

**Minutes of the Special Meeting of the Board of Regents of
The University of New Mexico (UNM) and Bernalillo County Commissioners
November 15, 2016
Hodgin Hall, Bobo Room
UNM, Main Campus**

UNM Board of Regents Members present

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

Bernalillo County Commissioners present

Debbie O'Malley, Commissioner, District 1
Art De La Cruz, Commissioner, District 2
Maggie Hart Stebbins, Commissioner, District 3
Lonnie C. Talbert, Commissioner, District 4
Wayne A. Johnson, Commissioner, District 5

UNM Administration present

Robert G. Frank, President
Paul Roth, EVP and Chancellor for Health Sciences
David Harris, EVP for Administration, COO, CFO
Chaouki Abdallah, Provost and EVP for Academic Affairs
Steve McKernan, CEO, UNM Hospitals
Ava Lovell, Exec. Officer for Finance & Administration, HSC

Bernalillo County Administration present

Julie Morgas Baca, County Manager
W. Ken Martinez, County Attorney

CALL TO ORDER, CONFIRMATION OF A QUORUM, ADOPTION OF THE AGENDA

Regent President Rob Doughty called the meeting to order at 1:15 PM and confirmed a quorum. Regent President Doughty asked for a motion to adopt the agenda; Regent Marron Lee motioned to adopt the agenda; Regent Jack Fortner seconded the motion; all were in favor; motion passed.

INTRODUCTIONS

Before the call to order and adoption of the agenda, Regent President Doughty welcomed everybody and asked for introductions around the table.

OPEN DISCUSSION REGARDING OPPORTUNITIES FOR COLLABORATION, INCLUDING: HEALTH CARE (RE. MILL LEVY); MENTAL HEALTH PROGRAMS; INNOVATE ABQ

Regent President Doughty asked David Harris to open the discussion. Mr. Harris commented there was effort to establish an agenda that would have some relationship to both entities, and what was expected in putting the agenda together was that there would be open discussions. Regent Doughty asked Steve McKernan to introduce and give background on the first item. The University of New Mexico Hospital started out as an operation of the County in conjunction with Indian Health Services (IHS) back in the 50's. In 1978, it was leased to the University based on the Hospital Funding Act which allowed a county to lease it to the University. That lease was updated in 1999. One of the provisions of that lease allows for tax supports from the County for the hospital for its operations. That also refers back to the 1952 contract which is between the IHS and Bernalillo County which also identifies that there will be support for the operations of the hospital. The mill levy which comes up for election every eight years, which is in conformity with the Hospital Funding Act; this year was a mill levy year and so it was on the ballot. The County Commission had endorsed that and put that ballot measure on in August for 6.4 mills, and it passed a week ago. Mr. McKernan expressed thanks to the County Commission for that action and to the citizens of Bernalillo

County for voting affirmatively for that mill levy. Mr. McKernan discussed the numerous provisions in the lease. In those provisions, the hospital works closely with the county and the IHS. The IHS seeks their consultation through the All Pueblo Council of Governors (APCG). There are regular meetings to make sure that provisions of the 1952 contract are still carried out. And that's providing Native Americans health care at the hospital in perpetuity and making available 100 in-patient beds, along with clinic services and behavioral health programs.. Additionally, there are provisions in the lease that the hospital will provide care to all the residence of the County and to will provide financial assistance to help make access affordable There are transparency provisions in the lease to provide an audit and budget reports to the County and IHS. There are provisions to visit with the County Commission on a regular basis and formal updates are provided at least quarterly. There are discussions about what services the County believes that the hospital should be providing care. These interactions are important in order to understand what is important to the County's constituents and how the hospital can serve those constituents. In March of 2014 the County gave the Regents notice that it wanted to engage in discussions about the lease. There have been a series of meetings over the last year to discuss the lease provisions. The County had a task force that made recommendations that were then brought to the table. Meetings have taken place on about a monthly basis related to those provisions and a process to come up with a memorandum of understanding that will encapsulate the requests from the County and the ability of the hospital to provide those services.

Commissioner Debbie O'Malley clarified the County did not ask the Regents for a meeting. Very central to concerns have been wanting to know how UNM hospital is spending the \$90 million plus in funds that it receives. The discussions have been in effort to come up with an MOU that will be beneficial to both parties. In the last iteration of the draft MOU, there has not been a whole lot of cooperation. The County wanted the mil levy to pass but also expected there would be a level of cooperation. There has not been real dialogue and concessions about some of the things that are important to the County.

Chancellor Paul Roth responded he believes negotiations have been happening in good faith, but it is important to remember this is a 3-Party agreement, which also includes the IHS, through the All Pueblo Council of Governors. The hospital has been very sensitive to points the HIS has raised; there has been effort to try to understand all perspectives, and that has created a longer process. Dr. Roth discussed the behavioral health needs of the County and the County's wishes to know how resources received from the County are used. Dr Roth stated that the mil levy is not an indigent tax, but goes into the general fund of the hospital, so there is not a mechanism to track every dollar that is spent. Dr. Roth put forth the question: why look only at the mil levy; why not have a conversation about the entire budget of the hospital? An overall budget should be developed based on input received early on in the budget process. Dr. Roth said there are a number of perspectives, this has taken much longer than any other previous mil levy period of time, but at the same time, the views of the third party that's involved in these discussions needs to be heard in order to be able to create the content of the MOU with that in mind.

Commissioner Wayne Johnson commented a lot of the history of the mil lev discussion comes from the fact that that mil levy is collected under the County's authority and the Hospital Funding Act. Commissioner Johnson spoke about the need for more frequent discussions, the County's fiduciary responsibility, and a beneficial partnership through the years.

Julie Baca spoke about the meetings over the past year, IHS and APCG have been a part of all meetings and discussions, and expressed the hope the discussions on the MOU will continue.

Commissioner Maggie Hart Stebbins spoke about the priorities the task force had come up with, including behavioral health, mental health, substance abuse, community-based centers and care and financial assistant for people of low income and added there is no funding for some programs, there needs to be a system to figure out how these mil dollars are used so that prioritizations can occur.

There was further discussion. Commissioner Lonnie Talbert commented about ambiguity in the lease and added the MOU is a guide to what's important; getting to a place where the County can explain what happens would be great. There was further discussion. Regent Tom Clifford referred to a report that had been provided in a Regents' Health Sciences Center Committee meeting that reports the number of indigents

being served and asked what additional information would be needed. Commissioner Hart Stebbins responded the number of patients is known, but it is unknown which are being subsidized. Dr. Roth reiterated the mil levy is not a fund to support indigent care, but for all Bernalillo County. There was discussion about tracking dollars in and out. Commissioner Johnson clarified the lease defines the relationships. This work needs to be done on an annual basis, not every eight years. The funds are for operations and maintenance of the hospital, but these funds get co-mingled with capital dollars.

Commissioner Art De La Cruz said there was active discussion in the community eight years ago which led the Commission to convene these committees which the hospital was involved with as well. Want to know how to use those dollars, where dollars need to go, to satisfy the community needs.

Attorney Martinez, commented it's a level of want, the citizens of Bernalillo County, the City of Albuquerque and UNM, want something to happen. Behavioral health is just one of the issues. If the action is not focused then it gets hard to know whether we are moving in the right direction. The negotiations are entirely in good faith. We are not that far apart, we agree this should be a collaborative process and more frequent discussion than every time the bond comes up. Mr. Martinez spoke about the verbiage of the MOU, to express more commitment and talked specifically about some of the programs. Regarding the Pueblos and Tribes, a collaborative process is wanted.

Regarding the second agenda item of discussion, Mental Health Programs, Dr. Roth opened by saying there is a grossly inefficient infrastructure for mental health and the MOU will not address all the mental health needs. Dr. Roth commented on the need to set priorities and that with regard to allocation, designating a dollar amount that could take away from another program could be problematic.

Commissioner O'Malley urged further work on the MOU and the need to get a draft MOU submitted.

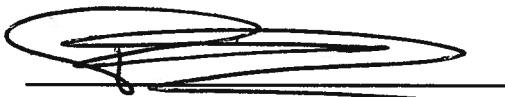
Regarding the third item of discussion, Innovate ABQ, EVP Harris recognized the four people in the room who have served on the Innovate Board of Directors: Commissioners Talbert and Hart Stebbins, President Bob Frank and David Harris. Over the two and half years since Innovate was created, the First Baptist Church property was purchased, and EVP Harris thanked the Commissioners for the County's financial support. The University sponsored an endorsement of the first project which is an Innovation Academy and a student housing facility. The board is now in the final stages of entering into a master development agreement. The city has been running some programs on the site already. So far, it's a program that encompasses the entire community and all of the interested public sector participants. Terry Laudick is chair of the Innovate board and also CEO. Commissioner Stebbins commented Mr. Laudick is doing an amazing job. Commissioner Talbert commented this is a project that will be catalytic in nature, and is already taking form with more and more activity starting in the area.

There being no further discussion, Regent Doughty thanked the commissioners for their support of the University and for coming to the meeting.

ADJOURN

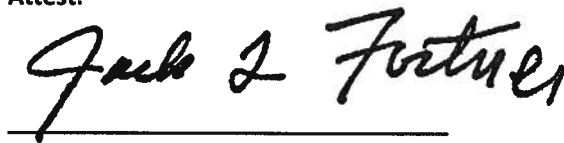
Regent Doughty asked for a motion to adjourn; Regent Lee motioned; Regent Fortner seconded; all were in favor; the meeting adjourned at 2:14 PM.

Approved:



Robert M. Doughty III, President

Attest:



Jack L. Fortner, Secretary/Treasurer