

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

**March 20, 2009  
Special Board of Regents Meeting  
Scholes Hall, Roberts Room  
1:30 p.m.**

**ATTENDANCE:**

Regents present:

James H. Koch, President  
Carolyn Abeita, Secretary-Treasurer  
Raymond Sanchez  
John "Mel" Eaves  
Don Chalmers  
Dahlia Dorman, Student Regent

Regents participating by telephone:

Jack Fortner, Vice President

President present:

David J. Schmidly

Vice Presidents present:

David Harris, Executive Vice President, CFO, COO  
Paul Roth, Executive Vice President, Health Sciences Center  
Suzanne Trager-Ortega, Executive Vice President, Provost  
Marc Nigliazzo, Vice President, Rio Rancho  
Eliseo Torres, Vice President, Student Affairs  
Steve Beffort, Vice President, Institutional Support Services  
Josephine DeLeon, Vice President, Equity and Inclusion  
Carmen Alvarez Brown, Vice President, Enrollment Management  
Paul Krebs, Vice President, Athletics  
Helen Gonzales, Vice President of Human Resources  
Ava Lovell, Vice President and Comptroller  
John Stropp, President, UNM Foundation  
Stephen McKernan, Vice President, Hospital Operations

Vice Presidents unable to attend:

Julia Fulgham, Interim Vice President, Research & Development

University Counsel present:

Patrick V. Apodaca, University Counsel

Regents' Advisors present:

Howard Snell, President, Faculty Senate  
Loyola Chastain, President Staff Council  
Judy Zanotti, President Alumni Association  
Ashley Fate, President, ASUNM  
Maria Probasco, President, Parent Association  
GPSA Representatives

Regents' Advisors unable to attend:

Susan Deese-Roberts, President, Retiree Association  
Anne Yegge, chair, UNM Foundation  
Christopher Ramirez, President, GPSA

Regent James H. Koch presided over the meeting and called the meeting to order at 9:01 a.m.

**CONFIRMATION OF QUORUM and ADOPTION OF AGENDA, Regent James H. Koch**

**Motion approved** unanimously to adopt today's agenda (1<sup>st</sup> Eaves 2<sup>nd</sup> Fortner).

**APPROVAL OF SUMMARIZED MINUTES OF FEBRUARY 10, 2009 BOARD OF REGENTS MEETING, Regent James H. Koch**

**Motion approved** unanimously to approve the Summarized Minutes of the February 10, 2009 Board of Regents Meeting, (1<sup>st</sup> Eaves, 2<sup>nd</sup> Sanchez).

**ADMINISTRATIVE REPORTS**

**President's Report, David J. Schmidly**

- Brief remarks on the President's newsletter (attached)
- 120<sup>th</sup> year since the creation of the University by the Legislature
- Achieved \$1 million target for the United Way Campaign
- Named two new deans: Kevin Washburn, UNM School of Law; and Douglas Brown, Anderson School of Management
- Increase in application of national merit scholars and overall increase of applications to the University

**ELECTION OF 2009-2010 OFFICERS OF THE BOARD OF REGENTS**

**Motion approved** unanimously to elect Regent Raymond G. Sanchez, President, Board of Regents (1<sup>st</sup> Koch, 2<sup>nd</sup> Eaves).

**Motion approved** unanimously to elect Regent Jack L. Fortner, Vice President, Board of Regents (1<sup>st</sup> Chalmers, 2<sup>nd</sup> Eaves)

**Motion approved** unanimously to elect Regent Carolyn J. Abeita, Secretary-Treasurer, Board of Regents, (1<sup>st</sup> Eaves, 2<sup>nd</sup> Koch).

**COMMENTS FROM REGENTS**

**Regent Koch**

- Note that State of New Mexico Constitution Article XX, Section 2 provides that even though a Regent's term has technically expired, he or she will remain in office until the successor is duly qualified.
- The Regents have the Regent's Office budget I prepared and we are reducing our budget by 28%.
- We eliminated our outside attorney, consultant, and cut our facility charges so that makes a reduction in the Regents' budget by \$50,000.
- I think it is important that we show the Regents are serious about the budget.

Regent Sanchez

- Thank you to everyone, it is a bitter sweet election, as P resident of the Board of Regents, and I will do my best.

President Schmidly

- Congratulations on the part of everyone to all the new officers.

**LOBO DEVELOPMENT CORPORATION, Steve Beffort, VP Institutional Services and Regent Don Chalmers**

- A. First Annual Meeting of the Members  
Meeting called to order by Regent Sanchez
- B. Approval of FY 2007-08 Audit, Regent Chalmers

Presentation of audit report, "Did not identify any deficiencies in internal control over financial reporting they consider to be material weaknesses as defined by the normal accounting standards." The results of testing with compliance disclosed no instances of non-compliance or other matters that are required to be reported under government auditing standards.

**Motion approved** unanimously to approve audit findings (1<sup>st</sup> Eaves, 2<sup>nd</sup> Abeita).

Regent Sanchez adjourned meeting of Lobo Development Corporation

**LOBO ENERGY, INC., Steve Beffort, VP Institutional Services and Regent Don Chalmers**

- A. Annual Meeting of the Members  
Meeting called to order by Regent Sanchez
- B. Approval of Summarized Minutes of the December 6, 2007 Meeting

**Motion approved** unanimously to approve Summarized Minutes of the December 6, 2007 Meeting (1<sup>st</sup> Chalmers, 2<sup>nd</sup> Eaves).

- C. Approval of FY 2007-08 Audit, Regent Chalmers

Presentation of audit report, "Did not identify any deficiencies in internal control over financial reporting they consider to be material weaknesses. Under compliance and other matters, the results of their tests disclosed no instances of non-compliance or other matters that are required to be reported under government auditing standards. Very much like Lobo Development, their balance sheet is very clean and all their money is tied up in cash."

**Motion approved** unanimously to approve audit findings (1<sup>st</sup> Eaves, 2<sup>nd</sup> Abeita).

Regent Sanchez adjourned meeting of Lobo Energy, Inc.

## **REGENT COMMITTEE REPORTS**

### **Finance and Facilities Committee, Regent Mel Eaves, Chair**

Regent Eaves The F&F Committee did not meet in March in anticipation of changes on the Board which have not occurred. So we are going to be doing some things today that we would normally do in committee.

- A. Approval of Contracts, Bruce Cherrin, Chief Procurement Officer, VP Steve McKernan
  - a. UNMH – United Blood Services - \$6M a year, sole source, United Blood Services is the only organization in New Mexico capable of supplying us with those products.

**Motion approved** unanimously to approve United Blood Services contract (1<sup>st</sup> Eaves, 2<sup>nd</sup> Chalmers).

- b. UNMH – Blue Cross Blue Shield – Administrative agent for UNM Hospital for a minimum premium product for our health care, that product runs about \$1.5M per year to provide that administrative service. This has been bid in the past and they are continuing vendor for that service.

Regent Eaves clarified the term of this contract is eight years.

**Motion approved** unanimously to approve Blue Cross Blue Shield contract (1<sup>st</sup> Eaves, 2<sup>nd</sup> Chalmers).

- c. UNMH – Cerner Corporation Electronic Medical Records Remote Hosting Hardware
  - Significant item, Cerner Corporation is currently the vendor for our electronic medical records at the Hospital. We are in a situation right now of making a significant software upgrade with Cerner go to something called “Computerized Physician Order Entry and Nurse Documentation.” We hope to be able to do that by this fall.
  - To be able to accomplish that, we have been analyzing our own in-house computer hardware capability at the same time Cerner made a proposal to us that they could host all of their software at their headquarters site in Kansas City. We have analyzed that proposal and determined that it would be cheaper and much more reliable to allow Cerner to provide the hardware support for this software, doing it at their home site. We would have to make a significant investment in the hardware at UNM, etc. They would be able to better support us than we would be able to do it in house.  
Upgraded needed to obtain stimulus monies. Sole sourced, asking for approval contingent upon legal counsel coming to agreement with Cerner on all provisions and contingencies in contracts.

Several discussion questions were posed:

- Why was Cerner chosen?
- Steve McKernan explained they are the only company that can host their own software. We are very invested with this organization; it would be extraordinarily expensive and time consuming for us to shift now. We have done the cost benefit analysis; it would be to our significant benefit to stay with the same vendor.
- Have you gotten legal opinion that this does in fact qualify as a sole source contract, exempt from procurement code? Would like assurance this does qualify as a sole source.
- Sole source is normally given to us by our purchasing, not legal, we can go back to legal and ask them. Can be made contingent upon legal counsel concurring.
- Regent Eaves stated he called Patrick Apodaca, University Counsel, to ask him some questions about this contract.
- Patrick Apodaca, University Counsel – There are a number of issues we have seen in a proposed draft of the contract. We identified some issues, one of them has to do with term, the seven year term, and the circumstances under which if the master agreement is not renewed there might be an amount due. So that is probably the most significant one and we have commented on that, made a recommendation and it is my understanding that comment has been provided to Cerner and is still being worked on.
- We have not actually negotiated the contract terms, those are still in negotiation, correct?
- Steve McKernan - We have negotiated them, we had some things between our purchasing shop and legal about tying down the final provisions. One of the provisions I think that we're talking about it is because our contracts are not concurrent right now, our software contracts, Cerner has asked for a termination provision so if at the end of four years we were to go to a completely different software, hardware vendor for our electronic medical record, we would be subjected to about a \$1.5M termination clause. To get the best rate, they amortized this over a six year term, not over a four year term. Otherwise the fee per year would be significantly higher. We considered that when we did our business analysis, functional analysis of whom we were going to use as a software vendor to be not an unreasonable provision. There are other contracts that we have in which we have termination provisions when the terms are relatively short and the vendor is expected to make a significant investment on behalf of the University. So I believe that we have that negotiated, I think there are some things that we have to tie down so the lawyers on Cerner's side and the

lawyers on our side have the exact words but basically it's a \$1.5M termination provision after four years if we were to leave Cerner.

- Is there a draft written contract?
- Yes there is.
- Patrick, your office has been working on that?
- Yes we have been, we have seen a draft and that's what I mentioned we've commented on. We have not seen any counter from Cerner.

Regent Sanchez – Here my suggestion. We are going to go ahead and set up a sub-committee to review the contract with you. Our next meeting is probably going to be April 9<sup>th</sup>, the budget period of time, let's see if we can move it forward. I'll have a sub-committee appointed, they will review it for the Board of Regents with you Patrick, and they will report back to us. If we need an emergency meeting we'll do it by telephone so we can cover this. If that doesn't work then we'll just go until April. In the meantime, just to see if we can expedite it. I recommend moving forward in this manner.

**Motion approved** unanimously to move forward with sub-committee and report back to Board of Regents (1<sup>st</sup> Eaves, 2<sup>nd</sup> Abeita).

- d. UNM Information Technology Systems- Microsoft License Agreement – Renewal of Microsoft License Agreement. Organized campus wide agreement into one, received additional discount of 7% and has covered us on both home and campus use and any copying issues that may have been previous to today. ITS will manage the contract for entire campus.

**Motion approved** unanimously to approve Renewal of Microsoft License Agreement (1<sup>st</sup> Eaves, 2<sup>nd</sup> Abeita).

## B. Approval of Capital Projects

- a. UNMH UPC/CPC Suicide Hazard Abatement: Phase III – Requesting approval to make capital improvements necessary to UNMH Psychiatric Center and the Children's Psychiatric Center.

**Motion approved** unanimously to approve UNMH UPC/CPC Suicide Hazard Abatement: Phase III (1<sup>st</sup> Eaves, 2<sup>nd</sup> Abeita).

- b. Harwood Museum of Art Renovation/Expansion – Commitment of interest earnings in the UNM 2007 bond funds and bridge funding also from the UNM 2007 earnings that would then be repaid with private donations that are being raised by the Harwood Board. Introduction of Harwood Board of Directors.

Regent Eaves expressed his concerns about this approach given the financial concerns of the University in these economic times. Discussion with Andrew Cullen, John Stropp Regent Chalmers, Regent Abeita and President Schmidly.

**Motion approved** unanimously to approve Harwood Museum of Art Renovation/Expansion (Option A), with the caveat if commitments for the balance of the funds are secured, can return to the BOR to request option B. (1<sup>st</sup> Eaves, 2<sup>nd</sup> Chalmers).

- C. Approval of FY 2009 State Rescission – In direct response to revenue shortfall. Total rescission for the University of New Mexico was \$8.387M. Comments by President Schmidly, 78% came from non-academic funds.

**Motion approved** unanimously to approve FY 2009 State Rescission (1<sup>st</sup> Eaves, 2<sup>nd</sup> Chalmers).

- D. Approval of Insurance Contracts – Power point presentation by VP Helen Gonzales. Campus wide survey conducted; medical and prescription drug coverage were top two benefits valued most. Conveyed committee, advertised for proposals with two financing options - - one as a fully insured option and two as a self-insured financing option. (Power Point, Tab 9)

Public Comment

Howard Snell – First, I appreciate the self-insurance, it is a great savings. I would like to point out as Mel states, it's due to the competent administration we have but as Helen mentioned, it's also due to the faculty and staff that served on the committees so there is an important component there I would like recognized.

Then there are two things, we have very little to react to this and I understand perfectly why that is, it is not a complaint, but I have been asked to communicate a couple of things in a short period of time. One of those is the faculty I have spoken with are very supportive that we roll these savings back into the program. That I think has brought a lot of credibility to the faculty. We would like to see that somehow be a permanent part of this plan so that savings that are realized by the self-insurance roll back into the self-insurance, build that reserve, therefore cut our administrative costs. There are two parts to this savings, one is a reduction in predicted costs, the other is real savings. Real savings which are rolled into a reserve, that savings and predicted costs is what we ought to see annually be keeping our premium down. So the fact is they would like to see that. I spoke with faculty/staff and I think they agree with that.

The other is somewhat of a detail but it is something that several people asked me to communicate. With the other plan design changes the reduced co-pay, prescriptions - - the zero co-pay for diabetic supplies and doubling the ER co-pay - - in a way the zero costs for diabetic supplies and doubling the ER co-pay those are obviously a wash as you mentioned but it shifts the burden from one component of the community to another. It's easy to look at the ER co-pay as something people do for convenience. They go the ER rather than make a regular appointment but many people have told me that one of the problems is that the appointment delay to get a regular appointment within UNMH can be over two months. So sometimes in order to get seen people go to the ER. So if we could somehow work that in and have a commitment from the hospital to reduce that appointment time I think you'd get a lot more buy in to this program.

Helen Gonzales addressed expanding the Urgent Care facilities to reduce the use of the ER. Also, address claims costs. Encouraging preventative care by employees to reduce overall costs.

**Motion approved** unanimously to approve insurance contracts (1<sup>st</sup> Eaves, 2<sup>nd</sup> Chalmers).

E. Approval of Permanent Appointments and Reappointments for Medical Staff

**Motion approved** unanimously to approve Appointments and Reappointments for Medical Staff (1<sup>st</sup> Eaves, 2<sup>nd</sup> Abeita).

F. Approval of Reappointment of Jerry Geist to UNM Hospital Board of Trustees

**Motion approved** unanimously to approve reappointment of Jerry Geist to UNM Hospital Board of Trustees (1<sup>st</sup> Eaves, 2<sup>nd</sup> Abeita).

G. Approval of Amended and Restated Bylaws of the UNM Hospital Board of Trustees – Discussion by Regent Eaves and Patrick Apodaca

**Motion approved** unanimously to approve Amended and Restated Bylaws of the UNM Hospital Board of Trustees (1<sup>st</sup> Eaves, 2<sup>nd</sup> Abeita).

Information:

H. Monthly Consolidated Financial Report for month ended 1/31/09  
Presentation by Ava Lovell, attached

### **PUBLIC COMMENT**

No additional public comment

### **ADJOURNMENT**

**Motion approved** unanimously to adjourn the meeting and proceed in Executive Session at 3:12 p.m. (1<sup>st</sup> Eaves, 2<sup>nd</sup> Koch).

### **Executive Session was held immediately following the meeting in the Roberts Room**

- A. Discussion and determination, where appropriate, of limited personnel matters pursuant to Section 10-15-1 H (7) NMSA (1978).
- B. Discussion and determination, where appropriate, of strategic and long-range business plans of board of public hospital pursuant to Section 10-15-1 H (9) NMSA (1978).
- C. Vote to re-open meeting

**Motion approved** unanimously to reopen the meeting at 3:35p.m. (1<sup>st</sup> Dorman, 2<sup>nd</sup> Chalmers).

- D. Certification that only those matters described in Agenda Item XI were discussed in Executive Session and if necessary, ratification of actions, if any, taken in Executive Session.

**Motion approved** unanimously to ratify resolution (1<sup>st</sup> Dorman, 2<sup>nd</sup> Chalmers).

**ADJOURNMENT**

**Motion approved** unanimously to adjourn meeting at 3:51 p.m. (1<sup>st</sup> Chalmers, 2<sup>nd</sup> Abeita).

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Regent Raymond G. Sanchez  
President

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Regent Carolyn J. Abeita  
Secretary Treasurer

Attachments:

1. President's Administrative Report/Newsletter (Tab 3)
  2. Lobo Development Corporation Financial Statements 6/30/08 (Tab 4)
  3. Lobo Energy, Inc. Financial Statements 6/30/08 (Tab 5)
  4. Employee Health and Pharmacy Insurance Proposal (Tab 9)
- Note Monthly Consolidated Financial Report for month ended 1/31/09 was included in the BOR Book (Tab 13) and will be posted on the BOR web site with the minutes.*

*File BOR Special Meeting Minutes 3.20.09*