

**THE UNIVERSITY OF NEW MEXICO**  
**Regents' Finance and Facilities Committee**  
**August 5, 2010 – Meeting Summary**  
**DRAFT**

**Committee Members Present:** Regent Don Chalmers; Regent Gene Gallegos; Regent Jamie Koch; EVP Paul Roth; EVP and Provost Suzanne Ortega; Mr. Jerry Geist

**Committee Members Absent:**

**Non-voting Members Present:** Regent Raymond Sanchez

**Other Attendees:**

**Leslie Boni**, Anderson School of Management; **Breda Bova**, President's Office; **Lazaro Cardenas**, ASUNM; **Mike Carr**, Information Technology; **Bruce Cherrin**, Purchasing; **Andrew Cullen**, Budget Office; **Rachel Felix**, EVP Office; **Penny Fishel**, College of Nursing; **Bob Fondino**, HSC; **Jean Giddens**, College of Nursing; **Gil Gonzales**, Chief Information Officer; **Marcella Greathouse**, Safety and Risk Services; **Kathy Guimond**, UNM Police; **David W. Harris**, EVP for Administration, COO and CFO; **Peter Johnstone**, UNM Foundation; **Charles Kassicieh**, Anderson School of Management; **Sul Kassicieh**, Anderson School of Management; **Merle Kennedy**, Staff Council; **Mary Kenney**, Planning Campus Development; **Evan Kitsos**, Anderson School of Management; **Paul Krebs**, Athletics; **Lisa Kuuttila**, STC.UNM; **Ava Lovell**, Finance; **Lisa Marbury**, Institutional Support Services; **Cenissa Martinez**, EVP Office; **Steve McKernan**, UNM Hospital; **Dan McKinney**, College of Nursing; **Susan McKinsey**, Communications & Marketing; **Pope Moseley**, SOM Internal Medicine; **Kim Murphy**, Real Estate; **Tom Neale**, Real Estate; **Henry Nemicik**, UNM Foundation; **Curt Porter**, Provost's Office; **Marc Saavedra**, Government Relations; **Tony Sanchez**, Capital Projects; **Scot Sauder**, University Counsel; **Donna Smith**, Safety and Risk Services; **Vahid Staples**, Planning Budget & Analysis; **Wendy Stires**, SOM Development; **Michael Thorning**, ASUNM; **William Turner**, Capital Projects; **Chris Vallejos**, Institutional Support Services; **Mary Vosevich**, Physical Plant Department; **Lisa Wauneka**, Internal Audit; **Ellen Wenzel**, Regents' Office; **Sherry Wilson**, SOM Development; **John Wills**, SOM Anesthesiology; **Mark Worth**, GPSA; **Anne Yegge**, UNM Foundation; **Jill Zack**, UNM Foundation;

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

**COMMENTS:**

**Staff Council.** Merle Kennedy stated that the Staff Appreciation month was successful. He expressed gratitude to the administration for keeping the Staff Council informed on important issues. He stated that the Staff Council remains concerned about the budget crisis and they are willing to work with the administration to develop solutions.

**Student Government.** ASUNM President Lazaro Cardenas stated that he will provide a full report during the upcoming full Board of Regents' meeting.

**GPSA.** Mark Worth, chair of lobbying committee, attended as observer.

**ACTION ITEMS:**

1. **Meeting Summary from June 3, 2010. Regent Gallegos 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 July 20, 2010.** Bruce Cherrin made the presentation. **Regent Gallegos moved to approve and EVP Ortega seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**
3. **Approval of:**
  - 1) **Capital Project for Renovations for the College of Nursing Reorganization, HSC.** Vahid Staples made the presentation. This 3800 sq. ft renovation project will allow for reorganization and expansion at the College of Nursing. Improvements include: new walls, paint, partitions, carpet, and an HVAC system. Total project budget is \$534,217 and is supported by college fund balance. **Jerry Geist moved to approve and EVP Suzanne Ortega seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**
4. **Approval of contracts:**
  - 1) **UNMH – Cardinal Health Pharmaceutical Distributor.** Steve McKernan made the presentation. UNMH requests approval of a 2-year agreement to purchase pharmaceuticals from an authorized distributor. In response to Regent inquiry, the hospital uses a standardized pricing formula that is one and one-half times the average wholesale price on the mark-up of pharmaceuticals. Annual contract cost is approximately \$35 million depending on volume.
  - 2) **UNMH – US Foods.** Steve McKernan made the presentation. UNMH requests approval of a 3-year contract that provides all food and food-products used at UNMH. Annual contract cost ranges from \$3.2-\$3.45 million depending on volume.
  - 3) **UNMH – Covidien.** Steve McKernan made the presentation UNMH requests approval of a 3-year agreement that provides patient monitoring equipment. Annual contract cost ranges from \$1.1-\$1.6 million.
  - 4) **UNMH – Cardinal Pyxis (Carefusion).** Steve McKernan made the presentation. UNMH requests approval of a 4-year rental agreement that provides pharmaceutical dispensing machines used by hospitals and clinics. Annual contract cost ranges from \$1.1-\$1.4 million.
  - 5) **UNMH – Advantage RN.** Steve McKernan made the presentation. UNMH requests approval of a nurse staffing agreement that provides per diem nurses and 13-14 week job assignments. The Hospital is using fewer agency nurses, and UNMH has cut usage costs by \$8 million less than last year. An internal training program has been developed to train 10-12 operating room nurses. In response to Regent inquiry, agency nurses cost twice as much as the cost to hire permanent nurses. Annual contract cost ranges from \$800,000-\$1.2 million depending on volume.
  - 6) **UNMH – Philips Medical.** Steve McKernan made the presentation. UNMH requests approval to extend an existing third-party contract for clinical engineering and imaging maintenance. A new RFP is in the process of evaluation and Philips was a successful bidder. Total contract cost is \$800,000.

- 7) **UNMH – Ikon Office Solutions.** Steve McKernan made the presentation. UNMH requests approval of a 3-year agreement for copy equipment services at UNMH and offsite clinics. Annual contract cost ranges from \$500,000 - \$625,000 depending on volume.
- 8) **UNMH – United Blood Services.** Steve McKernan made the presentation. UNMH requests approval of a 3-year contract for blood products and services crucial to daily operations of UNMH, a level 1 trauma center. United Blood Services is a sole source provider. In response to Regent inquiry, the actual blood is free; however, the cost is incurred for services such as blood testing, storage, transport, etc. Annual contract cost ranges from \$6.5-\$7.4 million depending on volume.
- 9) **UNMH – First Choice Community Health Care.** Steve McKernan made the presentation. UNMH requests approval to renew the First Choice contract. First Choice extends access to primary care and cardiology visits for about two-thirds of UNM Care and UNM State Coverage patients. In response to Regent inquiry, UNMH contracts with four federally qualified health centers operating within the Albuquerque metropolitan service area. The contract is exempt from procurement code. Total contract cost is \$2 million per fiscal year.
- 10) **UNMH – MSN.** Steve McKernan made the presentation. UNMH requests approval of a 2-year agreement that provides short-term or per diem nurses at UNMH. Annual contract cost ranges from \$1-\$1.5 million depending on need.
- 11) **UNMH – Travel Nurse.** Steve McKernan made the presentation. UNMH requests approval of a 2-year agreement that provides short-term or per diem nurses assigned to work 13-19 weeks. In response to Regent inquiry, UNMH uses about 8-9 travel nurses. Annual contract cost ranges from \$1-\$1.2 million depending on volume.
- 12) **UNMH – Administrator and Stop Loss Insurance Provider for Employee Medical Plan.** Steve McKernan made the presentation. UNMH requests to renew an agreement with BlueCross BlueShield. The contract is over \$2 million to provide administrative services. The cost for medical insurance is about \$25 million per year.

In response to Regent inquiry, items 4.1-4.12 have been included in the Hospital's approved budget. **Regent Gallegos moved to approve items 4.1 – 4.12. Jerry Geist seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**

5. **Approval of Reappointment and Appointment to the STC.UNM Board of Directors.** Regent Gallegos and Lisa Kuuttila made the presentation. Ms. Cindy McGuill was recommended for reappointment, and Dr. Richard S. Larson was recommended for appointment to the STC.UNM Board of Directors. **Regent Gallegos moved to approve and Regent Koch seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**
6. **Approval of the Naming Request for the old Architecture Building.** Breda Bova made the presentation. The naming committee requests approval the name the old Architecture building the "Robert Hartung Building." **Jerry Geist moved to approve and EVP Paul Roth seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting**

\*\*\*\*\*Action Item 7 was replaced with Action Item 8 \*\*\*\*\*

## 8. Approval of Quasi-Endowment Funds for HSC:

- 1) **SOM Department of Anesthesiology.** Ava Lovell and John Wills made the presentation. To enhance the research mission, the School of Medicine Department of Anesthesiology requests to transfer \$1.5 million from department fund balance to a quasi-endowment to fund an endowed chair of research. The quasi-endowment will allow for expenses to recruit research faculty, acquire equipment space, fund salaries, travel, and to support the endowed chair. In response to Regent inquiry, the candidate to occupy that chair will be hired externally. In response to Regent inquiry, fundraising will be conducted by the SOM development office and managed by the UNM Foundation.
- 2) **SOM Department of Internal Medicine.** Pope Moseley made the presentation. The Department of Internal Medicine requests to transfer \$1.5 million into a quasi-endowment that will fund an endowed chair of Internal Medicine. The high-ranking UNM Department of Internal Medicine is renowned at the level of Tier 1 departments of Internal Medicine in the country. In order to lead a Tier 1 effort, it is recommended an endowment is created for the next UNM Internal Medicine chair. In response to Regent inquiry, the endowment will enhance compensation for the next candidate.
- 3) **SOM Department of Neurosurgery.** Ava Lovell made the presentation. The department of Neurosurgery requests approval to add \$250,000 to the current quasi-endowment.

**Jerry Geist moved to approve items 8.1 – 8.3, and Regent Gallegos seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**

## 7. Approval of UNM Foundation items:

- 1) **UNM and UNM Foundation Consolidated Investment Fund Policy.** Anne Yegge and Henry Nemcik made the presentation. Henry Nemcik will begin his job as the UNM Foundation president on August 16, 2010. He was introduced during the F&F meeting. The UNM Foundation consolidated investment fund policy has been revised to support long-term improvements. Both the investment committee and the UNM Foundation approved the policy, and Regent Gallegos stated his support in recommending the policy to the Board of Regents for approval. Mr. Geist cautioned against the costly mistake of rotating advisors. He noted that the policy mentioned the goal to reduce fees by 10 basis points per year, but an end date was not indicated in the policy. Regent Chalmers stated that the 1.85 basis point fee is higher than desired, but the fee will certainly be reduced over time if the UNM Foundation continues toward the goal of becoming strong, self-sustaining and independent. President Schmidly commented that the fees will be at their highest during a campaign. In response to discussion on fees, Henry Nemcik stated that the Foundation will work towards lowering the fee to reflect national norms as soon as possible. In response to Regent inquiry, Anne Yegge stated that the investment committee will take portfolio managers' fees under close scrutiny in years to come. **Regent Gallegos moved to approve and Jerry Geist seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**
- 2) **Comprehensive Campaign.** Anne Yegge and Henry Nemcik made the presentation. The campaign theme for the UNM Foundation's new campaign is "Changing Worlds." This year the campaign fundraising goal is \$675 million. This includes a series of development activities to commence in the fall. The UNM Foundation requests Regent approval and affirmation of the campaign. **Regent Gallegos moved to approve and Jerry Geist seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**

- 3) Development of Funding Allocation.** Anne Yegge and Henry Nemcik made the presentation. The UNM Foundation requested approval to continue the authorized development funding allocation of 1.85%. Anne Yegge provided a review of the spending distribution. The 185 basis points fee is necessary in order to reach the goals of the campaign. The Foundation remains committed to reducing the fee over time by decreasing 10 basis points per year. In response to Regent inquiry, the decision to reduce the fee will be dependent on the amount of investment and endowment funds. The fee is assessed against investment returns and endowments. In response to Regent inquiry, not all funds go into the endowment. Those funds are directed to UNM for ongoing use. In response to Regent inquiry, over \$20 million goes into the endowment, and non-endowed gifts are not charged a fee. In response to Regent inquiry, the fee is reviewed annually and the goal is to decrease the fee by 10 basis points each year. **Regent Gallegos moved to approve and Suzanne Ortega seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**
- 9. Approval of Revision of Capital Outlay Submission to the Higher Education Department.** Andrew Cullen made the presentation. The capital outlay submission has been revised to include updated amounts from the branch campuses. The Gallup campus has secured local county bonds in the amount of \$4 million for the community and education center project. The Gallup campus requests to move forward with the full project by asking for \$4 million from the state. The second revision applies to the Taos campus. The Taos Department of Fine Arts received a \$250,000 grant from the Rocky Mountain Youth Corp. **Regent Gallegos moved to approve and Paul Roth seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**
- 10. Approval of the FY 2012 Legislative Priority Requests.** Marc Saavedra and Paul Krebs made the presentation. This is a request required by the Higher Education Department and it includes the seventh year of funding for the BA/MD program. This is the only request for new program funding this year. The amount is \$732,900. The BA/MD program is a high-profile, nationally-recognized program. This important program provides a solid pipeline into the areas of greatest needs for healthcare in NM. This is the seventh of eight years that recurring and incremental funding requests have been made to hire the staff and faculty and to provide scholarships for the next class of students entering the program. In response to Regent inquiry, there were 208 applicants this year. **Jerry Geist moved to approve and EVP Suzanne Ortega seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**
- 11. Approval of Revised By-laws for UNM Lobo Club.** Paul Krebs made the presentation. **Regent Gallegos moved to approve with the caveat that the grammar be corrected in Article III, Section 3 on page 2. EVP Paul Roth 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.** Don Chalmers recommended items 2-6 and 8-11 to be placed on the Consent Agenda.

**INFORMATION ITEMS:**

- 13. Information on Monthly Consolidated Financial Report.** Ava Lovell made the presentation.
- 14. Contract Information:**
- 1) **UNMH – Dell Marketing.** Steve McKernan and Bruce Cherrin made the presentation.

- 2) **UNMH – First Nations Community Healthcare.** Steve McKernan and Bruce Cherrin made the presentation.

**15. Capital Projects Monthly Project Status Report.** Chris Vallejos made the presentation.

**16. Quarterly Update, UNM Regents Endowment Fund Portfolio [4<sup>th</sup> Quarter of Fiscal Year 2010 – 4/1/10 – 6/30/2010].** Sul Kassicieh, Leslie Boni, Charles Kassicieh, and Evan Kitsos made the presentation.

**EXECUTIVE SESSION:**

- A. Vote to close the meeting and proceed into executive session.
- B. Discussion and determination where appropriate of limited personnel matters relating to consideration of medical staff appointments, re-appointments and privileges *pursuant to Section 10-15-1H (2), NMSA (1978).*
- C. Discussion and determination where appropriate of potential purchase, acquisition or disposal of real property *pursuant to Section 10-15-1 H (8), NMSA (1978).*
- D. Discussion and determination where appropriate of matters subject to attorney-client privilege pertaining to threatened or pending litigation *pursuant to Section 10-15-1.H (7), NMSA (1978).*
- E. Discussion and determination where appropriate of strategic and long-range business plans of public hospitals. *pursuant to Section 10-15-1.H (9), NMSA (1978).*
- F. Vote to re-open the meeting.
- G. Certification that only those matters described in paragraphs B, C, D and E above were discussed in executive session, and any matter discussed in executive session will, if necessary, be subsequently ratified in the open session of the public meeting.

**Motion to re-open the public meeting. Jerry Geist moved to approve and Regent Gallegos seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**

**OPEN SESSION:**

**The meeting reopened and a motion was made to approve the ground lease Amendment No. 1 of UNM Sandoval Regional Medical Center, Rio Rancho.** Kim Murphy and Scot Sauder made the presentation. **Jerry Geist moved to approve and Regent Gallegos seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**

**Regent Chalmers moved to adjourn at 12:34 p.m., and Regent Koch seconded. The motion passed by unanimous vote with a quorum of Committee members present and voting.**