

THE UNIVERSITY OF NEW MEXICO
Regents' Finance and Facilities Committee
June 5, 2008– Meeting Summary
REVISED MINUTES – (revisions are underlined)

Committee Members Present: Regent Mel Eaves, Regent Raymond Sanchez, Regent James Koch, Jerry Geist, and Louise Campbell-Tolber

Non-voting Members Present: none

Other Attendees:

Patrick Apodaca, University Counsel; **Breda Bova**, President's Office; **Christine Chavez**, Internal Audit; **Steve Beffort**, Institutional Support Services; **Ann K. Brooks**, Faculty Senate Budget Committee; **Pug Burge**, HSC; **Loyola Chastain**, Staff Council; **Bruce Cherrin**, Purchasing; **Andrew Cullen**, Planning, Budget & Analysis; **Jay Daniels**, UNMPD; **Jim DeZetter**, Safety & Risk Services; **Ashley Fate**, ASUNM; **Rachel Felix**, EVP Office; **Bob Fondino**, HSC Financial; **Julia Fulghum**, Office of VP Research & Economic Development; **David Harris**, EVP for Administration, COO, and CFO; **Miguel Hidalgo**, Capital Projects; **Milessa Hilleary**, Mind Research Network; **Mark Kistner**, UNMH; **Paul Krebs**, Athletics Director; **Sandra Liggett**, University Counsel; **Sam Loker**, Biology; **Ava Lovell**, Finance; **Larry Lucero**, UNMH; **Roger Lujan**, University Architect; **Barney Maccabe**, CIO; **John Maes**, Advancement; **Lisa Marbury**, Institutional Support Services; **Cenissa Martinez**, EVP Office; **John Maes**, Foundation; **Susan McKinsey**, Communications & Marketing; **Steve McKernan**, UNMH; **Walt Miller**, AVP Student Life; **Esteban Muldavin**, Biology; **Kim Murphy**, Real Estate; **Tom Neale**, Real Estate; **Curt Porter**, Provost's office; **Christopher Ramirez**, GPSA; **John Rasure**, Mind Research Network; **Karen Retskin**, Staff Council; **Martin Salazar**, Albuquerque Journal; **David J. Schmidly**, UNM President; **Donna Smith**, SRS; **Judy Spinella**, UNMH Administration; **Carol Stephens**, Policy; **William Turner**, Office of Capital Projects; **Chris Vallejos**, Institutional Support Services; **Melissa Vargas**, Provost's Office; **Mary Vosevich**, PPD; **Ellen Wenzel**, Regents' Office

Regent Eaves called the meeting to order at 9:33 a.m. in the Roberts Room at Scholes Hall.

Regent Eaves asked for comments from Staff Council, Faculty Senate and Student Government. Loyola Chastain announced her first time representing Staff Council at Finance & Facility meetings. Ann Brooks expressed her appreciation for the collaborative efforts between the Regents and Faculty Senate.

ACTION ITEMS:

- 1. Meeting Summary from May 1, 2008.** Regent Sanchez moved to approve and Jerry Geist seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.
- 2. Disposition of Surplus Property on List Dated May 21, 2008.** Bruce Cherrin made the presentation. Regent Sanchez moved to approve and Jerry Geist seconded. The

motion passed by unanimous vote with a quorum of Committee members present and voting.

3. Approval of Contracts:

- a) **UNMH – Boston Scientific.** Bruce Cherrin and Larry Lucero made the presentation. This multi-year agreement secures the blanket purchase order to purchase supplies for the Interventional Radiology Department. The cost ranges from \$1.8 million to \$2 million per fiscal year. In response to Regent inquiry, the increase rate for this novation contract is guaranteed to stay within the cost range for three years.
- b) **UNMH – Standard Register.** Bruce Cherrin and Larry Lucero made the presentation. This multi-year novation contract is for the design, printing and distribution of UNMH official forms. The cost ranges from \$850,000 to \$950,000 per fiscal year

Jerry Geist moved to approve items 3a) and 3b) and Louise Campbell-Tolber seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.

4. Approval of:

- a) **Annual Renewal of Maui HPCC Lease.** Kim Murphy and Tom Neale made the presentation. UNM has beneficial ownership of the Maui HPCC building through a trustee, the Bank of New York. The building is being subleased to the University of Hawaii. **Regent Sanchez moved to approve and Louise Campbell-Tolber seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**
- b) **Domenici Hall Expansion ~ Sandia Foundation Proposal.** Kim Murphy and Tom Neale made the presentation. The Mind Institute leases the building where the expansion will occur. The lease agreement would be amended to reflect the financial aspects of the expansion, and the Mind Institute will assume financial obligation. Because this project is in an early stage, only conceptual information was provided with a total project cost of approximately \$5.5 million. Regent Eaves expressed concern because the actual costs in the request were not confirmed and there is no final agreement between UNM and the Mind Institute to establish financial obligation. The Regents requested a final confirmation of the costs, and also a written agreement to protect the University from financial obligation in the event of an overage. **Regent Sanchez moved to approve the initial stage of the project with the caveat that a contract is reviewed to ensure financial protection for the University and that the final cost is reported to the Regents. Jerry Geist seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**
- c) **Lobo Development Corporation Commercial Projects.** Kim Murphy and Tom Neale made the presentation. There are two items involved in this request for approval. The first item is the relocation of Satellite Coffee to the SE Corner of Camino de Salud and University Blvd. This will provide flexibility in the use of site where Satellite Coffee now leases. Regent Eaves emphasized the need for an affiliation agreement between Lobo Development Corporation and UNM, and also the need to examine other sources of funding besides the Regents Endowment and the Winrock Endowment, which are experiencing an increase in

recurring expenses. EVP Harris stated his commitment to mitigate the impact on the Regents Endowment fund and to present a holistic view of alternate funding to the Board. The source of the funding will be approved by President Schmidly and EVP Harris. **Regent Sanchez moved to approve the build-to-suit commercial building for lease by Satellite Coffee. Jerry Geist seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**

The second item is the RFP for Master Developer for Parcels Surrounding Main Campus. This is a request to approve the RFP to be drafted and issued by Lobo Development. This competitive RFP is not prescriptive in that the developer has not been constrained in their response. It will involve a ground lease from the University to the developer to control the property. It identifies the requirement for substantial community input on development plans as the developer moves forward. The University will have the right after selection to negotiate a final agreement and the selected developer does not automatically obtain any preferential rights, treatment, or benefits until a formal agreement is approved and executed. It is addressed primarily for the Lomas car dealership properties, but allows an option to develop other sites as determined by the University. In response to Regent inquiry, the phrase “option to develop other properties” should have been understood as the right to negotiate the development of other properties. Regent Eaves recommended altering the language of the RFP not to include an *option* to develop other properties because of this would create a risk for the University to make a long-term commitment to one developer for multiple properties, and it also restrains the University from choosing other developers for other properties. The long-term lease of 50 years needs to be subject to negotiation. The Regents will need to approve the RFP and the final selection of the developer. Regent Eaves emphasized that the affiliation agreement between Lobo Development and UNM is extremely significant for the RFP. Sandy Liggett explained that an affiliation agreement has been drafted. The draft will be revised based on the information from this meeting, and the revisions will be sent to all the Regents for review. The RFP will be in coordination with the Master Plan, and the University will not be transferring land to Lobo Development. Regent Koch emphasized the importance of the developer selection process. It should be structured so that the developer will, 1) undertake the financial obligation, 2) develop the land, 3) provide the University with a revenue stream, and 4) the University will not be held to a financial commitment of endowment funds. Jerry Geist emphasized the Committee’s intention that the end result of all master planning activities now underway shall be coordinated so that the final result will be in the best interest of the University as a whole. **Regent Sanchez moved to approve that the RFP be drafted and issued by Lobo Development with the caveat that the final draft of the RFP and selection of the developer will be brought to the Regents for approval. Jerry Geist seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**

5. Approval of Projects:

- a) **Consultant Selection for Design Services for Parking Garages.** Roger Lujan made the presentation. This request is for approval to award for the design commission for the new parking garages on main campus to Dekker Perich Sabatine with Parking Consultants LLC out of Denver, CO. The project is to build 1500 new parking spaces on campus. The garages will be completed by the mid-2009. The total project budget is \$24.75 million funded by recent UNM

System Revenue Bond. In response to Regent inquiry, Dekker/Perich/Sabatine was selected based on their experience with other parking projects at universities, Their fee was 5.5% of construction cost in comparison to their competitors with the second lowest at 5.0%, and the third lowest at 6%. In response to Regent inquiry, the structure is one response to a 2006 study of demand for parking on campus. The University has also taken other action to respond to the study, which identifies a deficit of more than 30,000 parking spaces. In response to Regent inquiry, the parking fee structure will service the debt. **Louise Campbell-Tolber moved to approve and Regent Sanchez seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**

- b) **Consultant Selection for Design Services for Castetter Hall (Biology) South Addition Phase 2.** Roger Lujan made the presentation. This request is to award the design services to the Fanning Bard Tatum Architects for the Castetter Hall South Addition Phase II. Total project budget is \$12.7 million. Rationale for firm selection included the proposed fee of 7.5%, compared to their competitors at 7.0% (Studio Collaboration) and 7.5% (Dekker Perich Sabatini). The criteria included experience in development of laboratory buildings. In response to Regent inquiry, Sam Loker informed the committee that Phase I is largely funded by the student bond issue, \$2.78 was funded by the legislature last year, an additional increment of \$2.25 million from the UNM Bond issue, and \$5 million from this year's G.O. Bond issue. **Regent Sanchez moved to approve and Jerry Geist seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**
- c) **Capital Project – Phase II: OCP/PPD Service Building Renovations Tenant Improvement.** Roger Lujan made the presentation. This is the renovation of 77 sq. ft. of space on North Campus. This is phase II of the renovation for the Office of Capital Projects to convert storage to office spaces. The building will have new systems installed for safety, heating, cooling, and new windows to meet the governor's executive order to reduce energy by 50%. Total project budget is \$832,167. **Regent Sanchez moved to approve and Jerry Geist seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**
- d) **Capital Project – UNMH Suicide Hazard Abatement.** Roger Lujan and Mark Kistner made the presentation. This involves improvements to some of the spaces that were vacated by offices that moved to the new pavilion. The improvement responds to the mitigation of hazards that may lead to attempts at suicide. In response to Regent inquiry, this project has already passed approval by the Clinical Operations Board. **Regent Sanchez moved to approve and Jerry Geist seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**
- e) **Capital Project – UNMH Critical Care Unit Wing, Infrastructure Backfill Renovation.** Roger Lujan and Mark Kistner made the presentation. This improves backfill area of the critical care wing. It also provides infrastructure and utilities support for vendors. Three vendors will be investing in their own areas in their own space on the first floor. Total project budget is \$725,000. **Regent Sanchez moved to approve and Louise Campbell-Tolber seconded. The**

motion passed by unanimous vote with a quorum of Committee members present and voting.

- f) **Capital Project – UNMH Basement Data Center Cooling.** Roger Lujan and Mark Kistner made the presentation. This is a project to add a cooling center that will cool down data centers at UNMH. Total project budget is \$378,947. In response to Regent inquiry, this project has passed approval by the Clinical Operations Board. **Jerry Geist moved to approve and Louise Campbell-Tolber seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**

- g) **Construction Manager at Risk for Two Parking Structures.** Bill Turner made the presentation. This is a request to use a construction manager at risk for the two parking structure projects in progress. A contractor will provide design expertise that will meet the needs of the University. In response to Regent inquiry, the suggested price of the parking structure assumes it is above-ground; the price would double if it were underground. **Jerry Geist moved to approve and Regent Sanchez seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**

- h) **Construction Manager at Risk for the University Stadium Press Box Renovations and Additions.** Bill Turner made the presentation. **Regent Sanchez moved to approve and Jerry Geist seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**

6. Approval of Naming Proposals:

- a) **Marjorie Mead Hooker Memorial Visiting Professorship.** Michael Kingan made the presentation.

- b) **James Quinn Memorial Tree.** Michael Kingan made the presentation.

- c) **Carl C. Anderson Sr. and Marie Jo Anderson Charitable Foundation Healing Garden and Pool & Carl C. Anderson Sr. and Marie Jo Anderson Charitable Foundation Radiation Oncology/Radiosurgery Suite.** Michael Kingan made the presentation.

Regent Sanchez moved to approve items 6a), 6b) and 6c). Jerry Geist seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.

- 7. **Approval of Foundation Requests for an Increase in the Administrative Allocation from the Consolidated Investment Fund From 1.10% (110 basis points) to 1.15% (115 basis points).** Michael Kingan made the presentation. This is an annual recommendation for the basis points that the Foundation charges. **Regent Sanchez moved to approve and Jerry Geist seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**

- 8. **Approval of Request for Quasi-Endowment Account for The New Mexico Natural Heritage Program.** Michael Kingan made the presentation. **Regent Sanchez moved to**

approve and Jerry Geist seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.

9. Preliminary Approval: Capital Outlay Submission – Higher Education Department.

Andrew Cullen made the presentation. This is a preliminary approval for Capital Outlay Submission to be forwarded to the Higher Education Department by June 27, 2008. There will be a formal hearing at the Higher Education Department in September. The Higher Education Department develops a statewide listing that will be submitted to the legislature in 2009. This is a relatively modest listing as compared to prior years because it is not a G.O. year. In response to Regent inquiry, auxiliary components, such as student housing have not been funded by the state. **Regent Sanchez moved to approve and Louise Campbell-Tolber seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**

10. Approval of :

a) **Use of Regents Endowment Fund – FY2008/09.** Andrew Cullen made the presentation. This is a request for approval for the Regents Endowment Fund spending allocation for upcoming fiscal year relative to Regents Policy 7.19. The total proposed funding is \$3,023,309. In response to Regent inquiry, emphasis has been placed on student scholarships this year.

b) **Use of Winrock Endowment Fund – FY2008/09.** Andrew Cullen made the presentation. Approval is recommended for the use of Winrock Endowment Funds. The total proposed funding is \$1,466,981.

Regent Sanchez moved to approve items 10a) and 10b). Louise Campbell-Tolber seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.

11. Recommendations for Consent Agenda Items on full Board of Regents Agenda.

Regent Eaves recommended items 2, 3, 4a, 5c, 5d, 5e, 5f, 6, 7, and 8 to be placed on the Consent Agenda.

INFORMATION ITEMS:

12. Monthly Financial Report. Ava Lovell made the presentation.

13. Contract Information:

a) **UNM Information Technology System – NEC Unified Systems.** Bruce Cherrin made the presentation.

b) **UNM Information Technology System – Aquila Technologies Group Inc.** Bruce Cherrin made the presentation.

c) **UNMH – Philips Medical.** Bruce Cherrin made the presentation.

d) **UNMH – Bayer Corporation.** Bruce Cherrin made the presentation.

e) **UNMH – Leica Microsystems.** Bruce Cherrin made the presentation.

f) **UNMH – IBA Molecular.** Bruce Cherrin made the presentation.

EXECUTIVE SESSION:

Finance & Facilities Committee
June 5, 2008

none

Regent Eaves moved to close the meeting and adjourn at 11:22 p.m, and Regent Sanchez seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.