the footnotes are important, as you see there, because the decision was made that the combined maximum allocation of domestic and international equities shall not exceed 70% and any point in time, that's footnote 1 and footnote 2 explains what happens in regard to these illiquid, high risk assets, real assets private equity. They are not to be liquidated because that would, in all likely hood, mean a loss to the Fund, but in effect they'll be "worked off" you might say. So that's an important change. And at page 5 it should be noted that at the bottom when we deal with the development funding allocation, which we just did, that that does not include investment consultant fees, custodial fees, and investment manager fees. Those fees are borne by the fund itself and by revenues of the fund. So in addition to the 1.85 for example, there are presently 12 basis points for the consultants, so effectively almost a 2% allocation from the fund for those two purposes. And finally, I think of importance on page 5, authority and responsibility of the University Of New Mexico Board Of Regents. The Regents shall review the performance of the investment committee and the CIF at least annually and the Board of Regents shall approve annually, along with the Board of Trustees, the investment policy, and any changes there-to, the

development funding allocation, the investment consultant and its fees. The presentation in the book states that the University would have two voting members on the investment committee, the regent member and the University CFO. Actually, Anne, I believe that's in the Memorandum of Agreement. The Memorandum of Agreement, which is a work in progress, does provide that. I think that covers it.

Regent Abeita: So by these terms we would have to approve the funding allocation annually any way.

Regent Chalmers clarified that the funding allocation has always been subject to approval each year. The change is that the investment policy will now be reviewed annually along with the consultant fees.

Regent Sanchez expressed his gratitude to Regent Gallegos for his service and expertise in this process and thanked all who worked on it.

Regent Gallegos recognized the work by Peter Johnstone, the Secretary of the Foundation Board.

- 2) Campaign, Michael Kingan, Vice President Institutional Advancement
(included in BOR E Book on web site)

Discussion: Regent Sanchez stated that a motion is not necessary on this item—only an affirmation of support. He stated that the BOR does affirm its support and hopes the Foundation is very successful.

- 3) Development Funding Allocation, Anne Yegge, Chair.

Motion approved unanimously to approve 185 basis point allocation for one year (1st Chalmers, 2nd Gallegos).

Discussion: Ms. Yegge asked for approval of 185 basis points, stating that, while she cannot guarantee the Foundation will not need the same amount of support in coming years, it is their intent to lower it. She said the Foundation is sensitive to the fact that basis points reduce what is available for distribution to the university.

Regent Abeita asked if we have to approve policy annually and Regent Chalmers responded yes. He said the Foundation intends to lower the basis points by 10 each year down to 150.

Regents approve the investment policy, consultant fees, and allocation.

13. Approval of Quasi Endowment Funds for HSC (*Consent.*)

- 1) SOM Department of Anesthesiology, John Wills, Chair, Anesthesiology

- 2) SOM Department of Internal Medicine, John Mosely, Chair, Internal Medicine
- 3) SOM Department of Neurosurgery, Howard Yonas, Chair,
Neurosurgery

- 14. Approval of Revision of Capital Outlay Submission to Higher Education Department, Andrew Cullen, AVP Budget (report in book). *Consent.*
- 15. Approval of FY 2012 Legislative Priority Requests, Marc Saavedra, Director, GR (report in book). *Consent.*
- 16. Approval of Revised By-laws for UNM Lobo Club, David Sabolcik, Executive Director, Lobo Club (report in book).

C. Information Items:

- 17. Monthly Consolidated Financial Report, Fiscal Year 2010 12 month period ending 6/30/2010, preliminary and unaudited, Ava Lovell, VP HSC, UNM Finance & Controller (*Report posted on BOR website*).
- 18. Capital Project Monthly Project Status Report, Chris Vallejos, AVP, Institutional Services (Report in book).
- 19. CEO UNM Hospitals Monthly Report & Dashboard Report, Dr. Paul Roth, EVP HSC (*Report included in BOR E Book on web site*).
- 20. Quarterly Update, UNM Regents Endowment Fund Portfolio (4th Quarter Fiscal Year 2010, 4/1/201-6/30/2010), Douglas Brown, Dean, Anderson Schools (report in book). No verbal report.

Academic/Student Affairs & Research Committee, Regent Carolyn Abeita, Chair.

A. Action Items:

- 1. Approval of Associate of Science in Pre-Engineering, UNM Valencia, Julie Depree, Interim Dean of Instruction, UNM Valencia (report in book).

Motion approved to approve the program (1st Abeita, 2nd Chalmers).

Discussion: Regent Chalmers inquired about budget impact of the program.

B. Information Item:

- 2. KUNM Annual Report, Patrick O'Connell, President, KUNM Board (report in book).

Discussion: Regent Abeita noted that the BOR could help KUNM get volunteers for the KUNM board by encouraging people to give of their time as well as their money.

3. Faculty Workload Update, Richard Holder, Deputy Provost, Academic Affairs (report in book).

Discussion: The presentation covered real world examples of how faculty workload is calculated. Regent Abeita said that although this reporting was specified in policy, it had not been routinely kept up.

Regent Gallegos wondered how the workload for directing individual students in problems is calculated. The student picks a subject and the number of credit hours he/she wishes to take. The workload for the faculty member is calculated at 0.2 times the number of credit hours for each student. Regent Gallegos asked the Faculty Senate President, Richard Wood, for his comments.

Professor Wood: It is trying to capture what looks different between a music professor versus an engineering professor. For trying to monitor this, it is not a bad formula. It probably needs refinement, but it tries to get at the complexity of what the faculty do. The problems courses do vary greatly and 0.2 may be too low. That conversation can be held at a later date. The colleges vary widely in size. The big colleges, in terms of faculty, are Arts and Sciences, College of Ed and the School of Engineering.

Regent Chalmers would like to see, by college, a report of how many faculty are given exemptions from the 9 “load units” per semester. It would give a measure of productivity and an appreciation of all the things faculty does outside the classroom.

Professor Wood said that kind of data could be misunderstood—there are faculty members that might have a load of 6 unites, but administering a \$20 million grant.

Regent Chalmers said that is where refinement of the formula would come in, to better measure productivity of activities “outside the classroom.”

Dr. Holder said that the focus in this meeting was the teaching load. The Faculty Senate is going to do some work on how to measure research and how to measure service and that will figure into the accumulated workload.

Regent Chalmers would like to get these reports each BOR meeting. *

It was noted that this is still a work in progress. Also, by the very nature of a college calendar, the most often this report could be issued is once a

semester. There is an argument to be made for reporting annually to smooth out light load and heavy load semesters.

Audit Committee, Regent Gene Gallegos, Chair (report in book).

A. Approval of Audit Committee Meeting Summary, 6/16/2010.

Regent Gallegos noted that incoming Audit Director Manu Patel begins August 16.

HSC – Health Sciences, Regent Jack Fortner, Chair. No report.

IX. Public Comment – None

X. Adjournment

A. Vote to close the meeting and to proceed in Executive Session.

Motion approved at noon to proceed in Executive Session (1st Sanchez, 2nd Chalmers).

XI. Executive Session 11:30 a.m. – 1:00 p.m., Sandia Room

A. Discussion and determination where appropriate of threatened or pending litigation pursuant to Section 10-15-1.H (7) NMSA (1978).

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

C. Discussion and determination where appropriate of limited personnel matters pursuant to Section 10-15-1.H (2) NMSA (1978).

D. Discussion and determination where appropriate of strategic and long range business plans of public hospitals pursuant to Section 10-15-1.h (9), NMSA (1878).

XII. Vote to re-open the meeting.

Motion approved to re-open the meeting at 1:12 p.m. (1st Abeita, 2nd Fortner).

E. Certification that only those matters described in Agenda item XI were discussed in Executive Session. If necessary, final action with regard to those matters will be taken in Open Session.

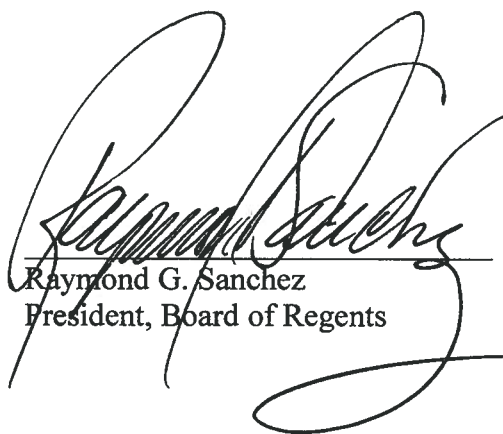
Motion to certify approved (1st Abeita, 2nd Fortner).

The Office of University Counsel was directed to inform Appellants of the decision of the UNM Board of Regents to deny the appeal.

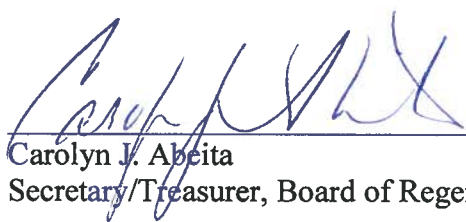
XIII. Adjournment.

Motion approved at 1:13 p.m. to adjourn the meeting (1st Abeita, 2nd Fortner

Please Note: BOR E Book 8.10.2010 on BOR web site includes all received materials from the meeting. <http://www.unm.edu/regents/>



Raymond G. Sanchez
President, Board of Regents



Carolyn J. Abeita
Secretary/Treasurer, Board of Regents