

The University of New Mexico
Board of Regents' Meeting
March 12, 2012
Student Union Building Ballroom C
Meeting Minutes

Members present: President Jack L. Fortner, Vice President Don L. Chalmers, J.E. "Gene" Gallegos, Bradley C. Hosmer, James H. Koch, Jacob P. Wellman (via telephone) (Quorum).

Member unable to attend: Secretary Treasurer Carolyn J. Abeita.

Administration present: President David J. Schmidly, Executive Vice President David Harris, HSC Vice President Richard Larson (Research) for Chancellor Paul Roth, Sr. Vice Provost Michael Dougher (Academic Affairs) for Provost Chaouki Abdallah, Vice President Helen Gonzales (Human Resources), Vice President Paul Krebs (Athletics), Vice President Ava Lovell (Controller), Associate Vice President Walt Miller (Student Life) for Vice President Eliseo Torres (Student Affairs), Interim University Counsel Lee Peifer.

Regents' Advisors present: President Tim Ross (Faculty Senate), President Mary Clark (Staff Council), Travis McIntyre for President Katie Richardson (GPSA), President Jamie Roybal (ASUNM), President Scott Obenshain (UNM Retiree Association).

Regent Fortner called the meeting to order at 9:10 a.m.

I. Confirmation of a Quorum; Adoption of the Agenda, Regent Fortner

Motion to adopt the agenda passed without dissent (1st Chalmers, 2nd Gallegos).

II. Approval of Summarized Minutes of the February 14, 2012 BOR Meeting and the BOR Special Meeting with Gallup Campus Advisory Board February 11, 2012, Regent Fortner

Motion to approve the minutes of both meetings passed without dissent (1st Hosmer, 2nd Chalmers).

III. Election of the 2012-2013 Officers of the Board of Regents, Regent Fortner

Motion to re-elect Regent Jack Fortner as President of the BOR passed without dissent (1st Chalmers, 2nd Wellman).

Motion to re-elect Regent Don Chalmers as Vice President passed without dissent (1st Fortner, 2nd Gallegos).

Motion to re-elect Regent Carolyn Abeita as Secretary-Treasurer passed without dissent (1st Chalmers, 2nd Hosmer).

IV. Adoption of Policy Concerning Public Notice of Regents' Meetings, Regent Fortner

Motion by Regent Gallegos to adopt the policy passed without dissent. (1st Gallegos, 2nd Chalmers)

This policy is included in the Regents' Policy Manual. Regent Fortner read from the policy:

Notice to the public of the regular meetings of the Board of Regents will specify the date, time, and place thereof and will state that a copy of the agenda will be available in the Public Affairs Office and at such other locations chosen by the President of the University, at least twenty-four hours prior to the meeting. Notice will be given to those newspapers and broadcast stations that have filed a written request with the Public Affairs Office for such notices of meetings. Notice will be by mail, facsimile machine, or electronic mail at least ten days prior to the meeting.

Special and Emergency meetings and notice of those are also described.

Motion to adopt the BOR Calendar for 2012-2013 as presented, including the July meeting and subject to revision, passed without dissent (1st Chalmers, 2nd Hosmer).

Regent Fortner asked that a meeting for July be included as the new president will be coming on board in June. Regent Chalmers said a July meeting might be necessary for strategic planning

purposes. Regent Hosmer pointed out that it's easier to schedule and meeting and cancel it, than to try to squeeze one in later. Regent Gallegos believes that a meeting every month is excessive; he would favor leaving July open.

V. President's Administrative Report, President David Schmidly

President Schmidly highlighted some of the accomplishments of UNM student athletes the past week. Kendall Spencer scored a victory at the NCAA indoor track and field meet, and set a UNM and MW (Mountain West) record in the long jump, with a leap of 26 feet 3 ½ inches. The Ski Team finished eighth at the NCAA championships. Alpine skier Chris Acosta placed third and earned All-America honors. The Men's and Women's Basketball teams had great success at the MW tournament. The women made it to the finals. The men won the tournament and earned the automatic bid to the NCAA. They are seeded fifth, and will play in the West Regional, taking on Long Beach State. Drew Gordon was named MVP of the tournament.

There was an article in USA Today about what is wrong with college basketball. It highlighted issues like reduced attendance, "one and done" players, scandals, cheating, poor academic performance. I would like to make the point that we do not have these issues at UNM. Both the men's and women's basketball programs perform at a very high level on the court and in the classroom, and our fans are the best in the country.

The Women's Swim Team will be at the next BOR meeting. Every single member of that team was designated Academic All-America by the NCAA.

Today begins the concentrated effort on the 2012-2013 budget. Thanks go to all the teams who have contributed so much to this effort. The new dollars we received from the legislature don't come close to off-setting what was lost in the last three years. We must continue to be frugal and prudent in budgeting, and concentrate our spending on our mission and our priorities. We must deal with deficits and make investments in crucial areas that affect the quality of the institution. During the next month we will have ample time for comment and discussion, but we do have a deadline to meet. We all need to remember that civility in our discourse will help us reach a satisfactory conclusion.

VI. Comments from Regents

Regent Koch presented a photo story about the success of the Ski Team at the Nationals, which he attended. UNM is to skiing as Duke or Kentucky is to basketball. This team is an example of what student fees support. Without sufficient student fee support, this great program could be lost; gone the way of Gymnastics, Men's Swimming and Wrestling. Our Olympic sports only survive because of student fees; they are non-revenue sports.

Regent Fortner complimented Paul Krebs, saying, "What a great job you've done with basketball." He went on, "...to see what Alford's done, the classy way that both men and women players handle themselves, is due to you and your leadership as Athletic Director. I want to thank you for what you've done and what you continue to do for the University of New Mexico."

VII. Public Comment, specific to agenda items (none)

VIII. Comments from Regents' Advisors (reports received are included in BOR E-Book)

Faculty Senate, President Timothy Ross. At its meeting at the end of March, the Senate will vote on the formation of an Honors College. It has been determined that the formation of the Honors College does not have to go to Santa Fe for approval as it does not involve any graduate degrees or graduate content. In order to allow the Provost to proceed with hiring, we have broken this into two processes. One is formation of the college itself through existing Policy A88. The second is the formation of a curriculum, which must go through several committees. I hope the Senate will approve the curriculum and new degree this coming fall.

In response to Regent Gallegos, Mr. Ross said there will be a degree in the Honors Program where it's with a major in another department, say a Bachelor's in Biology with Honors. There will be a minor degree "with Honors" and there will be a certificate for programs that cannot squeeze enough credits into their curricula for a minor.

Regent Hosmer said the formation of an Honors College directly attacks the issue of the best and brightest New Mexican students leaving the state for their college education and then not returning. The BOR should encourage this process to move along as quickly as possible and faculty is encouraged to ask the BOR for any support needed.

Staff Council, President Mary Clark. Ms. Clark also extended her congratulations to Mr. Krebs and noted that staff also contribute to the success of the teams. In addition to her report, Ms. Clark noted that this will be the fourth budget cycle in a row with no mention of compensation increases for staff.

GPSA, Travis McIntyre, Lobby Committee Chair. Mr. McIntyre thanked Regent Koch for his presentation. He reported on the GPSA resolution supporting an increase in assistantships and securing funding for them. GPSA, in concert with ASUNM and PATS (Parking and Transportation Services) presented an award to Mayor Berry for his support of the Bus Pass program.

ASUNM, Jaymie Roybal, President. Ms. Roybal thanked Marc Saavedra, Tanya Giddings and staff for their help in obtaining funds from the legislature for campus lighting. She remarked that an open forum was held with incoming President Frank. She also reported that ASUNM Senate passed a resolution in support of gender neutral restrooms. Ms. Roybal, as a member of the National Campus Leadership Council, has been invited to a conference at the White House in April.

Parent Association, Maria Probasco, President. Ms. Probasco announced the Association will be awarding forty \$1,000 scholarships and also creating a scholarship endowment with the UNM Foundation. The Association is soliciting nominations for the Board of Directors. Ms. Probasco said the Association members are ready and willing to help, in any way they can, with the formation of the Honors College.

Retiree Association, Scott Obenshain, President. Dr. Obenshain said they are already beginning to work with Marc Saavedra's office to make sure the retirees' COLA is protected in the legislature while maintaining the solvency of the ERB (Educational Retirement Board).

UNM Foundation. Executive Summary: Philanthropy Study Committee Final Report is included in the BOR Book, and provided to Regents.

IX. Lobo Energy Corporation By-Law Revision, Lee Peifer, University Counsel

Motion to approve this revision of the Lobo Energy Corporation By-Laws passed without dissent (1st Gallegos, 2nd Chalmers).

This item was requested by a member of the BOR outside of the committee structure. This proposal will amend the by-laws of LEI (Lobo Energy Incorporated) to increase the number of directors from seven to eight, and to add an additional regent member to the Board of Directors. With BOR approval, this will go back to the LEI Board for approval or rejection.

X. Regent Committee Reports (reports in BOR E-Book)

Academic/Student Affairs & Research Committee, Regent Bradley C. Hosmer, Chair

Action:

- A. Revision of Section B in Faculty Handbook of Lecturer Policy, Timothy Ross, Faculty Senate President

Motion to approve the revision of Section B in the Faculty Handbook passed without dissent (1st Hosmer, 2nd Gallegos).

Dr. Ross said the proposed revision has been passed by all the required committees, vetted by the academic deans on both sides of Lomas and passed by voting faculty. This proposal will provide two additional categories for full time lecturers. One is a Senior Lecturer, who will

be offered a two-year no-commitment contract. The other is a Principal Lecturer, who will be offered a three-year no-commitment contract.

Information:

B. Keeping College Affordable, Terry Babbitt, AVP Enrollment Management

Dr. Babbitt's report was distilled from a report of the Association of Governing Boards of Colleges and Universities. UNM tuition and fees, compared to median family income, is about 12.9%. UNM tuition and fees, net of the tuition credit, grew at about 3.3% over the last five years, while the growth rate of NM personal income was 3.1%. 25% of UNM institutional aid is awarded based on need, the balance on merit. The bulk of financial aid comes from other sources, including Pell Grants and the Lottery Scholarship. 46% of UNM students graduating with Bachelor degrees have student loans.

Regent Hosmer: The message here is that the tuition available to the university as income, net of tuition credit, is about half that of our peer institutions. The rate at which our tuition has increased almost exactly matches the rate at which personal income has increased. We are holding even with what we ask our students' families to contribute, but the tuition credit has more than doubled that. The amount of debt our undergraduates have acquired, although below the national average, increased more than 15% from 2009 graduates to 2010 graduates. The proportion of university student assistance that goes for need, as opposed to for merit, it is on the low side compared to our peers.

Dr. Babbitt: Factoring in the Lottery Scholarship does increase the in-need grant support substantially; of the \$30 million in Lottery aid, about \$10 million would go to students in need. The Lottery Scholarship offsets the tuition credit to some degree; about 28% of our students are on that scholarship.

Dr. Schmidly noted that around the country, the focus of institutional student support has changed to need-based as a way to keep college affordable. The institutions that have done that then focus their fundraising around providing merit-based aid. In addition, when those institutions raise tuition rates, they dedicate a part of the tuition increase to go to need-based aid.

C. Lobo Village Update, Walt Miller, AVP, Student Life

We have begun a campus-wide effort focusing on residence hall safety. Students and faculty will be added to the committee.

- **Dr. Torres will be seeking nominees to the committee after spring break.**

The committee objective is to ensure safety and to deal with the impact of the shift from a commuter campus to a residential campus. We will partner with other offices on campus to enhance the educational part of this for our RAs (Residence Advisors), community advisors and students.

- **Training will be held before students leave for the summer in May.**

Currently, we have over 2,200 students living on campus. When we add another 1,000+ this fall it will change the dynamics on the campus. We have to be better prepared in how we're training our staff as well as have programs available seven days a week.

- **Assigned parking for residents will be considered, as suggested by Regent Chalmers.**

Regent Gallegos noted that all the target dates in the presentation are for meetings. He asked if there were target dates for recommendations. Mr. Miller said the intent is to have recommendations by the end of this academic year and to bring them to the ASAR Committee.

Regent Hosmer commented he is encouraged to see a review of policies around dormitories for the entire university.

C. SFRB (Student Fee Review Board) Process Update, Jayme Roybal, President ASUNM

Regent Hosmer pointed out that, while the presentation focuses on requests the board was unable to grant, it is recommending an increase of 3.5% over last year.

Had all requests been granted, student fees would have increased to \$715.32. We support funding for those requests, but don't believe they should necessarily be funded by student fees. After consultation with EVP David Harris and the SBLT (Strategic Budget Leadership Team), we approved a total of \$503.20, up from the current \$486.49.

Ms. Roybal presented a list of programs they hope the administration will help to fund.

Mary Clark said Staff Council support funding the staff position at the LGBTQ (Lesbian, Gay, Bisexual, Transgender and Questioning) Resource Center.

Finance and Facilities Committee, Regent Don L. Chalmers, Chair

Consent Items:

- A. Approval of Capital Project for Student Residence Center Apartments Interior Renovations
- B. Approval of Contracts: UNM Financial Services – FY12 Financial Audit Services
- C. Approval of STC.UNM Appointment to the Board of Directors (Robert Nath)
- D. Approval of Lobo Development Corporation Board of Directors Nominations (Stephen Ciepiela, reappointment Maria Griego-Raby)
- E. Approval of Lobo Development Corporation Proposed Amendment of Bylaws

Motion to approve consent agenda items A, B, C, D & E passed without dissent (1st Chalmers, 2nd Gallegos).

Action Item:

- F. Financing Approval of Second Gas Turbine Cogeneration Unit at Ford Utilities Center, David W. Harris, EVP & COO

Motion to approve financing of a second gas turbine cogeneration unit by Lobo Energy Incorporated passed without dissent (1st Chalmers, 2nd Gallegos).

Mr. Harris said that, after much research, it has been determined that facilitation of a bank loan by LEI is the best solution to financing this project. We understand we could do that for under 3%, which is, by far, the lowest cost we have found so far. There is one potential problem: our current management service agreement indicates that the Regents would provide financing to Lobo Energy. This resolution says notwithstanding the management service agreement, we believe we can arrange for our own financing in this one instance and that is what we are asking you to approve.

It is approximately a \$10 million project. Our financial advisor, First Southwest Company, indicates that they have contacted the bond rating entities and they do not believe this project would have direct impact on our credit worthiness.

Mr. Harris told Regent Gallegos that George Williford, Managing Director, First Southwest, had contacted Moodys and he provided the letter to that effect, which is included in the BOR book documents under tab 16.

Information Items:

- G. UNM Monthly Financial Report Update, Ava Lovell, Controller, UNM/UNMH

This is the consolidated report for the entire university through seven months, or about 58% of the year. Note that Spring tuition is included so tuition for the full year has been booked.

I&G shows a favorable amount of about \$77 million, but that will be spent against for the rest of the year. Unrestricted Research and Clinical operations are showing use of reserves as is Unrestricted Public Service. Actual performance of Auxiliaries and Athletics is a favorable net margin of \$2.2 million.

- **A breakdown of the difference between projected unfavorable net margin of \$9.5 million in Student Aid and actual unfavorable net margin of \$6.1 million will be presented at the next BOR meeting.**

Ms. Lovell confirmed to Regent Gallegos that almost \$25 million was approved as a Use of Balance forward budget, in effect a “deficit” budget. On main campus many academic and student affairs offices budget all their balance forward even if they may not spend it.

H. Final Accounting of Presidential Search, Helen Gonzales, VP, Human Resources

Ms. Gonzales reported that the expenses for the Presidential Search just completed came in at \$178,192 which is \$80,908 under budget and \$115,714 less than what was spent on the search in 2006.

Regent Chalmers congratulated Ms. Gonzales and said she had set a high bar for future searches.

Regent Fortner expressed his thanks for a job well done.

I. Energy Conservation Update, Jason Strauss, Manager, Lobo Energy Corporation

The university’s financial obligation in the contract with Energy Education ends this year. However, we can call on the company at any point to help us with any items we deem necessary.

It is important to note that the success of this program is based upon the collaboration of the members of the campus community. Avoided energy consumption was 7.9% the beginning (partial) year, 16.89% year one, 18.13% year two, 19.55% year three, and 21.5% Oct. through January of this year, year four, for an overall percentage of 17.66%. This performance was measured by third-party software. If cost avoidance remains at this same level we estimate a net cost avoidance of almost \$42 million through 2018.

Mr. Strauss told Regent Gallegos that the cogeneration unit just approved will not affect these numbers since they are calculated after the energy leaves the plant. It will certainly make the university more independent of the power companies and positively affect the bottom line.

- **Regent Chalmers requested an annual report to the BOR on this data.**

Mr. Strauss said that a condition of service by Energy Education beyond this year requires that the data collection be maintained.

President Schmidly noted that he was very impressed with the renewable energy effort they saw at Arizona State. Mr. Strauss said the ASU solar generation was impressive. Many universities are just beginning to make the kind of efforts UNM has been making for years.

Health Sciences Board, Regent Bradley Hosmer, Acting Chair

Consent Items:

- A. Request for Additional Funding to Crenshaw Endowed Chair
- B. UNMH Contract Approval: Owens and Minor
- C. UNMH Contract Approval: Cerner Corporation
- D. UNMH Contract Approval: NCO Financial System

E. UNMH Contract Approval: Bernard Hodes Group

Motion to approve items A, B, C, D and E on the Consent Agenda passed without dissent (1st Chalmers, 2nd Gallegos).

Action Items:

F. Construction Manager at Risk for Adult Hospital Addition, Steve McKernan, CEO UNM Hospitals

Motion to approve Construction Manager at Risk for the Adult Hospital Addition passed without dissent (1st Chalmers, 2nd Gallegos).

This is a request to approve a CMAR (Construction Manager at Risk) for the construction of an adult hospital at Lands West. It has been approved by the UNM Hospital Board and the Health Sciences Board. The architects have recommended using the CMAR process and we believe it will reduce the length of construction time by twelve months.

The architect for DPS will serve ex-officio, without vote, on the selection committee. We have two engineers on the project and we are going to add another licensed architect from the university to this committee. We have also added a physician to the committee.

Regent Chalmers said the hospital is estimated to open in the summer of 2014.

Regent Koch asked why use a CMAR on this project when they didn't use one on the Pavilion construction. Dr. McKernan said the CMAR acts construction manager and general contractor and, as such, takes the risk for the overall cost of the project. Dr. McKernan said they have negotiated a hard price contract with the architect. Whether the CMAR would receive compensation based on the total cost of the project will be determined when the contract goes out for bid.

If approval is given today to use the CMAR process, an RFP will go out, the selection committee will make a recommendation that will go to the Hospital Board of Trustees, the Trustees will make a recommendation to the HSC Board of Directors who will make a recommendation. That recommendation would generally go directly to the BOR.

- **The contract award recommendation by the HSC Board will go to the F&F Committee for approval before coming to the full BOR.**

The construction cost is estimated at \$84 million. With equipment and soft costs, the total cost is estimated at \$120 million.

This is phase one of this hospital construction. The site could accommodate up to an 800 bed hospital. Phase two will be a 500 bed hospital which will replace all the old adult beds at the current hospital. The Pavilion would become a children's hospital.

G. Project Approval: 1650 University Core and Shell Renovation

Agenda item G moved to the F&F Committee meeting on March 12, 2012 at 1:00 p.n. in Lobo A & B.

Audit Committee, Regent Gene Gallegos, Chair

A. Summary Report Audit Committee Meeting February 16, 2012

Regent Gallegos expects the overdue quality assessment process for the Internal Audit Department will be concluded by the end of this year. The Real Estate Department completed an extensive audit. Lee Peifer is working through the unusual arrangement at the MIND Institute, where the property is owned by the University, but improvements are being

made by Lovelace and by the Institute. The Audit Committee approved the two audits of UNMH and the audit of the University President's travel and other expenses.

XI. Public Comment (none)

XII. Vote to close the meeting and to proceed into Executive Session

Motion to proceed into Executive Session passed unanimously at 11:15 a.m. (1st Chalmers, 2nd Gallegos).

XIII. Executive Session 11:16 a.m. – 1:24 p.m.

- 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 limited personnel matters pursuant to Section 10-15-1.H (2) NMSA (1978).
- C. Discussion and determination where appropriate of the purchase, acquisition or disposal of real property pursuant to Section 10-15-1.H (8) NMSA (1978).

XIV. D. Vote to re-open the meeting.

Motion to return to open session passed at 1:25 p.m. (1st Fortner, 2nd Gallegos).

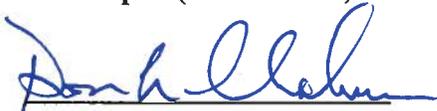
- E. Certification that only the matters described in Agenda item XII. were discussed in Executive Session and, if necessary, final action with regard to those matters will be taken in Open Session.

Motion to certify that no action taken in executive session passed (1st Fortner, 2nd Gallegos).

XV. Adjournment

Motion to adjourn the meeting passed at 1:26 p.m. (1st Chalmers, 2nd Hosmer).


Jack L. Fortner
President, Board of Regents


Don L. Chalmers
Vice President, Board of Regents