

**THE UNIVERSITY OF NEW MEXICO**  
**Regents' Finance and Facilities Committee**  
**November 4, 2008 – Meeting Summary**

**Committee Members Present:** Regent Mel Eaves, Regent Raymond Sanchez, Regent Don Chalmers, and Regent James Koch

**Committee Members Absent:** Jerry Geist and Maria Griego-Raby

**Non-voting Members Present:** None

**Other Attendees:**

**Duane Arruti**, Human Resources; **Vanessa Baca**, ITS; **Steve Beffort**, Institutional Support Services; **Ann K. Brooks**, Faculty Senate; **Loyola Chastain**, Staff Council; **Christine Chavez**, Internal Audit; **Bruce Cherrin**, Purchasing; **Brenda Claiborne**, Arts & Sciences; **Maria Dion**, Office of Capital Projects; **Ashley Fate**, ASUNM; **Rachel Felix**, EVP Office; **Charles Fledderman**, Office of Graduate Studies; **Bob Fondino**, HSC Finance; **Julia Fulghum**, OVPR; **Philip Ganderton**, Arts & Sciences; **John Geissman**, Earth & Planetary Sciences; **Gil Gonzales**, CIO; **Helen Gonzales**, VP Human Resources; **Bob Goodman**, Sandia Foundation; **Kathy Guimond**, UNMPD; **Tim Gutierrez**, Student Affairs; **David Harris**, EVP for Administration, COO, and CFO; **Miguel Hidalgo**, ISS/Capital Projects; **Wanita Kirkman**, PPD; **Lisa Kuuttila**, STC.UNM; **Alice Letteney**, UNM-Valencia; **Sandra Liggett**, University Counsel; **Jim Linnell**, Center for Fine Arts; **Paula Loendorf**, ITS; **Ava Lovell**, Finance; **Roger Lujan**, Office of Capital Projects; **Lisa Marbury**, Institutional Support Services; **Marvin Marter**, Office of Capital Projects; **Cenissa Martinez**, EVP Office; **Luanne McGinnon**, UNM Art Museum; **Steve McKernan**, UNMH; **Susan McKinsey**, Communications & Marketing; **Walt Miller**, AVP Student Life; **Kate Moore**, Provost's Office; **Kim Murphy**, Real Estate; **Marc Nigliazzo**, UNM West; **Suzanne Ortega**, UNM Provost; **Serena Pearson**, SRS; **Michael Polikaff**, Planning & Campus Development; **Curt Porter**, Provost's Office; **Christopher Ramirez**, GPSA; **Alex Riebli**, ASUNM; **Dr. Paul Roth**, EVP Health Sciences; **Martin Salazar**, Albuquerque Journal; **Andrew Sanchez**, UNM-Valencia; **David J. Schmidly**, UNM President; **Donna Smith**, SRS; **Howard Snell**, Faculty Senate; **Louis Sullo**, CIO's Office; **Carolyn Thompson**, Strategy & Goals; **Ana Andzic Tomlison**, University Counsel; **William Turner**, Office of Capital Projects; **Chris Vallejos**, Institutional Support Services; **Melissa Vargas**, Provost's Office; **Mary Vosevich**, PPD; **Ellen Wenzel**, Regents' Office; **Sherman Wilcox**, Arts & Sciences; **Amy Wohlert**, ASM; **Jeff Zumwalt**, PPD

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

**COMMENTS:**

Loyola Chastain of Staff Council expressed her appreciation for the placement of the golf course maintenance workers. President Schmidly clarified that the situation with the golf workers was a miscommunication, and that the initial intent was that they would be placed.

Christopher Ramirez of GPSA expressed his support for the Student Recreation Center planning. He addressed the cost, and expressed his concern about the student fees affecting graduate student priorities such as scholarship and research funding. He hopes that further discussions will address recreational services within the larger picture of student needs on campus.

**ACTION ITEMS:**

1. **Meeting Summary from October 2, 2008. Regent Chalmers moved to approve, and Regent Koch seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**
2. **Disposition of Surplus Property on List dated October 22, 2008.** Bruce Cherrin made the presentation. **Regent Chalmers moved to approve, and Regent Koch seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**
3. **Approval of Contracts:**
  - a) **Cross Country Staffing.** Bruce Cherrin and Steve McKernan made the presentation. Request for approval of contracts for temporary nurses at UNMH.
  - b) **OR Nurses Inc.** Bruce Cherrin and Steve McKernan made the presentation. Request for approval of contracts for temporary nurses at UNMH.
  - c) **MGA Healthcare New Mexico, Inc.** Bruce Cherrin and Steve McKernan made the presentation. Request for approval of contracts for temporary nurses at UNMH.
  - d) **RN Network.** Bruce Cherrin and Steve McKernan made the presentation. Request for approval of contracts for temporary nurses at UNMH.

In response to Regent inquiry, there is a shortage of 100 permanent nurses at UNMH. Permanent nurses cost about \$3-4 million more than temporary nurses. Temporary nurses have the opportunity to become permanent as there is an immediate need. Although it is expensive, the long-term goal of UNMH is to provide a higher quality of care and increase customer satisfaction with permanent staff.

In response to Regent inquiry, the temporary staffing contracts are flexible in that, there is no obligation under the contract to any of the vendors. Every 6 weeks the contracts get renewed, but a nurse does not get renewed for more than 12 weeks.

**Regent Chalmers moved to approve items 3a.-3d., and Regent Koch seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**

- e) **Dell Computers Inc.** Bruce Cherrin and Steve McKernan made the presentation. This request for approval includes major computer purchases and updates to hospital servers, which are necessary in order to accommodate computerized physician order entry and electronic nurse documentation for inpatients. **Regent Chalmers moved to approve, and Regent Koch seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**
- f) **PPD Utilities Division – British Petroleum.** Bruce Cherrin and Jeff Zumwalt made the presentation. UNM purchases approximately \$6-7 million of natural gas each year. Due to the volatile nature of the purchase, the University will hedge risk by purchasing half of the gas ahead of time. British Petroleum has bid

10% less than PPD budget, and provided the best price. In response to Regent inquiry, the bid price was about \$7 per 100,000 BTUs, however the cost has decreased since the bid because the market value is less than \$7 today. The contract term is from November through June. **Regent Koch moved to approve, and Regent Chalmers seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**

- g) **Maintenance for UNM Championship (South) Golf Course – Mountain West Golfscapes Inc.** Deferred as an Information Item.
- h) **Internal Medicine/Cardiology – Comp Health.** Bruce Cherrin made the presentation. **Regent Chalmers moved to approve, and Regent Koch seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**

**4. Approval of:**

- a) **Capital Project for UNM Valencia Campus: Site Improvements Phases I and II.** Roger Lujan, Alice Letteney and Andy Sanchez made the presentation. Valencia Campus is investing capital funding in improving site elements of the campus, principally to increase security, improve lighting and replace elements on campus that are at the end of their useful life. This project addresses additional site lighting in parking areas around buildings at Valencia Campus. It also adds security cameras for surveillance and to provide security in computer laboratories. Total project budget is \$2.5 million supported by \$1 million from FY06 NM GO Bonds, \$1 million from FY08 NM severance tax bonds proceeds, and \$500,000 from the Valencia Campus plant funds (local mil levy). **Regent Sanchez moved to approve, and Regent Chalmers seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**
- b) **Capital Project for Stadium Renovation.** Roger Lujan and Paul Krebs made the presentation. The stadium has been on the master plan for several improvements. This particular project seeks to improve spectator amenities and accessibility, including a concourse circulation system, enhancements to the Tow Diehm and expansions to the President's Pavillion. Total project budget is \$8 million, and will be funded as follows: \$6 million from UNM system revenue bonds and \$2 million from NM severance bond proceeds. The intent is to begin the project as soon as possible after the New Mexico Bowl. **Regent Koch moved to approve, and Regent Chalmers seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**
- c) **Capital Project for Art Museum Renovation.** Roger Lujan, Jim Linnel and Luanne McGinnon made the presentation. This expansion project for the University Art Museum will use space, previously occupied by the Fine Arts Library. Significant improvements include the consolidation of the museum and the Jonson Galleries. It will also increase accessibility for visitors and staff. Total project budget is \$2.3 million, funded as follows: \$2.1 from FY07 UNM System Revenue bond proceeds, and \$200,000 from FY08 BR&R formula funds. In response to Regent inquiry, the art museum collection is the largest in the state, and it is valued at \$125-130 million. **Regent Chalmers moved to approve, and Regent Koch seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**

- d) **Capital Project for the Law School Underground Piping Replacement Project.** Roger Lujan made the presentation. This project replaces 750 linear feet of buried steam and chill water lines at the UNM Law School. These utilities have been in place for 30 years. The project schedule is timed to coordinate with the construction of a new building adjacent to the law school. Total project cost is \$700,000 funded by NM BR&R. **Regent Sanchez moved to approve, and Regent Chalmers seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**
- e) **Consultant Selection for Planning Services for New Student Recreation Center.** Roger Lujan made the presentation. This is a request for approval of the consultant selected for the planning of the new student recreation center. Van H. Gilbert has been selected, predicated on a two-stage qualification and fee based selection process. The firm excelled on the criteria of experience for previously planning student recreational facilities, their overall rating as a firm and how distinct their work was regionally and nationally. Their project team met the criteria in their approach to planning and student engagement. They are able to deliver the entire planning scope within the \$80,000 planning allocation. In response to Regent inquiry, the \$80,000 is on a flat-fee basis. A full scope of planning services is included with the fee: programming, conceptual design, renderings and fundraising graphics. President Schmidly stated that the master planning process will include examining potential sites where the Student Recreation Center might be located, and the planning consultant will have to consider site selection. **Regent Chalmers moved to approve the planning budget of \$80,000, and Regent Sanchez seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**

**5. Approval of:**

- a) **Sandia Foundation Building Proposal – UNM West Campus (Rio Rancho).** Kim Murphy, Bob Goodman and Marc Nigliazzo made the presentation. This is a request for approval of a proposal from Sandia Foundation to construct a 40,000 sq. ft. building to be used for classrooms and administrative offices at the Rio Rancho Campus. Total project cost is approximately \$10.9 million. Base rent is \$900,000 per year. In response to Regent inquiry, the terms and conditions include a purchase option after the initial 5 years. The purchase option will be based on the outstanding balance of the financing. The market value will be advantageous to the University because it will be based on today's current value. In response to Regent inquiry, this project has been discussed with the City of Rio Rancho. Discussions are in progress with NMSU and CNM with regard to the amount of space that will be rented. Regent Koch emphasized the importance of finalizing negotiations with CNM and NMSU. The project is scheduled to be complete in December 2009. The facility will accommodate approximately 2,000-5,000 students. **Regent Sanchez moved to approve, and Regent Chalmers seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**
- b) **Real Property Purchase for UNMH SW Mesa Clinic Site (NE Corner of Unser Blvd. and proposed Sarracino Lane).** Kim Murphy and Tom Neale made the presentation. This request for approval is for the acquisition of two acres. The property will be used as a community based clinic by UNMH. The purchase price is \$6.75/ sq. ft., approximately \$590,000. The appraised value was \$8.50/sq.ft., approximately \$740,000. **Regent Chalmers moved to approve,**

**and Regent Sanchez seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**

- c) **Renovation and Expansion of 2811 Campus Drive NE for the relocation of the UNM Real Estate Department.** Kim Murphy made the presentation. The Real Estate office will be relocated due to the planned parking structure, which will replace the current Real Estate location in parking area, Lot C. **Regent Chalmers moved to approve, and Regent Sanchez seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**
6. **Approval of Change of Use – UNM 2007 System Revenue Bonds.** EVP David W. Harris made the presentation. This proposal grants the flexibility to reallocate up to \$30 million to other projects that may generate revenues sufficient to meet debt obligations. When the Regents approved the institutional bond issue last winter, there was an amount of \$2.5 million for debt service that was projected to be derived from the development of excess University-owned land. The University has been involved in an RFP for a number of months. Due to the state of the economy, the University will not be able to generate that level of income in the immediate future. The intention is to preserve the viability of the debt service account. In response to Regent inquiry, potential changes have been identified and final documentation, along with a written opinion of counsel will be brought before the Regents for review. The Regents will be provided with a program for use of the funds and the amount of debt service for approval. **Regent Sanchez moved to approve, and Regent Chalmers seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**
7. **Approval of I & G Harvesting/Deficit Balances Report and Current Budget Status.** President David Schmidly and EVP David W. Harris made the presentation. On October 17, 2008, the governor ordered State agencies to freeze hiring and reduce operating expenses by 5%. He also advised higher education institutions to develop a strategy for reducing next year's budget. President Schmidly is deeply concerned about how the possibility of a mid-year rescission in FY09 will affect students. Due to the current economic challenges, the University will adopt a campus-wide "strategic spending pause" policy as preemptive measures to increase saving as the state faces economic challenges. The policy will pause any hiring of new employees whose positions are not "absolutely critical." Salary adjustments, minor capital allocations and equipment purchases will be suspended. Exceptions to the policy will be reviewed by the Executive Vice Presidents on a case-by-case basis. There will also be a 10% reduction in travel expenditures. All resources will be centralized to "budget holdback accounts." Commitment to capital projects will be reviewed and prioritized as possible funding reductions have been predicted. All projects in the 2007 bond issuance will be reviewed to ensure that revenue projections are sufficient to meet bond requirements. The restrictions only apply to state appropriated I&G funds.

Currently, there are no plans for across the board reductions. There will be no changes to the planned distribution of F&A resources. No action has been envisioned that would compromise the University's current workforce. The funds in the "holdback accounts" will be allocated for expenditures in other areas. These funds will be restored in the event of economic upturn and no call for a mid-year rescission. President Schmidly called for the campus community to adopt a frugal approach toward spending. David Harris informed the committee that the general fund revenue estimate for the current year would be adjusted by \$344 million and for next year by \$372 million.

Howard Snell expressed the confusion among faculty regarding communication and the process for approvals. He requested clarification of the use of reserve funds, and if it would be possible to use them. Snell emphasized the importance of salary adjustments and the impact that it would have on faculty. He recommended that salary adjustments be “postponed.” President Schmidly responded that the EVP would have the discretion to approve salary adjustments on a case-by-case basis. Christopher Ramirez asked how the spending freeze would apply to departments who have already incorporated the unused balances into their budget. President Schmidly commented that the policy would apply to all departments, although special circumstances will be taken into consideration. Loyola Chastain encouraged the Administration to take steps to consider special circumstances in hiring. In response to a general question regarding graduate contracts, the deans and chairs would be required to create the best solutions in each unit to reduce negative impact depending on each situation. Regent Koch expressed his concern about the policy’s effect on faculty retention. President Schmidly assured the University that his intent is to minimize the policy’s impact on faculty, and that special consideration would be given on a case-by-case basis at the discretion of the Executive Vice Presidents.

EVP David Harris presented the Regents with a report of balances, potential harvesting balances, and deficits that have accrued. This is the third year that the Regents have exercised harvesting. The first two years yielded \$2 million per year; this year yielded \$1 million. The President indicated that a plan was being formulated to allocate the balances to the academic enterprise, which can hopefully be done if the pause is successful. With respect to the deficits, they reduce the amount of positive balances but do not reflect as a negative on the balance sheet. **Regent Chalmers moved to approve, and Regent Sanchez seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**

- 8. Approval of 403(b) Plan Documents.** Helen Gonzales made the presentation. This plan allows UNM employees, excluding student employees, to defer compensation from their salary on a pre-tax basis. Employees will be able to choose a plan from five vendors. The plan documents discuss communication, process, loans, and catch up provisions for over 50 years. In response to Regent inquiry, current plan documents indicate that the plan may be amended at any time. **Regent Sanchez 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 Annual Report for the UNM Medical Group.** Paul Roth made the presentation. The UNM Medical School has received the Spencer Foreman Award for Outstanding Community Service. President Schmidly recognized the importance of the award as part of UNM’s reputation as a flagship university. Robert Katz presented the annual report for the UNM Medical Group. **Regent Chalmers moved to approve, and Regent Eaves seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**
- 10. Approval of Election of UNM Medical Group Board of Directors.** Paul Roth made the presentation. **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 Fiscal Watch Report and Monthly Financial Report.** Ava Lovell made the presentation. **Regent Chalmers moved to approve, and Regent Eaves 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 Eaves recommended items 1, 2, 3 (excluding 3g.), 4, 5b, 5c, 8, 9, and 10 to be placed on the Consent Agenda.

**INFORMATION ITEMS:**

- 9. Contract Information:**
  - a) **Public Events – Stage Services, Inc.**
  - b) **New Mexico Department of Public Health**
  - c) **Information Technology Systems – NextG Networks.** Bruce Cherrin made the presentation.
  
- 10. Quarterly Report of the Student Investment Fund.** Amy Wohlert 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. Discussion and Determination where appropriate of limited personnel matters, pursuant to Section 10-15-1 H (8), NMSA (1978), relating to consideration of Medical Staff Appointments, re-appointments and privileges.**
  
- D. Vote to re-open the meeting.**
  
- E. Certification that only those matters described in paragraphs above were discussed in executive session.**

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