

**MINUTES OF THE MEETING OF
THE REGENTS OF THE UNIVERSITY OF NEW MEXICO**

**December 6, 2007
Roberts Room, Scholes Hall, 2:00 p.m.**

ATTENDANCE:

Regents present:

James Koch, President
Jack Fortner, Vice President (via conference phone)
John "Mel" Eaves (via conference phone)
Raymond Sanchez
Don Chalmers
Dahlia Dorman, Student Regent

Regent unable to attend:

Carolyn Abeita, Secretary-Treasurer

President:

David J. Schmidly

University Counsel present:

Patrick Apodaca, University Counsel

Others in attendance:

Members of the administration, faculty, staff, the media and others.

Regent Koch presided over the meeting and called the meeting to order at 2:00 p.m.

CONFIRMATION OF QUORUM and ADOPTION OF AGENDA, Regent Koch

Motion approved unanimously to adopt today's agenda (1st Sanchez, 2nd Chalmers).

- Regent Koch noted that this is a limited agenda for this Board meeting to address the UNM Bond issue. There will be no Regent Advisor reports.

**APPROVAL OF SUMMARIZED MINUTES OF NOVEMBER 14, 2007 UNM
BOARD OF REGENTS MEETING**

Motion approved unanimously to approve the Summarized Minutes of the November 14, 2007 UNM Board of Regents meeting (1st Sanchez, 2nd Chalmers).

ADMINISTRATIVE REPORTS

A. President's Report, President Schmidly

UNM has been awarded a \$4.8 million dollar grant from the Robert Wood Johnson Foundation for the nursing school.

- The outcome of the election in Rio Rancho supports Central New Mexico Community College. They will be our partner in establishing a four year campus in Rio Rancho.
- We have had a really successful football season this year, 8-4. We are going to play Nevada in the New Mexico Bowl. We have had two academic all-Americans.
- Last Saturday the Albuquerque Journal placed on the front page a picture of the employees at First Community Bank at Journal Center showing their support for the Lobos. They have adopted wearing red on Fridays. We have done this at the University for a number of years and I have spoken to the Albuquerque Chamber of Commerce to adopt this community-wide.
- This morning I was with David Harris, Vi Flores and Dr. Roth at the Legislative Finance Committee testifying about the higher education budget. The testimony went very well. We requested a 5% compensation package for faculty and staff.
- Last night we had a reception for the Legislative Finance Committee to thank them for the many things they have done for higher education. (Attachment #1)

B. Approval of the new Regent Policy Revisions related to the Office of University Counsel, President Schmidly

- President Schmidly – I reviewed the policy with Patrick Apodaca and we talked about it extensively. We made sure the President is adequately included with regards to decisions.
- Patrick Apodaca – For Policy 2.16 - the revisions are to clarify the reporting line of University Counsel to the President and when appropriate, University Counsel provides legal Counsel to the Board of Regents. The President shall approve the retention of outside counsel. For Policy 7.8 - it is the official policy of the University to avoid financial settlements. Any exceptions require a risk analysis and approval by the President. If a financial settlement is \$200k or more, it must be approved by the Board of Regents.

Motion approved unanimously for approval of Regents' Policy 2.16: *University Counsel* (1st Koch, 2nd Fortner).

Motion approved unanimously for approval of Regents' Policy 7.8: *Signature Authority for Contracts* (1st Sanchez, 2nd Chalmers).

Approval of the Pricing Resolution establishing the exact principal amount (up to \$143,000,000), setting interest rates and approving related documents for the Regents of the University of New Mexico Subordinate Lien System Revenue Bonds, Series 2007, David Harris, EVP, COO & CFO

Andrew Cullen, AVP for Budget, Planning & Analysis, Duane Brown, George Williford, Jason Hughes

- This is the final phase of this bond sale.
- Our meetings with the rating agencies in New York on November 12th went very well. The comments from Moody's and Standard & Poor's were really favorable. They spoke about the good levels of financial resources which provide the University the flexibility to move forward with the capital campaign.
- As a result of solid state's support, UNM has not increased tuition & fees at the same pace as peers. They believe we will be able to maintain our market position as the flagship public institution in the state. Both rating agencies expressed comfort with the bond issuance.
- MMD is the Municipal Market Data Index. In 2005, UNM traded about 31 basis points above MMD as an AA institution. In this last bond issue, we traded tighter to MMD. We traded 16 points above MMD.
- We did run a retail order period with New Mexico retail as the primary followed by national retail on Monday. We did the institutional pricing on Tuesday. We are 25 basis points or .25% percent lower than where we were 2 – 3 weeks ago. On the Series 2007A, which was the tax exempt portion, we did sell \$124.875 million dollars. We had a true interest cost of a 4.66%. The TIC (average) was 5.83%. On the tax exempt debt service we were 15 basis points lower.
- The total debt service was \$40 million dollars lower than what we had shown the State Board of Finance. We are coming closer to a level debt service structure. The low to high is just under \$3 million.
- As you can see from the rates and the ability to improve and modify the structure, we consider it a very successful bond sale.
- UNM was and is well positioned to undertake this new debt issue. All the analysis and the planning associated with sizing and determining what is the real capacity and impact of this was based on actual audited financial statements of the University.
- Since 2003, the net assets of the University of increased by \$429 million to a \$1.35 billion. Annual revenues have increased by \$444 million over the five year time period. Most importantly the net revenues available for debt service, which is what we focused on, have increased \$86 million. For FY 2007, net revenues available were \$147.8 million.
- Given the mix of projects, we emphasized to the State Board of Finance and the rating agencies that the revenue position was strong enough that UNM did not have to rely on new revenues to afford debt service. However, \$94 million of the projects that are being done; will in fact, be revenue generating or saving projects that will be self supporting. This plan was well structured and well received by the rating agencies.

- If this had been broken up into three separate bond issues there would have been transactional costs for multiply issues. Also, what you don't sell now you are exposing the subsequent issues to potentially higher interest rates.

Follow-up actions:

- Regent Eaves suggested a letter be sent to each member of the State Board of Finance regarding this bond issue.
- Regent Koch requested a letter from the Bond Company noting the successful bond rating for UNM financials to be used in UNM marketing materials, etc.

Motion approved unanimously for approval of the Pricing Resolution and related documents for the UNM Subordinate Lien System Revenue Bonds, Series 2007 (1st Sanchez, 2nd Chalmers).
(Attachment #2)

COMMENTS FROM REGENTS

- None

ACADEMIC/STUDENT AFFAIRS & RESEARCH COMMITTEE,

Raymond Sanchez, Chair

Motion approved unanimously for approval of Summer 2007 Degree Candidates (1st Chalmers, 2nd Sanchez).

Motion approved unanimously for approval of Posthumous Degree Candidate (1st Fortner, 2nd Dorman).

Motion approved unanimously for approval of Fall 2007 Degree Candidates (1st Fortner, 2nd Eaves)
(Attachment #3)

FINANCE & FACILITES COMMITTEE, John "Mel" Eaves, Chair

- A. Disposition of Surplus Property on list dated 11/20/07

Motion approved unanimously for approval of the Disposition of Surplus Property on list dated 11/20/07 (1st Eaves, 2nd Sanchez).

- B. Approval of:

- a.) Zimmerman Library-Roswell Bookbinding

Motion approved unanimously for approval of Zimmerman Library-Roswell Bookbinding (1st Eaves, 2nd Sanchez).

b.) UNM Hospital-Smith's Medical, Inc.

Motion approved unanimously for approval of UNM Hospital-Smith's Medical, Inc. (1st Eaves, 2nd Sanchez).

c.) UNM Hospital-Siemens Medical Systems

Motion approved unanimously for approval of UNM Hospital-Siemens Medical Systems (1st Eaves, 2nd Sanchez).

C. The Annual Meeting of the Regents of the University of New Mexico as the Member of Lobo Energy, Inc, Steve Beffort

Motion approved unanimously for approval of Summarized Minutes of the December 12, 2006 BOR Meeting, Regent Eaves called the meeting to order (1st Eaves, 2nd Fortner).

D. Miscellaneous Financial Issues, David Harris, EVP, COO & CFO

None

HSC – HEALTH SCIENCES, Don Chalmers for Jack Fortner, Chair

Motion approved unanimously for approval of Carrie Tingley Hospital Advisory Board Appointment (1st Fortner, 2nd Chalmers).

PUBLIC COMMENT

- None

Executive Session was held following the public meeting:

Motion approved unanimously to close the meeting and to proceed into Executive Session at 2:50 p.m. (1st Sanchez, 2nd Chalmers).

- A. 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).
- B. Discussion and determination where appropriate of limited personnel matters pursuant to Section 10-15-1.H (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. Vote to re-open the meeting.

- E. Certification that only those matters described in Agenda Items A, B, and C were discussed in Executive Session and if necessary, ratification of actions, if any, taken in Executive Session.

Motion approved unanimously to reopen the meeting at 3:31 p.m. (1st Sanchez, 2nd Chalmers).

- No actions were taken

Motion approved unanimously to adjourn meeting at 3:32 p.m. (1st Koch, 2nd Dorman).

Adjournment

Regent James H. Koch
President

Regent Carolyn J. Abeita
Secretary/Treasurer

Attachments:

1. President's Report
2. Bond Resolution dated 12/6/07
3. Degree Candidates