

THE UNIVERSITY OF NEW MEXICO
Regents' Finance and Facilities Committee
August 1, 2008 – Meeting Summary

Committee Members Present: Regent Raymond Sanchez, Regent Don Chalmers, Regent Mel Eaves (participated by phone), Jerry Geist, and Louise Campbell-Tolber

Non-voting Members Present: Regent James Koch

Other Attendees:

Steve Beffort, Institutional Support Services; **Joseph Cecchi**, SOE; **Christine Chavez**, Internal Audit; **Pug Burge**, HSC; **Loyola Chastain**, Staff Council; **Bruce Cherrin**, Purchasing; **Andrew Cullen**, Planning, Budget & Analysis; **Finnie Coleman**, University College; **Julia Fulghum**, Office of VP Research & Economic Development; **Helen Gonzales**, VP Human Resources; **David Harris**, EVP for Administration, COO, and CFO; **Miguel Hidalgo**, Capital Projects; **Debbie Kuidis**, UNMPD; **Sandra Liggett**, University Counsel; **Ava Lovell**, Finance; **Lisa Marbury**, Institutional Support Services; **Cenissa Martinez**, EVP Office; **Susan McKinsey**, Communications & Marketing; **Walt Miller**, AVP Student Life; **Kim Murphy**, Real Estate; **Tom Neale**, Real Estate; **Curt Porter**, Provost's office; **Martin Salazar**, Albuquerque Journal; **David J. Schmidly**, UNM President; **Jamie Silvaslede**, UNMH; **Jeff Zimwalt**, PPD; **Carolyn Thompson**, Strategy; **William Turner**, Office of Capital Projects; **Chris Vallejos**, Institutional Support Services; **Melissa Vargas**, Provost's Office; **Mary Vosevich**, PPD; **Ella Watt**, UNMH; **Ellen Wenzel**, Regents' Office

Regent Chalmers called the meeting to order at 9:00 a.m. in the Roberts Room at Scholes Hall.

ACTION ITEMS:

- 1. Meeting Summary from June 5, 2008.** Jerry Geist requested a revision to Item 4e of the minutes with the insertion of the following statement: "It is the intention of this committee 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 Koch requested a revision to the Committee Members Present section that would list him as a voting member. **Regent Chalmers moved to approve with the caveat that the suggested revision be added. Regent Eaves seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**
- 2. Disposition of Surplus Property on List Dated June 24, 2008.** Bruce Cherrin made the presentation. In response to Regent inquiry, the obsolete equipment dated 2003 has been replaced because the equipment was not functional or was made obsolete by new technology. **Regent Chalmers moved to approve and Louise Campbell-Tolber seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**
- 3. Approval of Contracts:**
 - a) **UNMH – Intuitive Da Vinci Surgical Robotic System.** Bruce Cherrin and Ella Watt made the presentation. This equipment will be used in neurology and gynecological procedures. It reduces the risk of infection and allows for shorter hospital stays.

- b) **UNMH – United Blood Services.** Bruce Cherrin and Ella Watt made the presentation. This is a one-year approval for United Blood Services as the full service source for collection, processing, testing and delivery of required blood products and services.
- c) **UNMH – Cardinal Health Solutions.** Bruce Cherrin and Ella Watt made the presentation. This is a one-year approval for continued use of Pyxis Machines, which will allow computerized storage of medical supplies.
- d) **UNMH – Ikon Office Solutions.** Bruce Cherrin and Ella Watt made the presentation. This is a multi-year approval. Ikon Office Solutions distributes, manages, and supplies copiers for UNMH.
- e) **UNMH – Lifecell.** Bruce Cherrin and Ella Watt made the presentation. This is a one-year approval. Lifecell provides cadaver tissue for implants for various surgical replacement procedures.
- f) **UNMH – McFrank and Williams.** Bruce Cherrin and Ella Watt made the presentation. This is a one-year approval. McFrank and Williams provide advertising services for UNMH.

Mel Eaves moved to approve with the caveat that all items are approved for one-year, with the exception of a multi-year approval for item 3.d. Regent Chalmers seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.

4. Approval of:

- a) **Real Property Acquisition: 1377 University Boulevard (former KASA Fox Studio property).** Kim Murphy and Tom Neale made the presentation. The purchase price is \$2.1 million, appraised for \$2.2 million. The source of funds is the UNMH Capital Initiative funds, and the use of the property will be for UNMH and HSC clinical operations. In response to Regent inquiry, there is \$35 million in the UNMH Capital Initiative Fund, which is funded through UNMH operating funds. **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.**
- b) **Real Property Acquisition: SW Mesa Clinic Site at the Northwest Quadrant of Central Avenue and Unser Boulevard.** Kim Murphy and Tom Neale made the presentation. This is for approval of approximately 2.0 acres of vacant land owned by the City of Albuquerque. The maximum price is based on the appraisal, which is currently \$8.50 per sq. ft. This item is still in negotiation, and will be brought back to the Regents with the finalized price. **Regent Sanchez moved to table this item until the negotiations are complete. The final purchase price will be brought back to the Regents for review.**

5. Approval of:

- a) **Architect Selection – University Stadium Press Box Renovations and Additions.** Miguel Hidalgo made the presentation. This approves the selection of Sink Combs Dethlefs Sports Architecture w/ Molzen-Corbin & Associates to provide design services for the University Stadium press box renovations and additions. Selection was based on qualifications and fees. In response to Regent

inquiry, the fee will be reduced if the cost of construction increases. Initially, the fee will be negotiated based on construction costs. In response to Regent inquiry, bids are accepted from general contractors who provide best quality, and the University has not seen lower price bids from general contractors due to the economic recession. **Regent Chalmers moved to approve and Jerry Geist seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**

- b) **Architect Selection – Student Life Center, Gallup Campus.** Roger Lujan made the presentation. This is for a new student life and technical center at the UNM Gallup campus. This facility will potentially enclose approximately 42,350 sq. ft. The selection team recommended Rhode May Keller McNarmara for selection. **Regent Eaves moved to approve and Louise Campbell-Tolber seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**
- c) **Capital Project – Renewal of Centennial Library Skylights.** Roger Lujan made the presentation. This project completes three skylights that were introduced to produce natural daylight. Each skylight is 10’x15’. Major improvements are needed to avoid leakage issues. Total budget cost is \$490,000. The source of funding is from FY 07-08 UNM Minor Capital. **Regent Eaves moved to approve and Regent Chalmers seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**
- d) **Capital Project – UNMH Revision to SE Heights Community Based Clinic.** Roger Lujan made the presentation. This is a revision to a proposed project approved in September 2007 for the SE Heights UNMH Community Clinic. Due to the cost of the land, construction cost, and inflation costs due to higher bids. **Jerry Geist moved to approve and Regent Chalmers seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**

- 6. **Approval of Lobo Development Corporation MOU and Housing RFP.** Sandra Liggett made the presentation. The Lobo Development Corp. was created by the Board of Regents under the Research Park Act as a means by which UNM may conduct development activities. Lobo Development Corp. does not own property, and will be accountable to the Board of Regents. The MOU establishes the business relationship between Lobo Development Corp. and UNM. Lobo Development Corp. is a separate legal entity, but it has substantial direction from UNM over all of its activities. The key purpose of the MOU is to establish the means by which Lobo Development Corp. is to operate independently of UNM and when it must bring items to the Board of Regents for approval. Development agreements will be brought forward to the Board of Regents through the Finance and Facilities Committee. The development agreements will be negotiated on a case-by-case basis depending on the project. There are no requirements that are established that would limit the options of what would be brought forward to the Regents. The MOU sets parameters on the Lobo Development Corp.’s operations, operating budget and its decisions regarding development to be approved by the Lobo Development Board of Directors and the Board of Regents. The procurement code is the only part of the University policies and procedure that Lobo Development Corp. is exempt from (1.4). Approval of the president of the University is required for the budgeting and financial allocations of Lobo Development Corp. (2.5). The MOU requires UNM approve of the external auditor for Lobo Development Corp. (3.2). The MOU requires Lobo Development Corp. to provide periodic financial statements to the

Board of Regents' Finance & Facilities Committee, no less than annually as a standard practice (3.5). It is anticipated that Lobo Development Corp. will initially be staffed by UNM employees. A staffing plan is required to determine the extent to which UNM staff will support Lobo Development Corp., and the plan must be approved by the president (5.1). The specific management relationship is removed, and the MOU requires that UNM and Lobo Development Corp. will not have an independent financial relationship. The financial relationship will be structured on the ongoing basis of the account management (6.1).

In response to Regent inquiry, the language that Lobo Development Corp. will operate under the Open Meeting Act is included in the bylaws of the governing documents to be adopted annually. EVP David Harris recommended that the motion include the authority to proceed with the Master Developer RFP for student housing. **Regent Eaves moved to approve and also authorized moving forward with the Master Developer RFP. Regent Chalmers seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**

7. **Approval of Use of Funds and Information on Audit Entries for KNME.** Chris Vallejos and Ava Lovell made the presentation. This request seeks approval to use Sprint lease funds in the amount of \$200,000 to continue the digitization project at KNME scheduled for February 2009, when the switch from analog to digital will occur. EVP David Harris stated that the basis of this request stems from a decision made by the Regents when Sprint was ultimately chosen as purchaser of excess broadband capacity. The Regents indicated that funds from that account would not be spent without Regent approval. **Regent Eaves moved to approve and Regent Chalmers seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**
8. **Approval of Final Endorsement of the UNMH FHA-Insured Mortgage Bond Loan.** Scot Sauder and Ella Watt made the presentation. When the new hospital was financed in 2004, it was financed through HUD insured mortgage bonds. HUD issued an initial endorsement of HUD insurance to ensure the loan, which reduced the interest rate on the loan. This request is the stage of final endorsement, or permanent financing. Permanent financing will result in substantial interest rate reduction for the hospital, and will enable the hospital to make the final payments to the vendors from the retainage that is being held by HUD. This request is to adopt the resolution to authorize the final endorsement, and to execute the note modification agreements which result in reduction of the interest rate. This will be closed in the next 2-3 weeks. In response to Regent inquiry, the amount of the retainage is \$4.1 million, and the funds as approved by HUD will be distributed to the contractors and subcontractors as part of the construction cost. In response to Regent inquiry, the interest rate will be reduced from 6.1% to 4.8% with permanent financing. The principle amount is \$179 million. In response to Regent inquiry, the costs associated with the convergence include legal fees, surveying fees, audit fees, and closing fees. **Jerry Geist moved to approve and Regent Chalmers seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**
9. **Approval of Reappointment to STC.UNM Board of Directors.** Joseph Cecchi made the presentation. STC.UNM recommends the reappointment of Dr. Albert R.C. Westwood and Ms. Diana MacArthur to the Board of Directors. **Regent Eaves moved to approve and Regent Chalmers seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**
10. **Approval: Capital Outlay Submission – Higher Education Department.** Andrew Cullen made the presentation. This request is for approval of the 2009 Capital Projects

package to be resubmitted to HED. The list is now comprised of 29 projects. There are several modifications to the preliminary submission. In total they create a request of state dollars in the amount of \$105,734,679. In response to Regent inquiry, EVP Harris explained that the state would not recognize the student housing project because it recognizes projects within the education mission, not projects funded as auxiliaries which generate revenue. **Regent Chalmers moved to approve and Regent Eaves seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**

- 11. Approval of BA/MD Use of Balance.** David W. Harris made the presentation. The BA/MD program was created to expand enrollment in the medical school by 25 additional slots to be filled by NM high school graduates. The program has been successful and receives support from the state through direct appropriation. The University has been very judicious and conservative in committing those funds. Due to the state of the economy, Dean Claiborne has experienced budget challenges which have caused financial pressure for College Arts & Sciences and have affected the research and instruction budgets. A team has been assembled to relieve financial strains and has come up with the following recommendation: scholarships that are currently awarded to some students from other sources could be awarded from the BA/MD program, which would release funds that could be used to offset the budget challenge and avoid further deferment to 2010 or beyond. The amount is \$350,000. **Regent Eaves moved to approve and Jerry Geist seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting**

- 12. Recommendations for Consent Agenda Items on full Board of Regents Agenda.** Regent Sanchez recommended items 2, 3, 4, 5, 7, 8, 9, 10, and 11 to be placed on the Consent Agenda.

INFORMATION ITEMS:

- 13. Monthly Financial Report.** Ava Lovell made the presentation.

14. Contract Information:

- a) **Intercollegiate Athletics – Prime Electrical, Inc.**
- b) **Ford Utilities Center – Powell Electric Manufacturing**
- c) **UNMH – Medtronic Corp.**
- d) **RN Network**
- e) **Osteomed**
- f) **Hospital Services Corp.**
- g) **Canyon State Oil Co. Inc.**
- h) **US Post Office**
- i) **AMN Healthcare, Inc.**
- j) **Advantage RN**
- k) **Cross Country Staffing**
- l) **Vista Care Hospice**

Bruce Cherrin and Ella Watt made the presentation.

- 15. Office of Capital Projects Monthly Project Status Report.** Steve Beffort and Bill Turner made the presentation

EXECUTIVE SESSION:

- A. Vote to close the meeting and proceed into executive session.**
- B. Discussion and determination where appropriate of potential purchase, acquisition, or disposal of real property, *pursuant to Section 10-15-1 H (8), NMSA (1978).***
- C. Vote to re-open the meeting.**
- D. Certification that only those matters described in paragraphs above were discussed in executive session.**

Regent Eaves moved to close the meeting and adjourn at 11:05 p.m, and Regent Sanchez seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.