

The University of New Mexico
Board of Regents' Meeting
September 10, 2013
Student Union Building, Ballroom C
Meeting Minutes

Members present: President Jack L. Fortner, J.E. Gene Gallegos, Bradley C. Hosmer, Conrad D. James, James H. Koch, Suzanne Quillen, Heidi Overton (Quorum).

Administration present: President Robert Frank, Provost Chaouki Abdallah, Executive Vice President for Administration David Harris, Chancellor Paul Roth (HSC), Vice President Josephine de Leon (Equity and Inclusion), Interim Controller Elizabeth Metzger, Sr. Executive Officer Ava Lovell (Finance and Administration), Vice President Eliseo Torres (Student Affairs), Interim Vice President Jewel Washington (Human Resources), Vice President Michael Dougher (Research) University Counsel Elsa Cole, Vice President Paul Krebs (Athletics) Associate Vice President Andrew Cullen (Planning, Budget & Analysis) Associate Vice President Terry Babbitt (Enrollment Management), Associate Provost Greg Heileman, Interim Dir. Real Estate Tom Neale.

Regents' Advisors present: President Richard Holder (Faculty Senate), President Gene Henley (Staff Council), President Randy Royster (Alumni Association), President Isaac Romero (ASUNM), President Priscila Poliana (GPSA), President Don Duszynski (Retiree Association), President Carl Alongi (UNM Foundation).

Regent Fortner called the meeting to order at 9:11 a.m.

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

Motion to adopt the Agenda as amended passed unanimously (1st Hosmer, 2nd Koch).

Regent Gallegos requested that Finance and Facilities, Information Item 9, Tab 17, Status Update Human Resources be taken off the agenda. The Audit Committee on September 19 will hear a complete presentation on the subject.

II. Approval of the Minutes from the August 13, 2013 Regular Meeting, Regent President Fortner

Motion to approve the minutes of the August 13, 2013 meeting passed unanimously (1st Gallegos, 2nd Overton).

III. President's Administrative Report, President Robert Frank

President Frank provided an update on the Innovate ABQ project. He stated that New Mexico has great science and a thriving creative community with talented entrepreneurs. There is an "entrepreneurial personality" in New Mexico and a small, growing ecosystem of start-ups, but no concentrated research district in Albuquerque. There is a scattering of smaller research districts across the city and because there is not a true concentration, it hinders New Mexico in building a real focus on it. A research district creates a mutually supportive relationship between a scientific institution and a concentration of technology businesses. Collision is a key word because in research districts people run into each other at various places, which sparks collaboration. These types of opportunities are less likely to happen if they are outside a mile radius, so research districts have to be dense. The most successful districts are first centers of innovative science. Innovation is not only a product of the lab, but is driven by people and the ability of people to share and develop ideas together. A research district will bring the pieces together. Research districts are driven by a university, but expand to be owned by the community.

One distinct research district can be found at the University of Florida, Innovation Square. Another research district can be found at the University of Arizona, Sky Song. President Frank and other UNM administration have visited these research districts, which are both remarkable. Innovation Square at the University of Florida is a live, work, play community. Sky Song at the

University of Arizona is an incubator type model and had a large investment from the community of \$80 million.

Innovate ABQ will be a highly connected community where people live, work and play. It will leverage the research power of UNM and the workforce development engine of CNM. It will engage the City of Albuquerque, County of Bernalillo and the State of New Mexico. It will focus on connecting with Albuquerque's Entrepreneurial and Established Business Community. The goal is to create new companies, grow existing ones and attract more out-of-state business and individuals who will expand our ecosystem and bring knowledge companies to NM and engage the entire state.

The living aspect of Innovate ABQ will encompass entrepreneur dorms for students, apartments for young professionals and management talent, and consist of shared spaces and communal green space. The play aspect of Innovate ABQ will encompass communal green space, cafes, restaurants, exercise facilities, grocery, dry cleaners, drugstores, entertainment venues and various retail.

Innovate Downtown @ Central and Broadway is a 7-acre site along historic Route 66, which UNM has an interest in purchasing from the First Baptist Foundation. The existing buildings could be reused in near and long term phasing of the project. It will leverage existing neighborhood amenities. It is in close proximity to a large supply of small parcels and buildings that can be adapted incrementally to support Innovate ABQ. It is adjacent to the Rail Station and Rail Yards. It is in proximity to WESST, Tricore and Verge Incubator. It is near the Metropolitan Redevelopment Area, with possible tax incentives and TIDD. The zoning is SU-3 Special Center Zone. President Frank presented current site images and discussed the site context, drawings/renderings and various UNM start-up locations around Albuquerque. It is very close to UNM campus, approximately a 90-second drive.

In response to Regent Inquiry, President Frank stated that a number of opportunities have come available for UNM to solely purchase the Innovate ABQ property.

Lisa Kuuttilla has been leading the effort on Innovate ABQ. STC.UNM has been successful in developing startups based on UNM technologies over the past 7-10 years. Those startups have been located in NM and have been fortuitous compared with peer institutions. Ms. Kuuttilla presented a map of where startups are located around Albuquerque. There is some capability of incubating startups at STC Park but as they grow, they look for inexpensive space around town and locate in multiple sites. There are some small concentrations at the BioScience Center, Research Park and WESST incubator, but they are both at capacity. Therefore, there is a great need for additional space to incubate companies and for companies to begin to grow in those early stages. There is an opportunity to purchase a building at Mesa del Sol called the Aperture building; it would be an ideal short-term way for us to get the Innovate ABQ project off the ground. It is a beautiful building, 78,027 sq ft, south of the Albuquerque Sunport. It would complement some existing University activities already on going there, the smart grid project, a partnership with NEDO the Japanese government. In addition, the IFDM program, this has students in and out of that building on a regular basis. We would envision the building utilized for incubation space; STC would locate there and help fill the building up with tenants as we are developing the site Innovate ABQ downtown. You would notice the brand for this would be Innovate ABQ @ Mesa. We also have a concept that we've talked to a number of research partners about a NM Technology Transfer Center, and that would include potentially Tech Transfer offices or portions from Sandia National Laboratories, AFRL, Lovelace Respiratory Research Institute, UNM, and the other labs and universities. Images of the Innovate ABQ @ Mesa were displayed. In response to Regent inquiry, the item will be going to Lobo Development for approval the month of September 2013.

One of the goals is to create Innovate hubs across New Mexico, such as an Innovate Farmington, Innovate Hobbs, so that if we can create little spin-offs that drive the economies around the state,

there is substantial opportunity around NM State. Involving Sandia Labs, Air Force Research Lab, and Los Alamos Labs, and Lockheed is also in the works. UNM HSC can help reach around the state through the Hero Program and other programs we operate. There are ways we can use our statewide reach to do this Innovate reach around the state and we are interested and willing to explore how we drive innovation throughout the state and make this a great opportunity. Connected by a statewide network sharing affiliated programming and resources.

The Mayor is committed in a Bond voted on in the next city election for funds dedicated to the project. He has been a great partner with us thus far and we are in a very positive conversation with the County Commissioners, we know that two county commissioners have indicated strong support and the third is not negative. We have a number of businesses interested in collaborating with Innovate ABQ and who have indicated very strong philanthropic interest in working with us so we are very close to solidifying all those interests. We have a \$1.5 million federal grant that has been committed to us. We have a number of things that are very strong all of these are coming together in ways we need to make commitments to in the next matter of days or weeks. Therefore, we will be talking in closed session on the steps we need to move forward on these. President Frank stated that there are a number of moving parts to the Innovate ABQ project and he felt it was important to provide an update to the Board.

Comments from Regents (none)

Public Comment, specific to agenda items (none)

ACTION ITEM:

IV. UNM Foundation, Revisions to Consolidated Investment Fund Investment Policy

Proposal #1— Motion to approve the wording of the proposed policy with the words, ‘toward a goal of 5%’ added to the end: “The Investment Consultant shall identify at the close of each quarter any actively managed accounts which are in excess of 5% of total assets. The Investment Committee shall consider whether the concentration in these accounts warrants rebalancing toward a goal of 5%,” passed unanimously, (1st Hosmer, 2nd Koch)

Proposal #2—Motion to approve proposed policy: “Assets shall be invested within the following maximum and minimum ranges for each asset class:

Asset Class	Percent of Total Assets	
	Minimum	Maximum
Domestic Equity(1)	10%	50%
International Equity(1)	10%	40%
Fixed Income/Cash	10%	50%
Illiquid Real Assets	5%	15%
Private Equity	0%	15%
Marketable Alternatives	5%	20%

(1)The combined maximum allocation to domestic and international equities shall not exceed 70% at any point in time.” Passed with 6 to 1 vote, in favor, Regent Gallegos with dissenting vote. (1st Koch, 2nd James).

Michelle Coons, Vice Chair UNMF Board of Trustees, Carl Alongi, and Rodney Harder, were there to give the presentation, along with investment consultants from Hewitt Ennisknupp, Inc.. Regents’ approval was requested for revisions to the UNM Foundation (UNMF) Consolidated Investment Fund Investment Policy. The first recommendation for revision is that the Investment Consultant shall identify at the close of each quarter any actively managed accounts that are in excess of 5% of total assets. The Investment Committee shall consider whether the concentration in these accounts warrants rebalancing. The rationale for this revision was the result of an internal audit issue. We recently were cited that in our current policy we are not allowed to have any actively managed accounts to be limited to more than 5% of our total assets. As I think many of you are aware with

the extreme volatility in the market, they cited the situation where our investments had at one point reached 5.2% in 1 investment and 5.6% in another. We have discussed at length with our investment committee and our proposed policy change in this is that at the end of any quarter in any situation where we have an actively managed account that exceeds the 5% of total assets that the committee shall consider whether it is prudent to actually change that amount so we think that this recommendation allows us that we will not have in very volatile times for the market to have an audit violation and that our group will discuss at length at the end of each quarter.

Regent Gallegos asked when an acceptable level of concentration is. His feeling from the investment committee is that if we set a very hard limit it is requiring staff to instantly respond and not allow our professional advisors to give their comments in reference to it. As being the banker on the committee (Coons) I am the conservative person and point out that 5% is a reasonable amount and I think we will have extensive conversations any time we reach that 5%. I see that very rarely we will exceed that 5% but if there is a very extreme movement in the market and we believe that we should be slightly over weighted with that one investment that may prevail, but she wants to bring back the fiduciary responsibility of the investment committee with a wide variety backgrounds so we were not proposing a hard limit I think that they will continue to stay very close to the 5% mark.

Regent Koch requested Doug Brown, Dean of the Anderson School of Management, to give his thoughts on the item. Dean Brown stated that on this particular matter, this is all about rebalancing policy. When do you come back to the accepted norms? Do you come back exactly to 5.0%, or do you go something short of it? I think a little flexibility is in order because why are you exceeding it? Generally because you are doing well, and so I think it is really important that you not seal off your winners unduly but you leave it to the judgment and maybe add some parameters that you should in no case exceed it by more than 1 full % without coming back for a reallocation or discussion. That would be my review.

Regent Gallegos stated that the way the proposed policy is written, it no longer has a concentration limit. It is perfectly acceptable to have some flexibility, but wouldn't it be prudent for the proposed policy to say that 5% is still the target with flexibility, now the way that the proposed policy is written, there is no target, it could theoretically could be 8% or 10% so I would suggest from the standpoint of the language that you still have the target so you do not have over concentration.

Michelle Coons stated that that is acceptable to the group to call out a target.

The Investment Consultants to the UNM Foundation (UNMF), Satya Kumar and Steve Voss, Hewitt Enniskupp, Inc. work with the investment company on the oversight and administration of the investment program. On the issue of 5%, what we are talking about there is a dollar percentage allocation based on dollars when we think about investment programs our focus tends to be on risk so we think about an investment at the 5% level it tells us nothing about how much risk that investment contributes to the portfolio, so an investment is 2% of the total assets could actually contribute a very significant amount of risk to the portfolio, whereas an investment that is 10% or 15% of total assets could have a small level of risk, so with regard to that particular issue, the way we think about investments is to really focus on risk, we think the 5% guideline to bring it back to the investment company for discussion makes a lot of sense in that there will be deliberate discussion on how much risk is there contributing, why is it more than 5% etc. but we think the flexibility makes sense and focusing on the risk and the contribution of that investments risk to the overall portfolio should really be the primary focus.

Regent Gallegos stated that the point is how the drafting of the proposed policy is so worded that there no longer is a concentration target or policy; we are not disputing the idea of flexibility we understand that something may be performing so well that it goes over the 5%. And you don't want to dump it. All we are saying is just the way the proposed policy is written, you still want to have some idea that you're avoiding concentration as a basic investment strategy with flexibility. Do you argue with that?

Steve Voss stated that they like the wording currently and feel that flexibility is important. We do find that hard limits in manager concentration is a bit of a dated risk control mechanism as Kumar stated we do like instead to have conversations about the investment program, individual investment managers, strategies, look at it in a holistic view on a quarter by quarter basis so that your investment committee can make a good informed decision. However, the guidelines of yesteryears did have hard policy limits of 5% or 10% to specific managers or strategies, we do not really see that much anymore in best practice with foundations or other institutional investment programs so what we are advocating is to migrate toward best practice to give your investment committee from the foundation a little more flexibility to implement the program based upon risk not nominal dollars allocated to a specific manager or specific strategy. And that is what the prescribed language would allow for.

Bob Goodman, President/CEO - Sandia Foundation agreed with what has been said about having the flexibility. Regent Gallegos I hear you saying you still want the 5% limit as a guideline with flexibility to look at it beyond that.

Regent Fortner asked that the 5% at one point was best practices and your saying now it is not? Is a specific percentage best practices or simply not to have a percentage.

Steve Voss stated it is more common in best practice not to have a hard and fast percentage to individual strategies or managers, the hard and fast percentages should be to asset allocation or broad asset classes such as US Equities, non-US Equities, fixed income or other such asset classes. Those are in place now and there are narrower ranges around those targets as well that you approve. That is a best practice and to allow your investment committee and investment managers that they select to buy stocks and bonds and other securities in the portfolio to add value to the investment program on a risk adjusted basis.

Paul Robell, of University of Florida, stated that the key thing is the asset allocation and how much goes to each manager should be left to Hewett the advisor you are paying a healthy fee too. Asset allocation should be the responsibility of the investment committee, which it is, and should be reviewed periodically, yearly. Asset allocation should be the direction of the committee.

President Frank stated that the key issue is, do the Regent's dictate the 5% by policy, or do we stay silent on that and what is the Regent's policy statement?

Regent Gallegos would like for rewording of the policy to include a target of 5%.

A presentation was given on the annual investment program update prepared by Hewitt Ennisknupp, the UNMF Investment Consultants. The UNMF Endowment Investment performance as of June 30, 2013, net of investment management fees, was discussed. In every instance, the performance has been in excess of the benchmark. The allocation of the portfolio was discussed, the actual portfolio allocation and 0% to illiquid. Every year NACUBO and the Common Fund prepare an annual survey on 831 different universities. The survey indicates the UNMF is in line with the peer groups. UNMF's portfolio has generated favorable returns over time on an absolute basis. Private equity incorporates many sub-strategies and entitles the investor to a share of company's profits and assets. It includes companies operating across all industries. Private equity is best suited for investors with long-term/perpetual time horizons. It is also best suited for investors with tolerance for illiquid investments, well-resourced capabilities, and sufficient asset size. No new commitments to private investments have been made by UNMF since 2010. Exposure continues to exist due to prior commitments made between 2005 and 2010. Based on existing commitments to illiquid investments, UNMF's private investment allocation would be eliminated over the course of 10 years. Only 12% of NACUBO institutions do not allocate to private institutions. Positive attributes of private investments are that higher return asset class attracts high-caliber talent, can improve a portfolio's risk-adjusted returns and can allow opportunities to generate significant value-add relative to public market. Negative attributes of private investments are reduced

transparency, higher manager fees, wide dispersion in talent, and illiquid long-term investments. Over the long term, illiquid investments, such as private equity, have delivered superior returns relative to other asset classes. The UNMF believes that private investments are an integral component of a well-structured institutional investment plan and encourages the Board to consider allowing new commitments in illiquid investments and enlarge the amount of private equity in the portfolio.

If the investment has reached the ceiling, sometimes it is best to not make a reaction, but carefully consider adjusting at that time. It may be beneficial to be slightly out of balance with the policy. For example, on August 14, 2012 the management consultant noted that we were in excess of 5% on two assets, one was 5.2% of total assets and one was 5.6%. The Foundation and the Investment Consultants did not feel that immediate corrective action was warranted for these types of situations. The Foundation feels that a little more flexibility in the investment policy will allow for better management of the account.

The second recommended item was that the Board approve that assets shall be in the following maximum and minimum ranges for each asset class:

<u>Asset Class</u>	<u>Percent of Total Assets</u>	
	<u>Minimum</u>	<u>Maximum</u>
Domestic Equity(1)	10%	50%
International Equity(1)	10%	40%
Fixed Income/Cash	10%	50%
Illiquid Real Assets	5%	15%
Private Equity	0%	15%
Marketable Alternatives	5%	20%

(1)The combined maximum allocation to domestic and international equities shall not exceed 70% at any point in time.

V. Regent Committee Reports (Reports are included in BOR E-Book)

Finance and Facilities Committee, Regent James H. Koch, Chair

Consent Items:

Motion to approve consent agenda items 1 & 2 passed unanimously (1st Koch, 2nd James).

1. Monthly Consolidated Financial Reports

Liz Metzger reviewed the preliminary June 30 final fiscal year-end balances. The University's books have closed, which is a preliminary close as numbers are being finalized and reconciled. The summary page indicates that the net bottom line for current operations at the end of June is a use of reserves of approximately \$6 million. For the Instruction and General (I&G) category, total tuition and fee revenue actuals were 99% to the budget benchmark. The amount of \$23,594,797 for I&G reflects the amount of approved budget dollars, and \$8,271,387 of reserves (prior-year balances) was spent in FY13, which is in line for the budget presented for FY13. The one-time pay supplements came out of reserves, totaling around \$2-3 million. The use of reserves is primarily with Main Campus; HSC has I&G funds and budgeted zero use of reserves and came out at zero use of reserves. For the Research area, unrestricted research, the primary source of revenue is the F&A return used for start-up funds, new faculty hires, and cost sharing awards. The FY13 budget presented and approved is around \$13 million use of reserves. In the Unrestricted Research exhibit there was \$13 million budgeted use of reserves and the prior-year balances were not fully used so the exhibit came out ahead. Some is money committed over a course of three years for certain cost-shares, etc. For the Public Service exhibit, only main campus budgeted prior year balances; HSC budgeted a \$600,000 profit and came in right at that amount. Main Campus budgeted \$6 million use of reserves and came in ahead of that at \$1.4 million. We also came in over budget in gifts. For the Student Aid exhibit, typically they are

spending for scholarships from prior-year balances. The actuals came in over budget attributable to the gifts and transfers, and the timing of the funds coming in from the Foundation. The Student Activities exhibit projected using \$600,000 of prior year balances and did not; they came in close to break-even.

Liz Metzger discussed the Auxiliary exhibit, in which all have come out positive except Taos & Lawrence Ranch. The Golf Course ended the year with a \$5,000 surplus, which is a positive improvement over the past few years. Housing and Food services budgeted for prior year reserves to cover costs. Overall, expenses exceeded revenue by \$946,996. Possible reductions in awards from the federal government could occur this year and will be watched closely. Lobo Cash department will also be looked at closely this fiscal year. The Sponsored Programs exhibit always comes out at a break-even because we only spend what we are given and cannot over spend. Athletics is working on reducing the deficit and has developed a plan which was presented at F&F.

In response to Regent inquiry, the 3% HED requirement of reserves was met. We budgeted \$6 million in one-time funds for one-time pay supplement and ongoing operations. These are budgeted carry-forward balances, not necessarily reserves.

2. Disposition of Surplus Property for Main Campus on list dated 8/16/13

Bruce Cherrin gave the presentation. There are several projects on the disposition of surplus property list for August, none of which have net book value.

Action Items:

3. Approval of Capital Projects:
 - a. Castetter Hall Biology Phase 3
 - b. Science and Mathematics Learning Center Phase 3
 - c. UNM Gallup Campus Career Education Building HVAC Replacement
 - d. UNM Valencia Campus Sustainability and Infrastructure
 - e. UNM Los Alamos Science Classrooms Renovation

Motion to approve the five Capital Projects passed unanimously (1st Fortner, 2nd James).

Chris Vallejos and Rick Henrard gave the presentation. Regents' approval was requested for Capital Projects. Castetter Hall Biology Phase 3 will complete the remaining 11,000 square feet of shell space of the Phase 2 addition. It will finish-out four labs, seven offices, and other support areas. Also included is the demolition of the old Biology Annex. The funding is \$3,850,000, of which \$3 million is funded from 2012 General Obligation Bonds and \$850,000 is funded from 2013 Severance Tax Bonds. The project is currently in the design phase, which started in July 2013 and is expected to be completed in the end of November 2013. The construction start date is set for January 15, 2014.

The Science and Mathematics Learning Center Phase 2 proposed addition will contain 12,450 square feet of space on four floors. The facility will provide two state-of-the-art science laboratories for Organic Chemistry on the 1st and 2nd floors. The bid documents will include additive alternatives to include build-out of eleven offices for faculty and a teaching science laboratory for Earth and Planetary Sciences. The total estimated project budget is \$5 million, which is coming from 2013 Severance Tax Bonds. The project is currently in the design phase, which started in August 2013 and is expected to be completed in May 2014. The estimated construction start date is July 2014 and project completion estimated for May 2015.

UNM Gallup Campus Career Education Building HVAC Replacement will replace all existing heating, cooling and ventilation systems, which are beyond their service life. The equipment will be replaced with new high efficiency models. Total estimated project budget is \$1.2 million, and is funded from 2012 McKinley County General Obligation Bonds.

UNM Valencia Campus Sustainability and Infrastructure project will convert the Building Automation Systems in all of the buildings on the Valencia Campus from INET to Automated Logic Controls, which will allow for energy conservation. The project will also restructure the campus chilled water distribution and ice storage system to improve capacity, functionality, and redundancy. Total estimated project budget is \$700,000, and is funded from 2012 State General Obligation Bonds.

UNM Los Alamos Science Classrooms Renovation will provide 2,142 square feet of improvements to teaching wet labs and a chemical storage room, which are used for Geology, Physics, Biology, Nano, and Environmental Science. The estimated project budget is \$750,000, of which \$500,000 is funded from 2012 General Obligation Bonds and \$250,000 funded from local funds and donations.

4. Approval of Funding Requests for Research and Public Service Projects, Submission to the Higher Education Department

Motion to approve the Funding Requests for Research and Public Service Projects, Submission to the Higher Education Department passed unanimously (1st Fortner, 2nd Hosmer).

Provost Chaouki Abdallah gave the presentation. Regents' approval requested for the Funding Requests for Research and Public Service Projects (RPSP), Submission to the Higher Education Department (HED). There are seven RPSPs that requesting new funding or an expansion of previous funding. Four are new proposals, three are an expansion of funding and three are for non-recurring funds.

The first request is for VentureSpace from the School of Engineering, which is a program that is space research and operations oriented. NM is well positioned to take a leadership role in the development, deployment, and operations of future space systems technologies. It fosters entrepreneurship and helps startup companies out of the VentureSpace initiative, while involving students in this process. The new FY15 request is for \$250,000.

The second request is for the Design Planning Assistance Community Collaborative (DPACC) from the School of Architecture + Planning. This project provides environmental research, planning, policy development, and design assistance to qualified non-profits, small municipalities, Native American tribes and neighborhoods that are committed to grassroots efforts to improve their physical, social, and economic fabric of their communities. Most of these smaller communities do not qualify for main stream funding from the Department of Economic Development, which makes this a special program. The new FY15 request is for \$947,000.

The third request is for Degree Plans, which is a project developed through the Provost's Office to help improve graduation rates. Regent Hosmer and the Academic and Student Affairs Research committee felt this was something UNM could receive funding for and roll out state-wide to help other higher education institutions with their graduation rates. This is a non-recurring request in the Special Appropriation section of House Bill 2. FY15 request is for \$300,000.

The fourth request is for the Utton Transboundary Resource Center/ Ombudsman from the School of Law. The funding request will allow the Utton Center to rely on its in-house attorneys to carry out the Ombudsman Program; the water rights research, writing, and publications for which the center has come to be relied upon; continuation of the repository of Native American water case settlement documents and other water-related cases; and its new work in the areas of drought and water-energy nexus. The Legislature has also created a sub-committee for drought issues in the state, and the Utton Center has been very supportive and helpful of that process. The FY15

expansion request is for \$320,590, bringing the Utton Center back to their original level of funding that was cut during the solvency years in the Legislature.

The fifth request is for the Planning School Turnaround in NM which is a program on Turnaround Teacher Management Training. The Anderson-COE-NMSLI collaboration will deliver comprehensive, rigorous training to New Mexico school principals in low-performing schools to turnaround and achieve higher results. The FY15 non-recurring request is for \$147,555.

The sixth request is for Family Development through the UNM Family Development Program. The program provides outreach for community based education in support of NM's standards for high quality early learning. The FY15 expansion request is for \$244,938 to restore previously cut funding.

The seventh request is for the Student Mentoring Programs/College Prep Mentoring with the Mentoring Institute in the Division of Student Affairs. The program aims to increase the retention of students in K-12 education by way of mentoring and tutoring. This program specifically targets first generation and low income New Mexicans, striving to prepare students for the transition to higher education. The FY15 expansion request is for \$335,618 in order to expand the outreach of the program.

Information Items:

5. Monthly Capital Project Status Report

Chris Vallejos gave the presentation. Information was provided to the Regents' on the status of current capital projects. As of August 2013, there are 35 active projects with total funding of \$42,726,138.

6. UNM Regents' Endowment Fund Portfolio 3rd and 4th Quarters

Leslie Boni made the presentation. Information was provided on the Regents' UNM Endowment Fund Portfolio managed by students at the Anderson School of Management. For the 3rd Quarter, the portfolio value on March 31 was \$2,099,220.27. For the 4th Quarter, the portfolio value on June 30 was \$2,079,114.99. The investment returns closely mirrored the S&P 500 index. Since its inception in 2006, the portfolio has had a 55.3% total return. The students have greatly enjoyed working on the Regents' Portfolio, which has been a success.

7. FY13 Year-End Undesignated Reserve Report

Andrew Cullen made the presentation. Information was provided to the Regents' on the FY13 Year-End Undesignated Reserve Report. The year-end reserve for FY13 was \$9.780 million, which was an increase of \$1.048 million from FY12. The Higher Education Department recommends a minimum reserve of 3%, which UNM meets.

In response to Regent inquiry, projects on the list that had previously been denied funding during the budget process but were approved for funding with reserves, were recommended and approved by the President, Provost and EVP for Administration.

Regent Overton requested that

8. Contract Information:

- a. UNM Athletics/ Baseball Field Lighting – DKD Electric LLC
- b. UNM Ticketing Services – Enta Software

Bruce Cherrin, Paul Krebs and Chris Vallejos gave the presentation. Information was provided on the Baseball Field Lighting project. There were six responses to the RFP and DKD Electric LLC was chosen. It also included a sponsorship of \$174,770. UNM Athletics has received \$297,840 in private donations for the project and will announce in the coming weeks, a donation of half a million dollars to go towards the Baseball program.

Information was provided to the Regents on the Enta Software, which has allowed UNM Ticketing Services to become self-sufficient and retain all service fees. The software is adaptable and can be utilized for almost any event. The NM State Fair has contracted out to UNM for ticketing services. UNM had previously worked with Ticket Master, which would keep 50-60% of the service fee.

9. ~~Status Update Human Resources~~
- a. ~~VEBA Advisory Board~~
 - b. ~~GASB Actuarial Data~~
 - c. ~~GAP Insurance RFP Status~~

*Per Regent Gallegos' request, Information Item 9 removed from agenda, will be presented at the BOR Audit Committee Meeting on September 19, 2013.

10. Update 1650 University NE

EVP David Harris gave the presentation. An update was provided to the Regents on the status of the 1650 University NE project. EVP Harris stated that the project will be presented to the State Board of Finance for approval on September 17.

Health Sciences Board, Regent Suzanne Quillen, Chair

Action Items:

1. Resolution Recommending Approval of UNMH Contracts with Pacific Interpreters, Inc. and Press Ganey Associates, Inc.,

Motion to approve the UNMH Contracts with Pacific Interpreters, Inc. and Press Ganey Associates, Inc. passed unanimously (1st Quillen, 2nd Gallegos).

Regent Quillen gave the presentation. Requesting Regents' approval for the UNMH contracts with Pacific Interpreters, Inc. and Press Ganey Associates, Inc. Pacific Interpreters, Inc. is a comprehensive language service provider enlisted to eliminate the language barrier between Limited English Proficient (LEP) and Deaf individuals. Request is for a one-year agreement for telephonic and video interpreting with over 200 languages, total cost is up to \$550,000 per year. Press Ganey Associates, Inc. is a company that administers patient satisfaction surveys for hospitals. Request is for a three-year agreement and total cost ranges from \$500,000 to \$540,000 per year.

In response to Regent inquiry, there are no local NM firms that administer patient satisfaction surveys. There are only three companies nationwide and Press Ganey was selected because they are the top company for these types of surveys.

2. Approval of HSC Legislative Funding Requests FY2015

Motion to approve the HSC Legislative Funding Requests FY2015 passed unanimously (1st Quillen, 2nd Overton).

Chancellor Paul Roth gave the presentation. Regents' approval was requested for the FY2015 HSC Legislative Funding Requests. There are nine requests for funding, which total \$9,560,700.

The first request is for the Medical School for funding to address the salary inequities with current faculty physicians with I&G funding. The request will also help the School of Medicine get the entire medical faculty up to the 33rd percentile of AAMC salary schedule. The requested amount is \$3,944,700.

The second request is for Nurse Practitioner Education to increase Family Nurse Practitioner (FNP) and Certified Nurse Midwifery (CNM) admissions, graduate an additional 18 students per year, increase certification exam pass rate above 80%, and allow for 80% Advance Practice Nursing Students to have at least rural rotation. FNP, CNM and Pediatric Nurse Practitioners will help alleviate the primary care shortage in the state, as more New Mexicans will become insured in 2014. The requested amount is \$1,504,800.

The third request is for the BA/DDS Degree Planning Funds to start the Combined BA/DDS program, modeled on the BA/MD program, with some adjustments. This will be a recurring request and is designed to help address the critical dental shortage in New Mexico by providing educational opportunities to students who are most likely to stay in NM to practice dentistry. It will also encourage a greater diversity of students trained as dentists. The requested amount is \$400,000.

The fourth request is for the Project ECHO (Extension for Community Healthcare Outcomes) which improves access to specialty care for underserved patients in urban and rural areas of New Mexico. It enables the delivery of complex specialty care to patients with hepatitis C, diabetes, HIV/AIDS, chronic pain, women's health, dementia, and substance use disorders. The requested amount is \$1,100,000.

The fifth request is for the Center for Health Care Workforce Analysis. The Health Care Workforce Data Collection, Analysis and Policy Act was signed by the Governor in February 2012, and authorizes the transfer of health care professional licensure and survey data from the Department of Health to UNM HSC. It is housed in the UNM Office for Community Health and the data is housed at the Clinical Translation Science Center. State support is needed to provide meaningful recommendations to stakeholders and to build the healthcare workforce database. The requested amount is \$322,600.

The sixth request is for the Health Extension Rural Offices (HEROs) program. The program will build on the highly effective cooperative extension model, bringing the diffusion of innovation, the transmission of best practices and on-ground assistance to communities across the state, particularly those with low health outcomes. The request would fund 5 additional HEROs and 2.5 administrative support FTE HEROs throughout New Mexico. The requested amount is \$496,600.

The seventh request is for the Office of the Medical Investigator (OMI) Utilities. The OMI is the centralized, statewide examiner for NM and is charged with performing medicolegal death investigation on all reportable deaths in NM to determine cause and manner of death. The OMI moved from an 18,000 sq. ft. facility to a 60,000 sq. ft. facility to provide room for growth and enhanced safety. The facility requires significantly more power and water to operate and the utilities have doubled from the older facility, which will require more support from the state. The requested amount is \$302,000.

The eighth request is for the UNM Pain Center to provide pain and addiction continuing medical education to all New Mexico clinicians. New Mexico is ranked second in the United States for unintentional opiate overdoses, with doctors being the primary source of acquisition of the prescription medication and the UNM Pain Center's function is to educate regarding safe opiate prescribing and public health crisis of Chronic Pain and addiction. The requested amount is \$1,000,000.

The ninth request is for the Center for Childhood Maltreatment, which serves as the only referral source for New Mexico for suspected cases of child abuse, addressing the public health problem with limited resources. The request is to establish a collaborative child maltreatment program at the UNM Children's Hospital of experienced specialists to work with multidisciplinary agencies statewide. This will allow for education and outreach. Long-term goals will include a statewide online network to assist other healthcare providers and CYFD with medical evaluations. The request is \$440,000 for Phase I; to continue with a multi-year phase of \$1,344,600.

3. Approval of First Amended and Restated Bylaws of the UNM HSC Board of Directors

Motion to approve the First Amended and Restated Bylaws of the UNM HSC Board of Directors passed unanimously (1st Quillen, 2nd Fortner).

Regent Quillen gave the presentation. Requesting Regents' approval for the first amended and restated bylaws of the UNM HSC Board of Directors, which changes the composition of the HSC Board of Directors to five voting members. Three will be Regents' and two will be voting community members, selected by the Board and President of the Regents'. The sitting Chair of the UNM Hospital Board of Trustees shall serve as an ex officio, non-voting member of the Board.

4. Approval of Revised Regents Policy 3.5, "UNM Health Sciences Center Board of Directors"

Motion to approve the Revised Regents Policy 3.5 "UNM Health Sciences Center Board of Directors" passed unanimously (1st Quillen, 2nd Koch).

Regent Quillen gave the presentation. Regents' approval was requested for the revised Regents' policy 3.5, UNM HSC Board of Directors. The composition of the Board was amended to five voting members, three Regents, and two voting community members. The sitting Chair of the UNM Hospital Board of Trustees shall serve as an ex officio, non-voting member of the Board.

5. Approval of Nomination of Erich P. Marchand, MD to Carrie Tingley Hospital Advisory Board

Motion to approve the Nomination of Erich P. Marchand, MD to Carrie Tingley Hospital Advisory Board passed unanimously (1st Hosmer, 2nd Koch).

Ella Watt gave the presentation. Regents' approval was requested for the nomination of Erich P. Marchand, MD to Carrie Tingley Hospital Advisory Board. On the Board, there are Physicians and parents of previous patients. Dr. Marchand is a practicing physician at UNM Hospitals in the Department of Neurosurgery and UNMH believes he would be a great addition to the Carrie Tingley Advisory Board.

Information Items:

6. UNM Contracts with Owens and Minor Distribution, Inc.

Regent Quillen gave the presentation. The contracts with Owens and Minor Distribution, Inc. were discussed. Request for purchase of Implant Purchasing Manager software system from Owens and Minor, which allows for streamlining the purchasing of the implants used for Orthopedic, Spine, Cardiac and other critical areas. It reduces the staffs manual research for the most cost-effective and efficient implant. It went through the RFP process and Owens and Minor was the only respondent for a total cost of \$330,000.

7. HSC Financial Update

Ava Lovell gave the presentation. Ava Lovell presented the year-end information for the Health Science Center (HSC). The metrics report was discussed. For five years, HSC has been using carry-forward balances, which was planned. For FY13, HSC used \$6 million of carry-forward balances; some were used for capital expenditures, cost-shares, and start-up packages. The budget approved for FY14 only has a budgeted use of \$800,000 carry-forward balances. The Medical Group used carry-forward balances in FY12 and broke even in FY13. UNMH received a settlement on upper payment limit and larger dividend from TriWest, which brought them up to a positive \$4.4 million; they were previously showing a loss of about \$3.4 million. The Sandoval Regional Medical Center (SRMC) has been open for 10 months and posted a first year loss of \$11.9 million. For Uncompensated Care, the Cancer Center saw a 15.3% increase and the Medical Group saw a 19.5% increase. Physician Providers are seeing a lot more uncompensated care this year than last year. For UNMH, there was a 2% increase. There is a focus of getting people to primary care rather than the hospital, so that is why we see higher amounts on the Cancer Center and Medical Group. Since the Affordable Care Act (ACA) has not yet started, many are still uninsured. Starting January 2014, when the ACA goes into effect, many of these people will be covered with the expansion of Medicaid. For Days Cash on Hand, days of expense and a discretionary reserve for year-end, the HSC has 5.93 days, the Medical Group has 51 days, UNMH has 50.56 days, and SRMC has 42.9 days. Accounts Receivable greater than 90 days are 3% for HSC, 14% for Medical Group, 26% for UNMH, and 51% for SRMC. Overall, the HSC is healthy but SRMC will continue to be the focus.

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

1. Update from the Provost

Provost Abdallah provided an update to the Regents' on current events and initiatives with Academic Affairs. The Provost reported that the College of Education (COE) has received a planning grant from the Kellogg Foundation to reimagine the COE, which is currently underway. Three teams were formed, an internal UNM team, a state team and a national, to aid in reviewing current UNM COE operations and other universities. The goal is to be more consistent with the needs of 21st century teachers and renew the commitment to graduate level education. The outcome of the initiative will be a plan that will be implemented next fall, to revamp curriculum and get a new dean that will engage internal and external groups. A major goal will be to improve the preparation of teachers at UNM through measures that can be instituted immediately.

Other academic initiatives include the new website, degrees.unm.edu, with degree information and transfer agreements with two-year colleges uploaded. A dashboard has also been developed, which describes performance in the academic affairs area. These initiatives are increasing transparency for Academic Affairs. Increasing Financial Aid has been a goal for the past two year and money has been added to scholarships. Also in the discussion is the migration towards 120 credit hour model, which has been reviewed by Faculty Senate and is moving forward. The Early Start Program began this summer on a volunteer basis, next summer it will be mandatory for students who receive an ACT score of 17 or below. Finally, Massive Open Online Courses (MOOCs) are still being explored, and one is currently being offered by a UNM professor.

Action Item:

2. Approval of Summer 2013 Degree Candidates

Motion to approve the Summer 2013 Degree Candidates passed unanimously (1st Hosmer, 2nd Koch).

Summer 2013 Degree Candidates
 Doctoral and MFA Degree

90

Master's Degree	418
Bachelor's Degree	264
Associate's Degree	58
Total	830

Information Items:

3. Enrollment and Student Cost Update

Terry Babbitt gave the presentation. Information was provided on the status of FY13 enrollment. There was slight decrease in enrollment for FY13, down 1.57% from FY12, which is a national trend. There was a slight increase in student credit hours by 0.72%, due to a shift in heavier credit hour loads for students. Graduate Student enrollment was down 1.61% including Anderson Graduate Programs, which had a decrease of enrollment by 4.46%, and Law School down 0.29%. Medical School had an increase of enrollment by 6.68%. UNM West was down enrollment by 11.17%, Gallup was down 4.67% and Valencia was down 3.65%. Los Alamos Branch had an increase enrollment of 7.61% and Taos had an increase of 8.91%. Freshman Cohort retention is a focus with the UNM 2020 goal of 77.5%, the Fall 2011 Cohort had a 76.6% return rate and the Fall 2012 Cohort had a 77.7% return rate. Mr. Babbitt stated that with the new tuition strategy, the 12 credit hour loads have a reduction and the 15-18 credit hour loads have substantial increases.

In response to Regent inquiry, there is a waiting list for law school despite admission for law school being down around the country. Because of the large amount of law school graduates, there is a focus around the country to provide Graduate Legal Education for graduate students in different fields. In addition, the BA/MD program has grown the enrollment for the Medical School this year.

President Frank congratulated the Provost, Dr. Babbitt, Dr. Heileman and the many people who have worked hard on increasing retention rates, which is a great accomplishment.

4. Tuition and Fee Policy Task Force Update

Greg Heileman gave the presentation. Information was provided on the Tuition and Fees Policy Committee, which was developed by Provost Abdallah in July. The committee was established to review tuition and fees at the University in order to understand all of the policies that exist for tuition and fees, such as differential tuition, mandatory, course and other fees students must pay to attend UNM. A timeline was constructed on the various pieces the committee would study, to provide recommendations to the Provost and President related to tuition and fees and then to the Regents. Work that was done initially was on the policy around tuition and there is a proposal that the tuition and fee process should be established with consultation with campus constituents using a process that emphasizes the five elements of collaboration, inclusiveness, transparency, timeliness and accountability. Differential tuition was reviewed as well as mandatory fees and the process for setting them and how students might be involved in input.

The tuition and fees related to the academic mission involve three pieces, which are tuition, course fees and differential tuition. The policies associated with tuition and fees are spelled out in the Regents' policy manual as well as "Big Red" – Policy 8210. Another item discovered in "Big Red" was the way fees were allocated on a transaction-to-transaction basis through the office of Planning, Budget & Analysis was not a very efficient way of doing things which was changed immediately. The recommendation was to change that so they are allocated at the end of the semester based on the final enrollments. Course fees are intended to be paid for those students who benefit from taking that particular course. These fees and the use of those fees are reported to the Academic and Student Affairs Research Committee. The main component for course fees is that all students who pay them must benefit from paying them, in "Big Red" policy. There are two of them, the class fees that students pay if they attend Chemistry for example and need

certain chemicals in the lab. Those are particular class fees. There are also curriculum fees, fees applied to every course across the entire curriculum. These are paid by course. Differential tuition is different, it should be tied to the cost of delivering the program and paid by major. The idea is that students in less expensive programs should not be subsidize those in more expensive programs. Done now largely for College of Nursing and many graduate programs.

Differential Tuition and Curriculum Fees are the two issues because they are, in many cases, doing the same thing. This is one item that the committee will try to clarify is how these two items should be paid. Currently the Responsibility Oriented Management (ROM) program is allowing for the costs of each program to be fully realized.

5. Student Affairs Initiatives
 - a. ~~Civil Campus Council~~
 - b. Housing Report

Cheo Torres provided an update to the Regents' on Student Affairs. Veronica Mendez-Cruz was recognized for her 27 years of service to the University, she will be retiring as the Director of El Centro de la Raza. Mr. Torres also recognized UNM student Jaen Emmanuel Ugalde, who won the Hispanic Association of Colleges and Universities Quiz TV game show held in Chicago on August 24. The beginning of the fall semester was a success including the Upward Bound Program, summer courses for college readiness. Mr. Torres discussed the success for student scholarships raising over \$350,000, and receiving over \$7 million in STEM grants.

Chris Vallejos provided information on UNM Housing, which is currently at 93% occupancy. The target goal was 90%, for fall FY13, the goal has been surpassed. For UNM owned properties, Residence Halls are at 92% capacity and Student Family Housing is at 98% capacity. For ACC owned properties, Casas del Rio is at 98% and Lobo Village is at 89%. The total capacity for UNM and ACC properties is 4113 and the current fall housing contracts total 3839. Living Learning Program was discussed and the partnership has started to grow across the University. The program allows students to connect to campus.

Audit Committee, Regent Gene Gallegos, Chair

No report (Committee scheduled to meet September 19, 2013.)

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

UNM Alumni Association. President Randy Roister President Roister reviewed the mission of the UNM Alumni Association, which is to serve as a bridge between the Alumni and the University to ensure the continued success of the University and enrich the lives of the Alumni. The many traditions and new programs being developed were discussed, such as Lobo Living room. Homecoming is September 23 through 27, and the Alumni Association will host a number of events. The Zia Award recipients are Gig Brummell, Leslie Hoffman, Madeline King, Jay Rosenblum, Peter Sanchez and Frank Sedillo. The Lobo Award Recipient is Chris Schuler and a new award for Inspirational Young Alumni will be awarded to Abigail Eaves.

UNM Foundation. President Carl Alongi President Alongi provided an update on the Changing Worlds campaign with the UNM Foundation (UNMF), which is 85% complete. This past fiscal year the UNMF raised \$81,598,617 in private support. Of the \$81.5 million raised, \$13.5 million was added to the Consolidated Investment Fund, \$13.5 was transferred to the University for scholarships and programs, and \$37.5 was added as a result of investment performance.

UNM Retiree Association. President Don Duszynski President Duszynski provided an update on current activities with the Retiree Association. A retreat will be held at the Sevilleta National Wildlife Refuge on October 30. The Retiree Association is involved in the Save ERB- Cost of Living Allowance initiative; members are petitioning and participating. There is an active member of the Retiree Association on the ERB Stakeholder's Board. An update was provided on

retirement health care issues. Also provided was information on “Best Practices” of other universities and Retirees. The goal is to establish an Emeriti College staffed by retirees, allow for a phased retirement program, mentoring, preservation of intellectual property, a Retiree center and various opportunities for involvement across campus. Regent Hosmer stated that he would like to see some of these ideas turned into proposals in the near future.

Staff Council, President Gene Henley President Henley provided an update on current initiatives with the Staff Council. Staff has received the compensation at the end of August and is appreciative of the support from the Regents.

ASUNM, President Isaac Romero President Romero provided an update on current initiatives with ASUNM. The Lottery Scholarship summit was a success with great input. ASUNM is looking forward to the Homecoming events.

GPSA, President Priscila Poliana President Poliana gave an update on current initiatives and activities for GPSA. Ms. Poliana is pleased to have students sitting on the Tuition and Fee Policy Committee, and looks forward to reviewing tuition and fees this semester.

VI. Public Comment (none)

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

Motion to close the meeting and proceed into Executive Session passed unanimously at 12:52 p.m. (1st Hosmer, 2nd Gallegos).

Executive Session 12:52 pm. – 1:33 pm., and 1:34 .m. – 2:09 pm.

1. Discussion and determination where appropriate of limited personnel matters pursuant to Section 10-15-1.H (2), NMSA (1978).
2. Discussion and determination where appropriate of threatened or pending litigation pursuant to Section 10-15-1.H (7), NMSA (1978).
3. Discussion and determination where appropriate of the purchase, acquisition or disposal of real property pursuant to Section 10-15-1.H (8), NMSA (1978)
4. Discussion and determination where appropriate of purchases of more than \$2,500 that can be made from only one source or competitive sealed proposals under the Procurement Code during the contract negotiation process pursuant to Section 10-15-1.H (6), NMSA (1978)

VIII. Vote to re-open the meeting.

Motion to return to open session to make a public motion, passed at 1:33 p.m. (1st Quillen, 2nd Gallegos).

1. Certification that only the matters described in Agenda Item VII 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 only those matters described in Agenda Item VII were discussed in Executive Session with one action to be taken and reported in Open Session with a quorum of members present, passed unanimously (1st Fortner, 2nd Koch).

Action: The Board of Regents direct President Frank to proceed with his implementation plan for Innovate ABQ, with the first step to apply for the federal grant, approved by a show of hands, 5-1, in favor, Regent Koch with the dissenting vote; Regent President Fortner was absent.

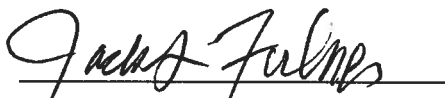
Motion to return to closed session passed unanimously at 1:34 p.m. (1st Quillen, 2nd Gallegos).

Motion re-open the meeting and certify that only those matters described in Agenda Item VII were discussed in Executive Session with one action to be taken and reported in Open Session with a quorum of members present, passed unanimously at 2:09. (1st Fortner, 2nd Koch).

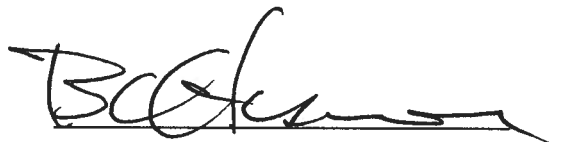
Action: The Board of Regents rescinds the termination notice of the lease for the Maui High Performance Computing Center and approves to enter into an Occupancy Agreement with the Army Corps of Engineers. The action passed unanimously; Regent President Fortner was absent (1st Gallegos, 2nd James).

IX. Adjournment

Motion to adjourn the meeting passed unanimously at 2:11 p.m. (1st Quillen, 2nd Gallegos)



Jack L. Fortner, President



Bradley C. Hosmer, Secretary/Treasurer