

**Minutes of the Regular Meeting of the Board of Regents of the University of New Mexico
February 11, 2016
Student Union Building, Ballroom C, Main Campus**

Members present

Jack L. Fortner, President; Robert M. Doughty, Vice President; Bradley C. Hosmer, Secretary Treasurer; Marron Lee; Suzanne Quillen; Ryan Berryman

Administration present

Robert G. Frank, President; Paul Roth, Chancellor for Health Sciences; David Harris, EVP of Administration, COO, CFO; Chaouki Abdallah, Provost and EVP for Academic Affairs; Dorothy Anderson, VP HR; Ava Lovell, Sr. Exec. Officer of Finance and Administration, HSC; Eliseo Torres, VP Student Affairs; Amy Wohlert, President's Chief of Staff; Elsa Cole, University Counsel; Liz Metzger, University Controller; Helen Gonzales, Chief Compliance Officer; Dana Allen, VP Alumni Relations; Steve McKernan, CEO UNM Hospitals

Regents' Advisors present

Crystal Davis, Staff Council; Texanna Martin, GPSA; Stefan Posse, Faculty Senate; Carol Stephens, Retiree Association; Jenna Hagengruber, ASUNM

Presenters in attendance

Andrew Cullen, AVP OPB&A; George Williford, Financial Advisor, First Southwest; Chris Muirhead, Modrall Sperling, Bond Counsel; Katherine Creagan, Modrall Sperling, Bond Counsel; John Kennedy, KPMG; DeVon Wiens, Moss Adams; Emile Nakhleh, UNM Research Professor, Member, Council on Foreign Relations; Robert Delcampo, Director Innovation Academy; Carol Adkins, Sandia National Labs; Alan Hurd, Los Alamos National Laboratory; Nicole Dobson, Operating Group Financial Officer; Robert Delcampo, Associate Dean, Anderson School of Management and Director of Innovation Academy; Randall McDonald, Innovate ABQ, Inc.; Monica Orozco Obando, VP Extended University; Terry Babbitt, AVP EM; Dorothy Anderson, VP HR; Eric Weinstein, AON; Chris Vallejos, AVP ISS; Jason Strauss, Pres. Lobo Energy; Tom Neale, Director Real Estate; Steve McKernan, CEO UNM Hospitals

Others in attendance

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

CALL TO ORDER, CONFIRMATION OF A QUORUM AND APPROVAL OF THE AGENDA

Regent President Fortner called the meeting to order at 9:01 AM and announced a quorum of members present. Regent Fortner asked for a motion to approve the agenda.

The motion to approve the agenda passed by unanimous vote (1st Lee; 2nd Berryman).

APPROVAL OF MINUTES

Regent Fortner asked for a motion to approve the minutes of the December 11, 2015 regular meeting and the December 16, 2015 special meeting.

The motion to approve the minutes of the December 11, 2015 regular meeting and the December 16, 2015 special meeting of the Board of Regents passed by unanimous vote (1st Lee; 2nd Doughty).

PUBLIC COMMENT

Leslie Easom, UNM Retiree, spoke on concerns about the Pre-65 Retiree medical premium rates. Pre-65 rates have increased 31.6% since FY 2012-2013. Ms. Easom said the post-retirement deferred compensation benefits offered to employees and retirees before July 1, 2013 included the option to purchase the same medical insurance program as active employees. She requested to restore the post retirement deferred compensation benefits to the level in place when the employee retired. Ms. Easom made a handout available that depicted a chart showing comparisons of premium rates between employees and pre-65 retirees and a table of annual premium comparisons and increases over the past 3 years.

Carol Stephens, Professional Consultant in the Office of University Secretary and President of the UNM Retiree Association, welcomed the new Regents and thanked them for their service to the University. The retirees are very proud of UNM and their years of service to the University. She spoke about the Pre-65 Retiree medical premium rates, there was a promise that retirees could buy the same insurance at the same rates as employees, but that was changed when Pre-65 retirees were put in their own cost pool and their premiums increased. The other change the University made was in the percentage of the premium paid by UNM; for former retirees, the subsidy was 60%, for later retirees, 45%, but next year the subsidy will be 40% of the total premium.

PRESENTATION OF THE 2015 REGENTS' MERITORIOUS SERVICE AWARD TO DR. CHERYL WILLMAN

Regent Fortner recognized Dr. Cheryl Willman in the audience and asked her to come forward. Regent Fortner asked Regent Marron Lee to present the award. Regent Lee introduced Dr. Willman who has served as Director and CEO of the UNM Cancer Center since 1999. She is a Professor of Pathology and Internal Medicine at the UNM School of Medicine where she holds the Maurice and Marguerite Liberman Distinguished Chair in Cancer Research. Dr. Willman is an internationally recognized leukemia researcher and plays significant national leadership roles in the leukemia translational medicine studies. Regent Lee spoke on a personal level about her appreciation for Dr. Willman's sincere caring for cancer patients. Regent Suzanne Quillen congratulated Dr. Willman and said the award is very well deserved and added Dr. Willman was one of six cancer experts across the country recently invited to the White House to meet with Vice President Biden on new cancer initiatives. Regents presented the award, inscribed with the following:

***The University of New Mexico Board of Regents
is proud to bestow the
2015 Regents' Meritorious Service Award to
Cheryl L. Willman, MD
in recognition of her scientific and
academic leadership in the
National Cancer Institute designation
of UNM as a
Comprehensive Cancer Center***

APPROVAL OF THE PRICING RESOLUTION FOR THE UNM SERIES 2016A AND 2016B BONDS

Andrew Cullen presented the item. George Williford and representatives from Modrall Law Firm were present to answer questions. The bond pricing took place on February 10, the day before the meeting and there is good news for the University's \$55 million in new monies and the refunding of the University's 2007 bond issue. Summary material was presented to the Regents. The \$55 million in new monies are to fund the Anderson School of Management project, the Johnson Center project, and the renovations to Smith Plaza. Throughout the process a lot of people from the University, both North and Main Campus, were pulled together and Mr. Cullen thanked them for their efforts. The ratings agencies affirmed the Moody's and Standard and Poor's ratings. The full rating agencies reports were also provided to the Regents. Regent Robert Doughty asked for explanation about the rating information. Mr. Cullen responded the ratings are like a credit rating, giving affirmation to investors on what they deem the University's credit to be, and that has a direct impact on the cost of funds borrowed in the open market. Mr. Cullen discussed how ratings are related to the ability to pay debt service. Moody's affirmed UNM's Aa2 rating which is a strong credit. Regents inquired about UNM's rating versus the ratings of other higher education institutions in the State. UNM has the highest. There was discussion about the difficult and long process requiring a multi-year trend to upgrade a bond rating once it has been downgraded.

Regent Doughty requested George Williford explain his relationship with the University and his role. First Southwest is a nearly 70-year old securities firm with most of its business in financial advisory work and in that role it is the agent of the University to help structure, conceive, and ultimately take the debt issuance to market. He has worked on both the system revenue side as well as the hospital side, involved in the 2004 hospital issuance and most recently the 2015 refunding and the Sandoval Medical Center financing. Underwriters are in the business of buying bonds and reselling, but agents like First Southwest Company, under SEC regulations have to have an explicit fiduciary role to represent the best interests of the issuer.

Mr. Cullen reviewed the details of the bond pricing and timing of principal and interest payments for the 2016A tax-exempt new money and refunding bonds and the 2016B taxable refunding bonds. The 2016A refers to the tax exempt portion which is the majority of the money, and the 2016B are the taxable portion because it is refunding of 2007 bonds for renovation of the Pit that included for-profit outside food service operations doing business within that facility. The net present value (NPV) savings as a percent of refunded amount is 18.26%, or \$22 million net present value savings, about \$1.4-1.5 million per year to 2036. The benchmark was 4% and the projected was 7%, so this savings far exceeded those numbers. Regent Bradley Hosmer inquired the interest rate used for calculating the net present value; the true interest cost, 2.82% was used and the NPV includes all costs for the refunding. The new money bonds are at 3.3%. Interest rates are at historic lows. The bond deal was exceptionally well-received in the market. There are 17 new institutions that now hold UNM credit. Regent Doughty asked why the new institutions. Mr. Williford responded it is a combination of factors, these are major institutions and they are interested in the rating level, but they also have professional analysts who take the offering documents and do their own analysis to qualify the credit quality. It is the quality aspect that brought them to the table.

Regent Fortner asked Andrew Cullen to frame the motion. Regent Doughty moved the motion; Regent Lee seconded. There was discussion.

Regent Quillen said to Mr. Cullen she appreciated his memo sent to Regents that accompanied the Preliminary Official Statement (POS) with instructions to review carefully the 100-plus page POS because it is a Board of Regents document and Regents are responsible for its accuracy. During review of the POS, two things came to mind. The first, Regents requested from leadership, in a meeting two years ago when bonds came up and competing needs for both sides of the campus, the Regents asked for a plan from the leaders of both sides on what their priorities were. The Regents said at the time they would not vote again until presented with priorities from leadership on both sides of the campus. And now the Regents still do not have that input, and the needs come up, for example for a new gym, but there are competing issues and Regents have never heard from leadership collectively. That is a problem. Regent Quillen said she understands that although the Health Sciences Center (HSC) revenues and reserves are not used in any way for this bonding issue, they are still included on the fee schedules on pages 22, 25, and 26, and in her basic knowledge of this, it seems conflicting. The opinions do not match the fee schedules. Mr. Cullen responded the net revenues available for debt service on page 22 do not include hospital revenues or the plant fund reserves where hospital reserves are currently being held. Regent Quillen responded that the numbers on pages 25 and 26 have to include it. Mr. Cullen asked Chris Muirhead of Modrall Sperling Law firm, the bond counsel that took lead in drafting the POS, to respond further. Mr. Muirhead highlighted the table on page 22, it is the pledged revenues which are legally pledged for repayment of the debts. All the system debts of the University that is on a parity basis with this, unrelated to the hospital, those are the pledged revenues that pay that. The lead in to page 24, the disclosure discusses the University as a whole as an operating entity and an investor would want to know the University as a whole is doing. Page 24 says State appropriations are critical and here are the consolidated financial statements from the audit on page 25 so that does lay out everything including the hospital. Page 26, the lead in says, here's a breakdown of the debt service looking at the University as a whole, this is not the pledged revenues, this is not tied to the covenants in the resolutions, which Regents adopted on September 11, 2015 and which is supplemented today. It is saying here the financials of the University as a whole tied to the audit, and says if you are interested in the pledged revenues, page 22 is where they can be found. Mr. Muirhead said Regent Quillen is correct, page 26 is the entire consolidated revenue, based on the financial audit of the University, which then is referenced and the full audit is attached to the offering document. The concept being, what are the investors accustomed to seeing and what do they want to know. They want a full picture of the University, not just the pledged revenues, so that is the goal of pages 24, 25, and 26. Mr. Muirhead asked if that answered Regent Quillen's questions. Regent Quillen responded in the affirmative and there was further discussion. Mr. Muirhead reminded the Regents of Modrall's role, in preparing the POS, at the end of the day Modrall gives an opinion that covers all of this disclosure and that is the front line of defense. Modrall says the document the investors look at is completely comprehensive and accurate and does not contain any material misstatements or omissions of material fact. With the investing community in mind, the POS gives as broad a picture as permitted without omitting something material for or including something that is a misstatement. The document as a whole highlights the University as a whole but specifically in multiple places highlights a potential investor's credit is secured

by the pledged revenues. It does not include the Health Sciences Center hospital, a separate entity which is part of the global University but not part of the pledged revenues. The theme throughout the document is here are the pledged revenues and here is what they are made of, attaching the Resolution approved September 11 which is the controlling legal document for the pledge defining what the pledged revenues are and here is how they are calculated and used to pay debt service. When addressing the University's finances as a whole, or in Appendix A where there is a detailed discussion of the Health Sciences Center, it is repeatedly stressed to the investors the reminder that there are pledged revenues limited to A and a broader picture is given but understand that the hospital revenues are not part of that pledge, they are part of a pledge for a different line of credit. Looking at the document as a whole, Mr. Muirhead said that Modrall is comfortable that pages 25 and 26 do not give a false impression to anybody about the credit that is being offered or the health of the University or the HSC and Modrall is very comfortable, when the transaction closes, giving the legal opinion saying there are no material omissions or misstatements of fact.

Student Regent Ryan Berryman stated it would be beneficial for people in the audience to clarify what the pledged revenues are. From page 19 of the POS, sources of pledged revenues are student tuition and fees and sales and services from the University bookstore, parking revenues, some research activity and instruction. The student leaders have been working very hard to gauge the interest in the student fee, and all realize this is a very needed project for the campus. The University of New Mexico Hospital is one of the facilities excluded from the pledged revenues. Student Regent Berryman raised a question regarding the earlier mention of the savings realized in the refunding of the 2007 bonds and inquired whether those savings could be passed on to the funding of the needed new Physics and Astronomy building. Mr. Cullen said he was not prepared to quantify that at this point, but when administration has to come forward with a fee increase again with regard to the Physics and Astronomy facility, administration will take into account these savings in order to minimize any necessary increase.

Regent Hosmer thanked Mr. Williford and Mr. Muirhead for their patience in answering questions and said he appreciated Regent Quillen caution, of which he shared. Regent Hosmer stated his satisfaction with the language of the document as protective and accurate and covering exactly what was intended, but expressed reservation about labeling of the chart on page 26 of the POS. The title of the chart, University of New Mexico, Net Revenues Available for Debt Service, and yet the rest of the document says those are more than pledged revenue, they are based on total revenue. Regent Hosmer suggested a footnote to resolve the discrepancy if one were to see the total revenue on that chart and think it may be available for this debt service, specifically for anyone approaching the chart with the idea that it is definitive and accurate. Mr. Muirhead thanked Regent Hosmer and said the 3 or 4 pages leading into the table on page 26 explain more fully that these are the net revenues of the University as a going concern. This is historically how it has been disclosed with the rating agencies and the investment community so Modrall is comfortable that is an accurate description of the credit, although Mr. Muirhead stated he appreciated the comments and deferred to the Board. Regent Quillen inquired as to why a footnote cannot be added, considering the Regents are responsible for the POS. Mr. Muirhead said he was open to the direction of the Board.

Regent Doughty commented he had met with Mr. Williford, Regent Fortner, President Frank, EVP David Harris, Ava Lovell, Ella Watt, and Steve McKernan, and stated a specific question to Mr. Williford: does the UNM bond issuance, have any impact on the Health Sciences plan to construct a new hospital? Mr. Williford responded that everything has been based on accepted rating agency metrics, ratios, and so on, and so any response that has been given has been based on that. And so if one looks at the 2014 debt balance of the system revenue debt versus adding this on there is only a net \$11 million increase which is miniscule compared to the total. Also, the annual debt service with the refunding, as Mr. Cullen showed, only increased from \$1.4 to 1.5 million. So as things stand, this bond issue does not restrict or impose any impairment on the ability of the hospital to consider financing.

The motion to approve the pricing resolution for the Regents subordinate lien system revenue and improvement revenue bonds, Series 2016A and Series 2016B, supplementing and amending the Regents resolution approved on September 11, 2015, passed by a roll-call vote of 4-2-0; Regents Fortner, Berryman, Doughty, and Lee voted for; Regents Quillen and Hosmer voted against; there were no abstentions (1st Doughty; 2nd Lee).

After the vote, Regent Hosmer commented that he supports the bond fully and completely and supports everything about the POS with one reservation; the table on page 26 is potentially misleading. Regent Fortner made mention of the advisement of the bond counsel.

APPROVAL OF VPR GABRIEL LOPEZ AS THE UNM REPRESENTATIVE ON THE NEW MEXICO CONSORTIUM BOARD OF DIRECTORS

President Robert Frank presented the item. The University participates in a consortium called the New Mexico Consortium which is a program to provide support to Los Alamos National Lab. A representative from the University is appointed to serve on that board and the appointment requires Board of Regent approval. Dr. Gabriel Lopez has recently joined the University as the new Vice President for Research; he is replacing Dr. Michael Dougher. President Frank requested Regents' approval of the appointment of Dr. Lopez to the New Mexico Consortium on behalf of the University of the University of New Mexico.

The motion to approve Gabriel Lopez, UNM Vice President for Research, as the UNM representative on the New Mexico Consortium Board of Directors passed by a unanimous vote (1st Lee; 2nd Quillen).

THE PRESIDENT'S ADMINISTRATIVE REPORT

President Robert Frank began his report by thanking the student leaders for their work on behalf of the bond efforts. They went to the State Board of Finance and testified on behalf of the University. President Frank discussed the cost savings efforts the administration has been undergoing. Every vacant position at the University has been reviewed 44 positions were completely eliminated for a total salary savings of \$1.7 million. Approximately 213 positions were eliminated by reallocating salary funds to other needs and creating shared services centers. The Provost's Office now has a consolidated cost center. New positions were reviewed and 1 out of 3 was turned down, 130 were approved. President Frank provided an update on enrollment. Spring enrollment was in line with projections, with a slight decline from the Fall. The retention rate, freshman students returning from the first semester to the second semester, was 91.4% which is the highest the University has seen in that window and the third straight year of increase.

An update was provided on the budget. In August 2015, the State was predicting \$293 million in new money, and in January 2016 it was down to \$32 million. President Frank believes there will be further take backs before the NM Legislature adjourns on February 18, 2016. Recommendations from the State were reviewed and HED recommended higher education receive \$2.2 million increase. Making budget decisions in early Fall is a difficult task especially due to the fluid environment of State funding.

Regent Lee inquired if this year was a little unusual, which President Frank agreed, and stated having a budget decision early on would be helpful in this type of situation. President Frank stated the budget process was revamped several years ago to have more time for difficult decisions and improve communication. August may be too early for a budget summit, but October may be a good time in order to have a clearer budget picture. Regent Fortner commented the State's reliance on oil and gas revenue and the prices constantly fluctuating makes this difficult.

President Frank discussed some changes that have been made to the budget model, as the University budget is dependent on enrollment. The University moved from incremental base budgeting to one that reinforces and encourages units to recognize enrollment as their lifeline. It has been a three-year process in developing these changes. The model has been pioneered by the University of Minnesota, but 30% of American universities have come to some version of it. At UNM it is called Tuition Sharing and is a combination of moving money that comes from tuition, student credit hours, and enrollment to the academic units, in addition to "compacts," or agreements, that recognize extenuating circumstances for each unit. The compacts will take into consideration goals, performances, and strategic initiatives, and this will work for areas with high costs, such as the Arts as they teach in a very individualist model and may not make it on tuition alone. Tuition Sharing will most importantly incentivize Deans, Chairs, and Academic Leaders to focus on enrollment. President Frank presented an example of the Tuition Sharing model. For tuition sharing, if something happens where some departments' enrollments fluctuate significantly they will use a three-year rolling average to smooth it out. If they are going down over time they will get less money. The University has

also made strategic pricing agreements with international academic partners and is working hard on increasing online degree programs and streamlining the 4plus1 and 3plus2 rules.

President Frank provided an update on LoboRESPECT and the Department of Justice (DOJ) investigation and introduced Dana Allen, who is the new Vice President for Alumni Relations and began on February 1, 2016.

Student Regent Berryman inquired on actual total funds saved through the hiring review process. President Frank clarified \$1.7 million is new money into the system and other funds have been reallocated to different purposes.

COMMENTS FROM REGENTS

Student Regent Berryman thanked President Frank, EVP David Harris, GPSA President, ASUNM President, Government Relations Office, among others for their support during his and Regent Lee's confirmation in the Senate. Regent Lee thanked those who supported her during the confirmation, which took place Monday before the meeting.

REGENT COMMITTEE REPORTS

AUDIT AND COMPLIANCE COMMITTEE

Approval of the FY15 University Consolidated Financial Statements External Audit Report

Regent Hosmer invited John Kennedy of KPMG and DeVon Wiens of Moss Adams to come forward to present. Josh Lewis of Moss Adams was present to answer questions. The full audit report was presented and reviewed at the November 2015 Regents' Audit and Compliance Committee meeting, and it was made available to all of the Regents before this meeting. The auditors presented a summary of the report. KPMG is the lead auditor for auditing the University and in that role it audits Main Campus and conducts audits of components that are academic and not clinical in nature. KPMG also conducts a single audit for the University, an audit of Grant Programs. Moss Adams audited the clinical operations which consist of UNM Hospital, UNM Behavioral Health, UNM Medical Group, and Sandoval Regional Medical Center. Moss Adams issued its own separate opinion on each of those entities; those financial statements are rolled up into the comprehensive financial report of the University, and KPMG's opinion makes reference to the work of Moss Adams in the document. KPMG also issues separate opinions for all of the component units which are Lobo Energy, Lobo Development, Lobo Club, etc. The results of the audit, globally for both firms, they had unmodified audit opinions, which used to be called unqualified audit opinions, meaning essentially that when the financial statements were audited the auditors had no exceptions to the accounting that was used, the approach used, the financing were believed to be fairly representing of the financial position of each of the individual entities that were audited. With regard to the single audit conducted for Grant Programs, this year's program was the HUD 242 loan guarantees that were previously discussed in connection with the bonds. The firms audited the compliance for those programs and found the University was in compliance with all of the requirements for that particular federal program. An unmodified opinion was issued, no findings, no control weaknesses, nothing of substance came out of that process. Relative to the audit overall, while there are a few minor findings there were no major concerns relative to the controls that were tested. For clinical operations, there were no material weaknesses or significant deficiencies in internal controls nor were there any other findings. There was just one matter of emphasis, with respect to all of the opinions, as GASB 68 was adopted which is a new pension accounting standard, the opinions are different from last year because there is an emphasis paragraph. Each of those opinions gives the reader notification of a new accounting pronouncement made which was recording of the pension liability on those statements. That was one difference from prior years, but it still makes the opinions unmodified. The audits were all submitted to the State Auditor and the State Auditor has accepted those opinions and all of the financial statements collectively of the University. This year there was an additional requirement imposed by the State Auditor to the financial statements, the State Auditor required the addition of a schedule of the detail of all procurement activities that the University had to undertake that exceed \$60K. That includes all entities that bid on a contract and their addresses, whether in-state or out-of-state, veteran or non-veteran, so there are about 10 pages in the back of the report that are new this year. The four findings from last were found to be appropriately resolved so they were not carry-forward findings. Relative to the adoption of

new accounting principles, GASB 68 is a requirement that affects all governmental entities that participate in a state-wide defined benefit plan, in this case New Mexico ERB (Educational Retirement Board), and that plan is under-funded and that under-funded liability gets allocated down to the respective entities. In UNM's case it was a significant impact to the financial statements, however it does not affect the bond ratings. There was brief discussion of GASB 68 and that the bond rating agencies are aware of this new accounting principle.

Regent Robert Doughty inquired the financial situation of UNM right now. Mr. Kennedy responded the auditors look at the University as a whole, HSC and the academic side together, and from a budgetary standpoint there is a balanced budget; there is a page in the report that shows the budget and it is balanced for the year.

Regent Hosmer commented on the report as a whole, and with the long string of no findings, is something the University should be very pleased with.

The motion to approve the FY15 University Consolidated Financial Statements External Audit Report passed by a unanimous vote (1st Hosmer; 2nd Doughty).

ACADEMIC/STUDENT AFFAIRS & RESEARCH COMMITTEE

Provost's Update

Regent Hosmer invited the Provost Abdallah to give his update. The Provost reported Carnegie Foundation classifies universities by various categories, UNM has the highest classification and it was reaffirmed a Doctoral University with the highest research activity. It is the only one in the State, and it places UNM in an elite group of some 60 some public universities in the U.S. Provost discussed the transfer and articulation initiative. Under the leadership of Higher Education Secretary, Barbara Damron, the State is undertaking this initiative. It has three pillars, 1) the common course numbering, 2) meta-majors, and 3) the common general education core. UNM is engaged in all of these and working with the State on this to try to achieve transfer and articulation of students between the 34 institutions of higher education across the State. The Law School received an A-rating by preLaw Magazine, it ranked UNM #1 in the U.S. for Public Defenders/Prosecutors and received an A-rating in Natural Resources and Environmental Law Program. One of the most prestigious research awards that faculty receive is the National Science Foundation (NSF) Career award. This is given for junior faculty, and it is about \$500K. Since 2011, there have been 14 awarded at UNM; in engineering 16 since 2007, and the University has managed to keep most of them. The latest NSF Career awardee at UNM is Sang Han, an assistant professor in the department of Chemical and Biological Engineering. In the area of academic affairs, UNM used to offer developmental math and English for students that were not ready, but these were replaced at considerable cost to the University, but these interventions are working. The results of these changes are now coming in, the latest showing that UNM has a more rigorous curriculum but there is also a higher percent of students passing. That is why we are seeing record retention in the second semester, up to 91%.

Regent Suzanne Quillen commented on a recent trip Provost Abdallah and Associate Provost Greg Heileman made to NMSU to present the student success analytics dashboard that was developed at UNM. NMSU administration and Las Cruces community members were extremely impressed by the dashboard, and Regent Quillen requested a presentation of the latest refinements to the Regents in the near future.

Approval of Global and National Security Policy Institute (GNSPI)

Provost Abdallah introduced Dr. Emile Nakhleh to present the proposal for establishing the Global and National Policy Institute (GNSPI). Also present to show support for the program, were guests from the national labs. Dr. Nakhleh addressed the Regents and presented a series of slides that were included in the agenda eBook. Dr. Nakhleh has had a career in academia and another in the intelligence community, with experience working on global threats and challenges to the U.S. Over the last 13 months, Dr. Nakhleh met with, beginning with the Provost, almost all of the senior leaders across the campus, deans, chairs, professors and then a senior faculty committee was established. Why have a conversation about global and national security? UNM is uniquely situated in proximity between Sandia National Labs and Los

Alamos National Laboratory, additionally, UNM has had a number of very rich programs related to national security broadly defined in research and teaching, courses and projects. Dr. Nakhleh explained that global and national security, broadly defined, is an interdisciplinary model covering the areas of natural resources, law, cyber-security, health, innovation, nuclear issues and social, economic and humanitarian issues, and these issues relate to what UNM has been doing in terms of research and teaching. Dr. Nakhleh outlined four recommendations for Regents' consideration. The first, to establish a UNM university-wide, sustainable, interdisciplinary Global and National Security Policy Institute. This will enhance UNM's standing across the country in National Security; help UNM compete for funding and institutionalize collaboration with the national labs, national security industry, and other academic institutions; and enhance UNM graduates' competitive edge in seeking employment. The second recommendation, to establish an interdisciplinary non-traditional, module-based, MA in Global and National Security. This will entail long weekend team-taught modules over 1-2 years with primarily students from the workforce. The third recommendation, to establish an interdisciplinary undergraduate National Security Certificate, a program that is already in place, and establish an interdisciplinary graduate National Security Certificate. The fourth recommendation involves community support and collaborations with Sandia and Los Alamos Labs with possible team teaching and joint hires, and collaborations with private businesses that would be interested in hiring UNM graduates or developing their own workforces. Other major universities with national security programs include, Stanford, Harvard, MIT, Princeton, Johns Hopkins, UCLA, Colorado, Arizona, among others. Nicole Dopson presented the proposed financials for the first five years of the program which will include internal and external investments. Initial revenue will be a \$50K per year subsidy by the University until tuition revenues come in after degrees are approved. This will be combined with support from external investment in GNPSI by national labs and national security business community of \$100K per year. GNPSI is expected to become self-supporting after 3 years based on estimated tuition and student enrollment projections.

Student Regent Berryman inquired from where the UNM subsidy investment will come, since the program will span across colleges. Provost responded the \$50K per year will be part of the Academic Affairs upcoming budget request.

Regent Hosmer underscored this proposal takes advantage of activities and resources that are for the most part already in place at UNM and focuses them in a way that capitalizes on the potential for the national security establishment to make the best possible use of our education of students.

Carol Adkins, of Energy Programs at Sandia National Labs, also involved in decision analysis tools for the DOD and other agencies, spoke in support of the University's initiative. A program like this will be very useful in giving employees at the Lab contextual information that will be useful for those who specialize in technical fields and new hires to broaden their scope and make them more effective in their jobs.

Alan Hurd, of Los Alamos National Laboratory and Deputy Director of the National Security Education Center, spoke in support of the proposal and reiterated the importance of a program like this to address the issues of maintenance of a strong pipeline of new hires into the Laboratory. A 30% turnover of staff is expected in the next 5 years. UNM has traditionally been among the top 3 sources of talent for the Laboratory applying also to collaborative academic research. Through this program, there will be more opportunity for joint appointments.

The motion to approve the Global and National Security Policy Institute (GNPI) passed by a unanimous vote (1st Hosmer; 2nd Lee).

Innovation Academy Update (information item)

Regent Hosmer invited Dr. Robert Delcampo to give an update on the Innovation Academy. The program has made progress, and the objectives this semester are to expand the program, increase the number of offerings, and establish evaluation metrics that will measure success. The purpose is to increase experiential education opportunities for students to solve real-world problems and apply the knowledge they learn in the classroom, including development of critical thinking skills. The program centers on ICE, innovation, creativity, and entrepreneurship. There were 76 classes on the books in Fall 2015 and 123

classes in Spring 2016. There are currently 232 innovation scholars, this is a 1400% of goal. There are 156 faculty involved and 2,200 students enrolled in classes and numbers are growing daily. Faculty are almost unanimously supportive of this program. Dr. Delcampo discussed details of the program.

FINANCE AND FACILITIES COMMITTEE

Fiscal Watch Report and the Monthly Consolidated Financial Report

Regent Marron Lee asked Controller Liz Metzger to present the Fiscal Watch report and the monthly consolidated financial report, both for December 31, 2015. The report was included in the agenda eBook. The Fiscal Watch report requires Regents' approval.

The motion to approve the Fiscal Watch Report for the period ending December 31, 2015 passed by a unanimous vote (1st Lee; 2nd Doughty).

Approval of Consent Agenda Item – Disposition of Surplus Property for Main Campus for December 2015 and January 2016

Regent Lee stated there was one item on the Finance and Facilities Committee (F&F) consent agenda, F&F item number 2, Disposition of Surplus Property for Main Campus for December 2015 and January 2016 and motioned approval.

The motion to approve the consent agenda as stated passed by a unanimous vote (1st Lee; 2nd Quillen).

Approval of Innovate ABQ Board Member

Randall McDonald presented the item on behalf of Innovate ABQ Inc., a research park corporation. Under the MOU with Bernalillo County the County designates a member to participate on the Innovate board. The initial board member designated by the County was Maggie Hart Stebbins; in January the County designated Mr. Talbert.

The motion to approve the appointment of County of Bernalillo Commissioner Lonnie Talbert to the Innovate ABQ, Inc. Board of Directors passed by unanimous vote (1st Doughty; 2nd Berryman).

Approval of Restated and Amended Bylaws of Innovate ABQ, Inc.

Randall McDonald presented the item. The Regents had been provided a red-line version showing the proposed changes to the bylaws of Innovate ABQ, Inc. Regent Fortner requested an explanation of the high points. The original bylaws were adopted in October 2014, in Fall 2015 the Board of Regents amended the bylaws to add the President of the University and the Executive Vice President for Administration as ex-officio members. The changes requested now are a number of clean-up measures. In Section 3.2.a, the original bylaws fix the number of directors at 11, this change would allow the total number of members to match the number of directors approved by the Board of Regents. Section 3.2.b of the original bylaws stated the Regents would provide terms for each of the directors, as well as staggering terms. The proposed change provides for 3-year terms with the existing directors to maintain their terms through the 2017 annual meeting and at that point the staggering will take place so that approximately 1/3 of the number of directors' terms would expire every year after. Section 3.13 is a proposal for deletion as that provision stated that if a director missed three consecutive meetings that they be removed. This provision is found to be not appropriate for a community board because good board members are hard to find, it's a lengthy process to appoint members, and the board has determined it can monitor this. Revisions to Section 3.14 add an executive committee and an audit committee. There are also a number of structural changes and a change to the indemnification provision in Section 8.1 to state the provision cannot be changed after the fact in order to reduce the indemnification obligation of the corporation to past directors.

The motion to approve the restated and amended bylaws of Innovate ABQ, Inc. as adopted by the Innovate ABQ, Inc. Board on Monday, January 25, 2016 passed by unanimous vote (1st Lee; 2nd Quillen).

Approval of Conveyance of Land to Cochiti Pueblo

Tom Neale presented the item, conveyance of a 1.44 acre parcel of land that was a remnant tract adjacent to the Dickson Apple Orchard. In 1964, approximately 9,300 acres was donated to the University. In 2005, the bulk of that ownership was transferred to the State Land Office as part of an exchange for Mesa Del Sol. The University retained 1.44 acres which was improved with a residence and some structures that used to facilitate operations of the Dickson Apple Orchard. In 2011, the Los Conchas fire denuded the hillside, creating a drainage pattern through the canyon and the improvements were destroyed in August 2011. This is the only remaining ownership in that area, and from a valuation standpoint it has very little value because it sits in a floodplain. The land has archeological significance to Cochiti Pueblo, and there is a request to Regents to approve conveyance of the land to Cochiti Pueblo.

The motion to approve the conveyance of land to Cochiti Pueblo passed by unanimous vote (1st Lee; 2nd Hosmer).

Proposed Online Delivery Fee Modification (information item)

Andrew Cullen and Monica Obando, Vice Provost of Extended University, presented the item. This proposed online delivery fee modification was discussed last year among the budget leadership team, but in last year's preparation of the current year's budget, this item was postponed for further discussion. Dr. Obando said there has been great collaboration with Student Regent Berryman and student leadership. As background, in the late 1990's when UNM began offering online courses it funded the infrastructure involved with that (called 'Learn') by placing a \$33 per credit hour fee on fully online courses. At that time the thought was that if fully online courses were to be successful, it would be for a very small niche of student. Over time however, the 'Learn' infrastructure has become used by the majority of courses on campus and across the UNM system and its branches. At this time, the funding for the infrastructure is coming from the fully online enrollments which represent about 18% of the infrastructure use; however, 68% of the infrastructure use is from Main Campus traditional type courses. Based on the percentages of infrastructure use, the compromised proposal for the fee modification is to fund 68% of the 'Learn' infrastructure cost (about \$2 million) by mandatory student fees and allow the remainder of the \$3 million cost (about \$1 million) be funded by the continuance of an online delivery fee but at a much reduced rate of \$10 per credit hour.

Student Regent Berryman added context for the Regents who were not at the last Finance and Facilities Committee meeting and expressed appreciation to Mr. Cullen and Dr. Obando for working collaboratively with student leadership on this. Student Regent said he feels it is a fair and accurate representation of what should be done. The discussion now is whether it should be a tuition cost or an increase in fees. The argument for tuition costs is that the infrastructure is required for education in this day and age. The argument for fees is that the University would not have to pay out additional scholarship monies.

Mr. Cullen mentioned there will already be a facility fee increase included in the FY17 budget proposal, for the approved funding of Johnson Center, Anderson School of Management, and the Smith Plaza renovation. The aforementioned facility fee increase will amount to about \$131 for a 12 credit hour course load and \$157 for a 15 hour load. The estimate for the additional fees that would be charged to fund 68% of the 'Learn' infrastructure would be \$89.52 for a 12 hour course load and about \$107.40 for a 15 hour load. If 68% of the 'Learn' infrastructure were to be funded by increased tuition, the estimated increase would be \$145.44 and \$129 for 12 and 15 hour course loads, respectively. A tuition increase would be higher than a fees increase due to the need for funding \$2 million for the 'Learn' infrastructure and at the same time also providing for the GA/TA assistantships, need-based aid, and the HSC tuition transfer that are involved in tuition increases.

Regent Lee commented some scholarships and grants do not pay fee portions. Mr. Cullen said the GA/TA assistantships cover fee charges. The lottery scholarship covers about 90% of tuition only.

Regent Doughty commented about reserves, dedicated reserves of \$93 million and discretionary reserves of \$15 million, and that there has to be another way to pay for this without taxing the students. Regent Doughty repeated that he is adamantly against a tuition and fee increase and requested administration come up with a plan to tap into the discretionary reserves to pay for this. This is an overhead cost to the

University and it's unfair to tax the students. Mr. Cullen responded this is becoming more and more the common way for delivery of instruction and so is a cost of doing business in 2016, and the old way of funding this by the fully online students is now paying for basic infrastructure that students and professors are more and more relying on. Mr. Cullen added they certainly will look into how reserves can be used.

Regent Lee commented that even though it is the cost of doing business in this day and age, there have to be some areas that have fallen by the wayside through the years and can be cut. Dr. Obando responded that some cuts have been made in her area and reserves are being spent on getting fully new online courses made available. President Frank said \$13 million has been cut in cost savings since he became president, so the University is constantly looking for ways to cut.

Regent Hosmer responded with respect to the correct impulse to minimize the penalty in costs to students, he reminded that UNM is one of the best value institutions in higher education today, and to the extent to which students who have a difficulty in paying, the help they receive with scholarships and grants is exceptional, so the net impact on students of the amount discussed here is well within the bounds of the value they receive especially with the increases in the quality and assistance that undergraduates have received over the last two years.

Regent Lee pointed out that even though UNM is an exceptional value it has seen a decrease in student enrollment , and an increase in tuition and fees will not lend to people coming to its door.

Student Regent Berryman mentioned that a lot of students are not aware that they do not already pay for this service, and this is 2016 and central to what students do, so this is the reason student leadership has worked so hard on this as it is essential for academics this day and age. Regent Berryman confirmed the current proposal is revenue neutral based on current enrollments, but he had a question for Mr. Cullen regarding a scenario where the University sees an enrollment increase which would generate funds over and above those currently requested for funding the 'Learn' infrastructure. There was discussion about how incremental dollars from enrollment increases are handled. Mr. Cullen confirmed that incremental dollars due to enrollment increases would be brought to the Regents in the following budget cycle for approval on how to spend those dollars.

UNM Regents Endowment Fund Portfolio Quarterly Report (information item)

The report was included in the agenda eBook. No presentation was made.

Branding Initiative Update (information item)

Cinnamon Blair presented the item. Three weeks prior was the public brand rollout in the Student Union Building attended by over 400 people. There was much positive feedback. Regents Lee and Berryman attended. People will continue to be engaged during this process, as this is more than just cosmetic. Ms. Blair outlined the next steps in the branding process. One of the things that came out of the Discovery Process is UNM has a lot of identities around campus, various logos and ways the logo is used. A visual identity committee will be created to look at how to represent UNM in a singular way. There will be an effort to connect existing internal marketing resources distributed across campus to be more efficient and effective financially and in terms of reputational impact.

Regent Lee thanked Ms. Blair for her hard work and commented the brand rollout presentation to the public was impressive.

Status Report on FY17 Budget Development (information item)

Andrew Cullen made the presentation. The University is far along in the budget process but there are several unknowns. The process began earlier in the fiscal year, but there are several significant revenue drivers that are not clarified until this time of the year, which includes the State appropriation that is constantly fluctuating. There are fixed costs increases such as health care and utilities; both are large drivers in our budget. Enrollment is a key driver in the Instruction and General (I&G) exhibit and that is coming into focus more as Enrollment Management looks at applications and acceptances. Finally,

updated numbers on the reserves of the University will be available, specifically the discretionary reserves which are the entire reserves minus the committed and dedicated funds. That will be sharpened as the mid-year budget review process concludes. Once the Legislative Session ends on February 18 there is a 20 day period for the Governor Veto through March 9. At that point the University will know its State appropriation. A full Board of Regents meeting will be held on March 14, and the annual Budget Summit will be held on March 22. At the Budget Summit, President Frank will present a final budget proposal as recommended by constituency groups on campus. The University will send its budget to the Higher Education Department (HED) on May 1. The Administration will come back to the Regents on May 13 for final approval of the overall budget, which will be based on approval at the Budget Summit.

Regent Lee inquired about the University's enrollment status. Terry Babbitt stated Spring enrollment versus Fall is at the 92.5% figure that was projected. Credit hours are lower than expected. It does not look as though it is a major change but may be a concern for Spring semester. Dr. Babbitt stated actual enrollment count was 25,300 students.

Projections for the UNM Health Insurance Plan:

Dorothy Anderson and Eric Weinstein made the presentation. Ms. Anderson highlighted information on trends of the University's premiums as they compare to industry and national data. The UNM Health Plan went self-funded in FY10, and since FY10 has experienced an average of a 2.6% premium increase each year even after plan design changes and changes made internally to manage costs. The same national trend increase over the same period of time has averaged 5.8%. The difference represents \$32.3M savings versus a national trend average. UNM has performed well as a self-funded plan since FY10. The plan has seen an 11% increase in enrollment since FY10.

Changes that UNM put in place to mitigate cost were discussed, including moving stop-loss coverage to Blue Cross Blue Shield (BCBS) in FY16, which led to a \$350K savings. A Dependent Eligibility Audit was performed in FY16 and will result in a projected savings of \$550K. The University moved its pharmacy to a Pharmacy Coalition, joining other employers to drive better pricing and is projected to save \$1.9 million. All of these changes did not impact the plan design. They represent good moves by UNM to control costs without impact to employees. A Dependent Eligibility Audit will be ongoing as new dependents want to join the plan. A plan audit is also being conducted on Blue Cross Blue Shield (BCBS) as part of a due diligence review.

The FY17 projection was brought before the Finance and Facilities Committee in November 2015 and was estimated a 11% increase, using a rolling 12 month period. Currently, using an updated 12 month rolling period with claims through December 2015, the revised projected increase is 6.4%. Overall, the cost increases at the moment on an aggregate basis will increase both to UNM and employees, assuming no plan design changes or other changes. The pre-65 retirees, due to the 5% subsidy shift, will see a greater burden as a percent of increase is applied to that population. Overall, the total increase is projected at \$4.35 million for the total plan, with UNM absorbing \$2.5 million of that total amount. This is what needs to be funded at the current level with no plan design changes.

Mr. Weinstein illustrated benchmarking to show how the UNM Health Plan measures up to other programs. Aon did in depth analysis/benchmarking using a proprietary tool called Benefit Index Study. Benchmark A used 17 hand-picked public universities, 11 are UNM peer institutions, and 15 of those 17 have health science centers. Benchmark B used 32 public universities from Aon's database. From the benchmark data, highlighting contributions that employees pay out of their paychecks, the three tier UNM single rate is higher than the benchmark. In general, the overall employee contributions at UNM are higher than the benchmark for health coverage. The UNM plan designs were compared to the benchmark and are in line with the average of the benefit index study. The individual deductible is slightly higher than the benchmark. The out of pocket maximum is slightly lower than the benchmark. Mr. Weinstein presented some optional plan design changes for future consideration. Data was presented on the University's health insurance reserve and excess stop-loss insurance.

Projections for Utility Costs:

Chris Vallejos and Jason Strauss made the presentation. Mr. Vallejos stated utilities are an important cost driver impact to the overall budget of the University. The three internal University consumers are the Academic enterprise of Instruction & General (I&G), Health Sciences Center (HSC), and Auxiliary units.

Mr. Strauss presented several slides, which were included in the meeting materials, and gave a high level overview of the University utilities management program and the relationships that exist, including challenges with procuring utilities and constant efforts to find efficiencies. The goal is to have an ultimate net zero budgeting process to handle all of the ups and downs in the outside world and maintaining the plant for the future while not increasing rates.

Mr. Strauss reviewed the status of the utilities division budget. They were projecting to have an \$84K negative budget coming into this fiscal year with a \$405K carry over. As of December, they are projecting ahead and forecasted through the rest of the fiscal year at an overall \$1K deficit as opposed to a negative \$400K. Things are going better this year but many factors, such as weather, could change that budget forecast. The next relationship is the I&G budget for Main Campus. Within that picture the University has had a negative picture for several years. Due to conservation efforts they have been able to stabilize the amount of deficit. The Physical Plant Department is working toward changing the way buildings are operating. A complete collaborative effort has reduced costs. For FY17, they are requesting a \$364K base budget increase to offset a gap of funding that has existed for over a decade. They understand it is not possible to do all at once so they are trying to stagger it out by finding funds to offset the difference.

Regent Fortner stated that it is great that they went from a \$400K problem to a \$1K deficit.

Regent Hosmer stated that it is an admirable plan and success story.

Status/Calendar 2016 UNM System Revenue Bonds/University Rating Update (information item)

No presentation was made because the item was addressed in the previous bond discussion in the meeting.

HEALTH SCIENCE CENTER BOARD OF DIRECTORS

Approval of the Motion Regarding Approval of the Master Development Planning and Financial Planning for the Proposed Replacement Hospital Project

Regent Robert Doughty addressed the item. The Health Sciences Center (HSC) Board of Directors met the preceding Friday and there was a large turnout. The board members heard from faculty and medical doctors and there were good presentations made. The motion made at the HSC board meeting passed unanimously. Regent Doughty read the motion, Regent Lee seconded, and there was discussion.

Regent Doughty clarified information that was provided at the HSC Board meeting. The first time the hospital project moved forward, it consisted of something entirely different from what is being looked at today. Before, it appeared to be a 96-bed expansion hospital and that was taken through the HSC Board and through the Board of Regents. It went to the Board of Finance, and there were a number of questions the Board of Finance had related to the project. The Board of Finance did not vote on it. Subsequent to that, HSC reworked the project, there was remodeling of the project, a new phase developed where there was the creation of now a new separate adult acute care hospital, and that started before Regent Doughty was on the Board of Regents. The planning phase progressed, and there were a lot of unanswered questions posed to Health Sciences from other governmental agencies. As a result, Dr. Roth did an excellent job of creating three working groups. One was a group dedicated to finances; the second group was dedicated to location of the hospital facility; the third group was a data evaluation group. The meetings of those groups went well. During the finance meetings it was determined there could be possible issues with either the debt ratio or the cash reserves used for the new hospital, that would either 1) jeopardize UNM's bond ratings or 2) jeopardize UNM's credit worthiness. Regent Doughty requested

UNM's Financial Advisor, George Williford of First Southwest, to give a brief background, as the concern was addressed in December 2015.

Mr. Williford said what they have been asked to respond to up to this point has been limited. They have not assisted in full evaluation of financing for the hospital under the HUD program. They are in the process of working with HSC administration to get the data and do that accordingly. That will be a full rating review, taking into account all factors that might be considered by rating agencies and other credit evaluators, the hospital financing ability, but then also any implications overall with regarding to the University. The only thing First Southwest has been asked and responded to is a question from November regarding if a given amount of cash was withdrawn from the liquid or current consolidated cash position of UNM could have a potential negative rating implication. We were focused on certain liquidity ratios and responded that yes, cash drawn down would or could have negative implications on the system or the overall rating position. That is really to date what has been looked at.

Regent Doughty commented that a meeting was held with Mr. Williford and leadership from HSC and Main Campus to discuss the most prudent way forward under possible scenarios and relating to bond ratings and credit worthiness. Regent Doughty said Dr. Roth has done a great job going back and looking at it so that numbers can be looked at to make sure there is not a significant financial impact to the University.

Regent Doughty commented on other comments made at the HSC Board meeting and said that Mr. Williford is giving his expert opinion and the Board of Regents has fiduciary responsibility over the entire University of New Mexico system.

The motion that the UNM Board of Regents authorize and approve leadership of the UNM Health Sciences Center to take the steps necessary to prepare an initial master development plan, which would include modeling of potential financing opportunities and alternatives, for the purpose of gathering information for an adult replacement acute care teaching hospital. Included in this motion is a design of a project that could be phased in, and retention of the requisite professionals with respect to the master development plan, but with respect to all financing advisement and opportunities, the HSC administration shall utilize the services of the University's current financial advisor, subject to compliance with the Procurement Code. The results of all planning and modeling shall be reported back to leadership and governance prior to proceeding to additional aspects of the project passed by a unanimous vote in favor (1st Doughty; 2nd Lee).

- Student Regent Berryman left the meeting to attend class.

Consent Agenda

There was discussion and clarification on the consent agenda. Regent Robert Doughty confirmed HSC agenda items 3, 4, and 5 on the consent agenda.

Regent Doughty read the items on the HSC consent agenda and motioned approval.

3. Approval to establish the Judy Putnam Dirks Quasi-Endowment Chair for Gynecologic Cancer Care
4. Approval of the appointment of Dr. Kendall Rogers to the UNM Medical Group, Inc. Board of Directors
5. Approval of the Appointment of Ms. Maxine Velasquez to the UNM Sandoval Regional Medical Center, Inc. Board of Directors

The motion to approve the consent agenda as presented passed unanimously (1st Doughty; 2nd Lee).

Approval of UNM Hospitals contract with MSI Consulting, LLC, dba Surgical Directions

Steve McKernan presented the item, it is related to a 2-year consulting contract with Surgical Directions to come in to facilitate more efficient operations in the operating rooms. This is very a very experienced firm. Total cost is \$2.2 million.

The motion to approve the UNM Hospitals contract with MSI Consulting, LLC, dba Surgical Directions passed by a unanimous vote (1st Doughty; 2nd Lee).

Chancellor's Report

Regent Doughty asked Chancellor Roth to give his report. Dr. Roth thanked the Regents for their approval of the programming and planning for the large adult hospital replacement. It has been a long journey and as Regent Doughty mentioned, we are on a very positive path at this point and one that will assure we will be able to meet all of the patient care demands of all of the individuals around the State but also make sure the fiscal viability of the University is protected. Dr. Roth announced other HSC leadership who were present at the meeting: Nick Estes, County Appointee to the UNM Hospital Board of Trustees; Dr. Martha McGrew M.D., Executive Vice Dean of the School of Medicine; Dr. Cheryl Willman M.D, Director and CEO of the UNM Comprehensive Cancer Center; Dr. John Russel M.D, Chair of the Department of Surgery; Dr. Mauricio Tohen M.D, Chair of the Department of Psychiatry; and Dr. Warren Heffron M.D, Chair of the Department of Family Medicine. Dr. Roth conveyed on their behalf thanks to the Regents for their unanimous approval. Dr. Roth announced and congratulated Dr. Cynthia Arndell M.D., associate professors in the Department of Internal Medicine, who has been chosen by Albuquerque Business First as one of 30 exceptional women this year recognized as the 2016 Women of Influence Class. UNM Hospital received a 2016 award for clinical excellence from Healthgrades, and is among the top 5% of hospitals in the country when it comes to high quality clinical care.

HSC Financial Update

Regent Doughty asked Ava Lovell to give her report. Ms. Lovell presented the financial reports through December 31, 2015. The reports were included in the agenda eBook. Regent Lee inquired the budget for the HSC Communication and Marketing department, specifically budgeted salaries. Ms. Lovell responded there are about 8.5 FTEs and about \$752K budgeted salaries.

COMMENTS FROM REGENTS' ADVISORS

Crystal Davis, Staff Council President, provided a report. At the last Regents' meeting Ms. Davis presented two salary scenarios on UNM employees' take home pay, a \$50K per year employee and a \$30K per year employee. Ms. Davis presented several slides and reiterated that employee take home pay is decreasing every year based on various employee deductions, such as health care, VEBA, ERB, and parking. For health care, the average premium increases since FY10 have been 2.6% but benchmarks show that many of the tiers are paying more than the benchmark of other public institutions. Saying UNM is "benefits rich" may not be an accurate conclusion. She pointed out that in eight years staff have received 3 minimal COLA and most were to offset ERB or VEBA contributions. Staff morale is at an all-time low, and staff positions are being cut but she would like for the Regents to consider options to retain employees, especially when retention of students is at an all-time high.

Regent Fortner commented that Health care costs will likely not get better due to the Affordable Care Act.

Dr. Stefan Posse, Faculty Senate President, provided a report and thanked the Regents for supporting UNM, as well as for their strong support with the bonding issues as they are major investments that will benefit the institution. Infrastructure investments are critical to UNM's success. Faculty Senate had a discussion and reviewed investment strategies and feels that Innovate ABQ is a strong means of success and will greatly benefit students. The budget development process is a difficult and the budget task force has been successful moving forward with a survey of the faculty to understand the opinions and concerns of constituencies regarding the budget situation. Once Faculty Senate has this information they will bring it forward.

Jenna Hagengruber, ASUNM President, provided a report and thanked the Regents for passing the bonds today as ASUNM and GPSA has worked hard on that issue since May. ASUNM is entering into its spring budget process and gives three quarters of a million dollars to student organizations and there are 466 chartered organizations on campus that are eligible to apply for funding. Ms. Hagengruber discussed new ASUNM scholarships for students, funding for new lighting on South Campus, and lobbying efforts for the Lottery Scholarship.

Texanna Martin, GPSA President, provided a report to the Board. She shared about the Graduate Education Day in Santa Fe during the Legislative Session. GPSA would like more graduate students to present their projects and more support from UNM campus during the event. Ms. Martin spoke about recent and upcoming GPSA events, including a lobbying competition to present proposals for a lab space. The winner for that particular group was the Osteology Lab. Lastly, the College of Nursing is hosting a bake sale to raise money to send 12 students to provide health services to the Navajo Community in Arizona.

PUBLIC COMMENT (No comments)

VOTE TO CLOSE THE MEETING AND PROCEED IN EXECUTIVE SESSION

Regent Fortner announced the meeting would move into closed session and asked for a motion.

The motion to close the meeting and proceed in executive session passed unanimously (1st Hosmer; 2nd Lee). The meeting closed at 1:14 PM.

● Regent Quillen left the meeting at the end of open session.

Executive Session-Cherry Silver Room

Board of Regents members present during Executive Session: Jack Fortner, Brad Hosmer, Robert Doughty, and Marron Lee

1. Discussion and determination where appropriate of threatened or pending litigation pursuant to Section 10-15-1.H(7), NMSA (1978)
2. Discussion and determination where appropriate of the purchase, acquisition or disposal of real property pursuant to Section 10-15-1.H(8), NMSA (1978)

VOTE TO RE-OPEN THE MEETING

Regent Fortner asked for a motion to open the meeting and certified that only those matters described in the executive session agenda were discussed during closed session. There were no items upon which to take action in open session.

The motion to re-open the meeting passed unanimously (1st Lee; 2nd Doughty). The meeting re-opened at 1:59 PM.

VOTE TO ADJOURN

The motion to adjourn the meeting passed unanimously (1st Lee; 2nd Hosmer). The meeting adjourned at 2:00 PM.

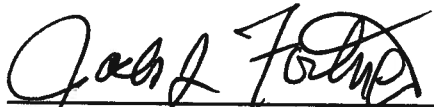
Approved:

Attest:



Jack L. Fortner, President

Robert M. Doughty, II



~~Bradley C. Hosmer, Secretary/Treasurer~~

Jack Fortner, Sec/Treasurer