

**THE UNIVERSITY OF NEW MEXICO**  
**Regents' Finance and Facilities Committee**  
**June 2, 2009 – Meeting Summary**

**Committee Members Present:** Regent Raymond Sanchez; Regent Don Chalmers; Regent James Koch; EVP & Provost Suzanne Ortega; EVP Paul Roth; Jerry Geist

**Committee Members Absent:** none

**Non-voting Members Present:** Regent Gene Gallegos; Regent Cate Wisdom

**Other Attendees:**

**Elisha Allen**, Staff Council; **Patrick Apodaca**, University Counsel; **Martha Bedard**, UNM Libraries; **Duane Brown**, Modrall Sperling Law Firm; **Steve Beffort**, Institutional Support Services; **Breda Bova**, President's Office; **Angela Chavez**, GPSA; **Christine Chavez**, Internal Audit; **Bruce Cherrin**, Purchasing; **Barry Cooney**, UNM Gallup Campus; **Andrew Cullen**, Budget Office; **Dale Dekker**, Dekker Parovich Sabbatini; **Josie DeLeon**, Equity & Inclusion; **Rachel Felix**, EVP Office; **Bob Fondino**, HSC Finance; **Joy Griffin**, HESS; **Kathy Guimond**, UNMPD; **Tim Gutierrez**, Student Affairs; **David W. Harris**, EVP for Administration, COO and CFO; **Kathy Jacques**, Budget Office; **Mary Kenney**, Planning & Campus Dev.; **Beverly Kloeppe**, Student Health; **Lisa Knudson**, GPSA; **Ava Lovell**, Finance; **Tim Lowrey**, Faculty Senate; **Lisa Marbury**, Institutional Support Services; **Anthony Major**, UNM Gallup; **Cenissa Martinez**, EVP Office; **Steve McKernan**, UNMH; **Susan McKinsey**, Communications & Marketing; **Walt Miller**, AVP Student Life; **Kate Moore**, Provost Office; **Kim Murphy**, Real Estate; **Michael Polikoff**, Campus Planning & Development; **Curt Porter**, Provost's Office; **Maria Probasco**, UNM Parent Assoc.; **Monika Roberts**, ASUNM; **Martin Salazar**, Albuquerque Journal; **Antonio Sanchez**, Capital Projects; **Donna Smith**, SRS; **Carol Stephens**, Policy Office; **Chris Vallejos**, Institutional Support Services; **Melissa Vargas**, Provost's Office; **Mary Vosevich**, PPD; **Ellen Wenzel**, Regents' Office; **Fran Wilkinson**, Library; **George Williford**, First Southwest Co.

---

**Regent Sanchez called the meeting to order at 9:03 a.m. in the Roberts Room at Scholes Hall.**

**COMMENTS:**

Regent Sanchez announced himself as temporary chair of Finance & Facilities Committee and introduced new Regents: Cate Wisdom, Student Regent, and Gene Gallegos. The new voting members of the Finance & Facilities Committee are: EVP Paul Roth and EVP Suzanne Ortega. The new regent advisor and president of ASUNM, Monika Roberts, attended the meeting and was also introduced.

**ACTION ITEMS:**

- 1. Approvals of Sale of Local GO Bonds – UNM Gallup.** Barry Cooney made the presentation. The UNM Gallup campus requests Regent approval to use \$2 million out of \$8 million in bonds on projects for the new Student Services and classrooms. These funds were approved by McKinley County voters in February 2009. **Jerry Geist moved to approve and Suzanne Ortega seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**

**2. Approval of Contracts:**

- a) **UNMH – Tricore Laboratory Services Corporation.** Steve McKernan made the presentation. UNM owns 50% of Tricore. This corporation is responsible for providing all medical labwork for UNMH.
- b) **UNMH – Owens and Minor.** Steve McKernan made the presentation. Owens and Minor distribute medical supplies purchased through Novation contracts. Estimated cost is \$24 million per year.
- c) **UNMH – Medtronic Corporation.** Steve McKernan made the presentation. Medtronic Corporation provides electronic equipment used for surgical bone replacement. Estimated cost is \$4.5 million per year.
- d) **UNMH – Siemens Medical Solutions USA, Inc.** Steve McKernan made the presentation. This service contract will secure software for a PET CT scanner, which combines two different technologies used to advance accuracy in diagnosing cancer and identifying the status of tumors. Total cost per year is \$239,526. This is a five-year contract.
- e) **UNMH – American Foundation for Organ Donation and Transplantation.** Steve McKernan made the presentation. This contract procures organs for transplant services, such as kidney transplants. Estimated cost is \$1.3 million, depending on volumes.
- f) **UNMH – Standard Textiles.** Steve McKernan made the presentation. Standard Textiles provides hospital sheets, linens and bedding. Estimated cost is about \$650,000 per year.
- g) **UNMH – Ikon Office Solutions.** Steve McKernan made the presentation. Ikon provides printing and copying services. Estimated cost is \$625,000 per year.
- h) **UNMH – Paloma Blanca Health and Rehab Inc.** Steve McKernan made the presentation. Patients who need IV therapy for bone infections are moved to a nursing home to vacate a bed in the hospital. Cost is about \$600,000 per year.
- i) **UNMH – Lifecell.** Steve McKernan made the presentation. Provides cadaver tissue for implants. Estimated cost is \$575,000 per year

In response to Regent inquiry, UNM does not receive dividends for owning 50% of Tricore Medical Labs. Tricore Service Corporation is a co-op 501E, not-for-profit, and UNM does not pay gross receipt tax.

**Regent Chalmers moved to approve items 2a-2i with the caveat that all contracts, with the exception of item 2d, are approved for one year. Regent Koch seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**

- j) **University Libraries & Health Science Library & Informatics Center – Periodical Subscriptions.** Bruce Cherrin made the presentation. This is for the management of subscriptions for University Libraries. It provides journals, periodicals, newspapers, etc. This is an 8-year agreement; each year this must come to the Regents for approval. **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 Capital Project for UNM-Gallup Technology Center and Classroom Building.** Steve Beffort and Barry Cooney made the presentation. This project provides for the construction of 37,000 gross sq. ft. for office space in the Student Technical Center in Gallup. The UNM Gallup campus is the largest of branch campuses with an approximate student population of 30,000: 80% of these students are Native American. This project has been in planning for several years. Project budget is \$13,623,890. In response to Regent inquiry, the Navajo students travel vast distances to attend UNM in Gallup from rural areas on the Navajo Nation. Transportation is subsidized by the Navajo Nation for student travel to UNM Gallup. In response to Regent inquiry, dormitory space would be a positive contribution toward the effort to retain Navajo students. **Jerry Geist 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 Capital Outlay Submission to the Higher Education Department.** Andrew Cullen made the presentation. These projects will construct and/or significantly improve numerous facilities throughout all UNM Campuses. This listing will be submitted by the HED deadline of June 30, 2009. As a follow-up to the submission, HED will be on campus on August 19, 2009, to ask the University to present the three highest priority projects for main campus, two top priority projects for the HSC, and two projects for Branch campuses. There are no athletics projects this year. **Regent Koch moved to approve and Jerry Geist seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**
- 5. Approval of Liquidity Provider Replacement.** Andrew Cullen, George Williford and Duane Brown made the presentation. This is a request to approve and authorize replacement of the existing liquidity provider under the standby agreements with respect to the Regents and University of New Mexico Bonds: Series 2001, 2002B, 2002C. The recommendation is to accept the proposal for liquidity for the UNM Series Bonds from J.P Morgan and Associates. The University's current provider is Dexia credit on the series bonds. Dexia has notified the University that they are unwilling to renew their contract with UNM, which expires on July 19, 2009. The total outstanding bond is approximately \$106 million. In accordance with the bond indenture, the University is legally required to provide variable rate bond holders with a credit facility. An RFP was issued to solicit a provider, and there were two responses: one from J.P Morgan with 120 Basis Points, and one from Bank of America at 90 Basis Points. Both proposals have a 364-day credit term that would expire in July 2010. Credit markets have been under a lot of stress with the economic downturn.

When the University received these bids, it was apparent that there was a significant increase in cost. In addition to having a higher fixed cost, it would be necessary to terminate swaps associated with variable rate bonds. The termination calculation on terminating those swaps is about \$8.5 million, and this would result in additional debt service of approx. \$1.5 million over the life of the bonds. The recommendation from First Southwest is not to fix the bonds this year and to select J.P Morgan as a liquidity provider. J.P Morgan has a higher credit rating than Bank of America, which is one notch below the level dictated in the indenture.

These three series bonds are in a variable rate mode, which resets weekly. The University is legally required to have a liquidity provider by commercial banks so that if a holder decides they don't want to own those bonds, they can tender them. There is an assurance that if they can't be remarketed, the bank liquidity will be there to pay that holder. Dexia had played a role in bidding down fees, but their ratings have significantly declined. During the current economic downturn, the University is doing well in comparison to other institutions because the rates are where they should be. Under the circumstances, it is advantageous to be in a variable rate mode.

In response to Regent inquiry, as interest rates go up, the termination on swaps declines. In the worst case scenario, the variable rates would get relatively high compared to rates being paid from

the swaps. One advantage is that this is just a one-year facility. If the market improves in a year, bank credit and liquidity will start to ease. In response to Regent inquiry, the counter party on the swaps is J.P. Morgan. They entered in 2001 and 2002. In response to Regent inquiry, \$1.2 million increase in fees would be paid with the surplus from the bond portfolio.

**Regent Koch 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 Resolution to Reallocate 2007 UNM Bond Proceeds.** Andrew Cullen made the presentation. This is a request to approve the reallocation of 2007 UNM Bond proceeds to fund various University projects. A list has been provided to detail the allocation. In response to Regent inquiry, the \$5 million to be reallocated from the football stadium project will fund a healthcare clinic within the parking structure. **Regent Chalmers moved to approve and Regent Koch seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**
7. **Approval of Appointment for the UNMH Board of Trustees.** Steve McKernan made the presentation. The new appointment for the UNMH Board of Trustees is Judge William Lang. He will replace Maralyn Budke, whose term expired June 30, 2009. **Jerry Geist moved to approve and Regent Koch seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**
8. **Approval of Annual Renewal of Maui HPCC Lease.** Kim Murphy made the presentation. This request for approval is to extend the annual Maui High Performance Computing lease. The University of Hawaii is operating this facility through an Air Force contract that UNM has benefited from since the 1990s. Based on a sublease commitment, the Air Force contract is valid until October 2011. The University has the option to purchase this facility next year in June 2010. This presents an opportunity to engage in conversations with the University of Hawaii to purchase this building. President Schmidly is leading an effort in moving forward with this opportunity. **Jerry Geist moved to approve and Regent Koch seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**

**INFORMATION ITEMS:**

9. **UNM Regents' Portfolio Report for Quarter Ending on 3/31/09.** Item was removed from the agenda.
10. **Update on Parking Structures and Master Plan Update.** Dale Dekker made the presentation.

**EXECUTIVE SESSION:**

None

**Regent Sanchez moved to adjourn at 10:49 a.m., and Regent Chalmers seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**