

The University of New Mexico  
Board of Regents' Meeting  
April 27, 2012  
Student Union Building Ballroom C  
Meeting Minutes

Members present: President Jack L. Fortner, Vice President Don L. Chalmers, J.E. "Gene" Gallegos, James H. Koch, Jacob P. Wellman (Quorum).

Members unable to attend: Secretary Treasurer Carolyn J. Abeita, Bradley C. Hosmer.

Administration present: President David J. Schmidly, Executive Vice President David Harris, Chancellor Paul Roth, Provost Chaouki Abdallah, Vice President Josephine De Leon (Equity & Inclusion) Vice President Julia Fulghum (R&D), Vice President Helen Gonzales (Human Resources), Vice President Paul Krebs (Athletics), Vice President Ava Lovell (Controller), Vice President Eliseo Torres (Student Affairs), Interim University Counsel Lee Peifer.

Regents' Advisors present: President Tim Ross (Faculty Senate), President Mary Clark (Staff Council), President Katie Richardson (GPSA), President Jaymie Roybal (ASUNM), President-Elect Duffy Swan (Alumni Association), Chair Gary Gordon (UNM Foundation), President Scott Obenshain (UNM Retiree Association).

Regent Fortner called the meeting to order at 8:56 a.m.

**I. Confirmation of a Quorum; Adoption of the Agenda, Regent Fortner**

**Motion to adopt the agenda passed without dissent (1<sup>st</sup> Gallegos, 2<sup>nd</sup> Chalmers).**

**II. Approval of Summarized Minutes of the March 12, 2012 BOR Meeting and the March 23, 2012 BOR Meeting, Regent Fortner**

**Motion to approve the minutes of both meetings passed without dissent (1<sup>st</sup> Gallegos, 2<sup>nd</sup> Chalmers).**

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

Dr. Schmidly reported on progress made on the goals set for him by the BOR. Priority 1: The new formula funding took effect this year. Keep in mind, this model is not permanent and it focuses on outputs rather than inputs. Priority 2: Over the last five years, the Foundation has raised the largest dollar amount in the history of the University. A permanent revenue stream for the Foundation must be identified. Priority 3: The strategic budgeting process has continued to improve since its inception with ever-greater participation and multi-year planning. Priority 4: Fifty new tenure-track faculty members have been hired, the curriculum for the Honors College is being designed, Provost Abdallah has developed a long-range academic plan and the graduation rate is up. Priority 5: Outreach to New Mexicans to better inform them regarding the mission and value of UNM is evidenced by on-going television and newspaper features; the UNM Status Report detailing fourteen key achievements of the University has gone out to all four-year university and college presidents, the state legislature, other local and state officials and our congressional delegation. Priority 6: Next steps in the possible alliance of Conference USA and the Mountain West Conference are being considered and I will be attending a meeting to consider potential BCS (Bowl Championship Series) reforms. Priority 7: The Campus Master Plan has been adopted and numerous facilities have been built or upgraded. I am concluding my terms on various boards. Progress has and is being made on issues at the Gallup campus where faculty hires and IT (Information Technology) improvements are being undertaken without raising tuition or fees. Our partnerships with APS and CNM continue to flourish. The presidential transition is going well.

There are still challenges ahead for UNM. Compensation for faculty and staff has fallen further behind our peers. Our student success rate is beginning to tick up and that needs to continue. We need to focus on the affordability of attending UNM, especially considering the looming student loan crisis. Just as we experienced cutbacks in state funding, I believe we now face federal cutbacks. We must continue the progress STC (Science & Technology Corp.), under the leadership of Lisa Kuuttila, has made in moving our science and technology into the marketplace. We are working with our federal delegation to ensure the upcoming RFP for management of Sandia Labs includes a provision that the labs must work with UNM and the other research universities in the state.

I have been privileged and I have enjoyed my leadership role here at UNM and I thank you for that opportunity. I also think you have chosen a great leader. I believe he has tremendous ability to lead this University forward. I wish everyone the best and I look forward to watching UNM's continued success.

Regent Gallegos: David, I thank you for your service. You and the administration had to sail some rough waters at times, but you managed it. You've accomplished a lot and I think you are handing off the University to Bob Frank in good condition. I wish you good fortune in the future.

#### **IV. Approval of Spring 2012 Degree Candidates, Provost Abdallah**

**Motion to approve the Spring 2012 degree candidates, including HSC candidates (listed under Agenda IX as Action Items I, J and K of the Health Sciences Board report) passed without dissent (1<sup>st</sup> Wellman, 2<sup>nd</sup> Chalmers).**

Regent Fortner moved Action Items I, J and K (College of Pharmacy, School of Medicine and College of Pharmacy graduates) of the HSC Board report to this point in the agenda so that all degree candidates could be approved at one time.

Degree Candidates	
MD/PhD	2
Doctoral and Master of Fine Arts Degree	426
PhD in Biomedical Sciences	9
MD/PhD in Biomedical Sciences	2
MD	61
Doctor of Pharmacy	87
Doctor of Physical Therapy	1
Master's Degree	777
MSN	29
Master of Science in Biomedical Sciences	5
Master of Science in Dental Hygiene	3
Master in Pharmaceutical Sciences	3
Master of Occupational Therapy	1
Master of Public Health	7
Bachelor's Degree	2287
RN to BSN	16
Bachelor of Science in Dental Hygiene	26
Bachelor of Science in Emergency Medical Services	20
Bachelor of Science in Medical Laboratory Sciences	5
Bachelor of Science in Radiologic Sciences	7
BSN	46
Associate's Degree	185

**V. Appointment to the UNM Labor Management Relations Board, Helen Gonzales, VP for HR Motion to appoint Charlotte Lamont to the UNM Labor Management Relations Board passed without dissent (1<sup>st</sup> Gallegos, 2<sup>nd</sup> Wellman).**

**VI. Comments from Regents**

Regent Chalmers said Dr. Schmidly has left a great legacy as President of the University. The accomplishments are big and they are lasting. In spite of the budgetary challenges since 2008, our process has improved in transparency and inclusiveness. Establishing the campus in Rio Rancho is a legacy which will outlive us all. There was a spontaneous standing ovation for your appearance at the Economic Forum the other day. The help you are giving to Dr. Frank during this transition is much appreciated by the BOR.

(Standing ovation for Dr. Schmidly.)

Regent Koch noted that, in addition to the accomplishments mentioned by Regent Chalmers, Dr. Schmidly presided over \$2 billion in capital improvements at UNM. He thanked President Schmidly for his service.

President Schmidly said the great things that have happened in the last five years are the result of work by a great team of people, many of them at the table or in the room. He expressed his thanks for their work.

Regent Fortner said UNM is so great because of the people. Dr. Schmidly has done great things as a person, as a President. The regent expressed his appreciation for the integrity Dr. Schmidly demonstrates in his professional and personal life.

**VII. Public Comment, specific to agenda items (none)**

**VIII. Comments from Regents' Advisors (reports received are included in BOR E-Book)**

Faculty Senate, President Timothy Ross. Dr. Ross enumerated the initiatives passed by the Faculty Senate including transfer of the OLIT program to the College of Libraries, the formation of the Honors College, the reorganization of the Faculty Senate, consolidation of "withdrawal" grades, and approval of the Master of Health Administration degree.

- **The Honors College curriculum will be ready to present to the BOR in the fall.**

Staff Council, President Mary Clark. Ms. Clark expressed appreciation for the budget process and thanks to President Schmidly for working with her for the staff.

GPSA, Katie Richardson, President. Ms. Richardson noted the new structure of GPSA administration and the many activities of the organization over the last year. She thanked VP Fulghum for her leadership. She also expressed appreciation to EVP Harris and AVP Cullen. Ms. Richards introduced Marisa Silva, GPSA President-Elect.

Alumni Association, Duffy Swan, President-Elect. In addition to the submitted report, Mr. Swan noted there will be a report on new directions for the association and new initiatives for engaging alums later in the year.

UNM Foundation, Gary Gordon, Chair. Mr. Gordon noted the endowment stands at \$336 million in the consolidated fund. On a three year basis, as of 12/31/11, we had a 13.4% annualized return. On a five year basis, that drops to 2.7%. We are still fighting the affects of the financial crisis.

- **The Foundation will report on how much of the \$464 million raised is in pledges.**

Mr. Gordon told Regent Koch that the number of people who do not follow through on their pledges is very small. He noted that is particularly true of larger gifts.

Mr. Gordon explained to Regent Gallegos that "Unit Salary Reimbursement" concerns the Foundation's cost-sharing agreements with the University; some of the Foundation employees are

still employees of the University and the Foundation is reimbursed for salaries it runs on payroll. Regent Gallegos clarified that the \$558,900 is transferred from the University to the Foundation and the Foundation then pays certain development officers.

Regent Gallegos also asked for clarification on how the Mesa del Sol endowment is categorized on the financial report. Regent Koch remarked that the Mesa del Sol funds were to be kept separate from the consolidated fund. Rod Harder explained that Mesa del Sol is a quasi-endowment. EVP Harris said the discussions with the Foundation concern the portability of the money, and that the Mesa del Sol funds are not dedicated as an endowment. AVP Cullen said those monies are folded into the consolidated fund.

- **The Foundation will report on the value of the Mesa del Sol “endowment,” how it is administered and how it is categorized in Foundation financial reports.**

Parent Association, Maria Probasco, President. In addition to her report, Ms. Probasco thanked Dr. Schmidly for his accomplishments and for giving parents a voice at the University. She also reported on discussions with Dr. José Garcia and others from the state Higher Education Department and the Governor’s staff.

Retiree Association, Scott Obenshain, President. Dr. Obenshain thanked Dr. Schmidly for also giving retirees a voice at UNM. He said the Association is working with Human Resources and Government and Community Relations to develop recommendations for the ERB (Educational Retirement Board) to take to the legislature, in an effort to protect retirees’ COLAs (Cost of Living Adjustments).

ASUNM, Jaymie Roybal, President. Ms. Roybal thanked Dr. Schmidly, the BOR and the advisors for the opportunity to work with them and for the voice students at UNM have on matters of import. She also noted two resolutions passed by ASUNM and introduced ASUNM President-elect Caroline Muriada.

#### **IX. Regent Committee Reports (reports received are included in BOR E-Book)**

Academic/Student Affairs & Research Committee, Regent Jacob Wellman Vice Chair

##### **Consent Items:**

- Approval of Master of Health Administration Degree
- Approval of Associate of Applied Science in Fire Science-UNM Los Alamos

**Motion to approve consent agenda Items A and B passed without dissent (1<sup>st</sup> Wellman, 2<sup>nd</sup> Gallegos).**

##### **Information Items:**

- Honors College Update, Faculty Senate President Tim Ross

Finance and Facilities Committee, Regent Don L. Chalmers, Chair

##### **Consent Items:**

- Disposition of Surplus Property for Main Campus on list dated March 16, 2012
- Approval of Capital Project: Athletic Fields Replacement
- Approval of Naming Enhancement Request for Carlisle Gym, “Elizabeth Waters Center for Dance at Carlisle Gym”

**Motion to approve consent agenda items A, B, C, passed without dissent (1<sup>st</sup> Chalmers, 2<sup>nd</sup> Gallegos).**

##### **Information Items:**

D. Monthly Financial Report Feb. 29, 2012, Ava Lovell, VP, Controller, UNM/UNMH

Overall, which includes all the hospitals and all units of the University, the report is favorable at \$47 million, through the end of February.

Ms. Lovell responded to Regent Gallegos that it is typical for Physician Professional Fee Revenues to run a bit below the budget amount at this time of year.

E. Contract Information: Information Technologies-Aquila Technologies Group

This is an information item only because the contract is for less than \$500 thousand.

F. Monthly Capital Projects Status Report

All projects are on target. The number of projects is coming down as projects reach completion.

Health Sciences Board, Regent Don Chalmers, Vice Chair

**Action Items:**

- **Items I, J and K were moved to, and passed, under Agenda Item IV**
- **Item E was removed from the agenda at the request of Chancellor Roth**
- **Items G and H were moved to Agenda Item X**

A. Approval of UNMH Contract: Stryker Orthopedics, DePuy Orthopedics, OrthoPros

**Motion to approve the contract passed without dissent (1<sup>st</sup> Chalmers, 2<sup>nd</sup> Wellman).**

B. Approval of Capital Project: OSIS Sterile Processing Renovations

**Motion to approve the renovation passed without dissent (1<sup>st</sup> Chalmers, 2<sup>nd</sup> Gallegos).**

C. Approval to Purchase Huron/Click Commerce Research Enterprise Software

**Motion to approve the software purchase passed without dissent (1<sup>st</sup> Chalmers, 2<sup>nd</sup> Gallegos).**

D. Approval of Capital Project: Biochemistry Lab Renovations

**Motion to approve the Biochemistry labs renovation passed without dissent (1<sup>st</sup> Chalmers, 2<sup>nd</sup> Gallegos).**

E. ~~Approval of Truman Street Lease~~ (removed from agenda)

F. Approval of Atrisco Heritage Academy Clinic Lease

**Motion to approve the Atrisco Heritage Academy Clinic Lease at \$1 per year passed without dissent (1<sup>st</sup> Chalmers, 2<sup>nd</sup> Gallegos).**

Regent Gallegos asked why this item was not being addressed under Regents' Policy 7.12 as site improvements, alterations exceeding \$300 thousand and requiring CHE and Board of Finance approval. Mr. Harris explained that Item D is a capital project so it was handled under Policy 7.12, while this item is a lease. Regent Gallegos said he now understands the facts and the motion to be that the lease is being taken in the name of the University and all the BOR is being asked is to lease the property and pay \$1 per year.

G. Approval of FY 2013 HSC Academic & Health System Budget (moved to Item X on the Agenda)

H. Approval of FY 2012 Budget Adjustment Request (moved to Item X on the Agenda)

I. Approval of Spring 2012 College of Pharmacy Graduates (moved to Item IV on the agenda)

J. Approval of Spring 2012 School of Medicine Graduates (moved to Item IV on the agenda)

K. Approval of Spring 2012 College of Nursing Graduates (moved to Item IV on the agenda)

Audit Committee, Regent Gene Gallegos, Chair

A. Summary Report Audit Committee Meeting April 24, 2012

Regent Gallegos reported that there is a contractor in place to perform the outside peer review required every five years by Internal Audit.

- **A report on the review should be available by September.**
- **The HSC Board will coordinate with the BOR Audit Committee regarding what entity will perform the UNMH audit.**
- **Regent Gallegos asked that a copy of the audit report on the Provost's administration be provided to all the regents.**

**XI. Approval of FY 2012/2013 UNM Consolidated Budget and FY 2011/2012 Budget Adjustment Request (BAR), Andrew Cullen, AVP, Budget, Ava Lovell, VP/Controller, UNM/HSC**

**Motion to approve the FY 2012/2013 Consolidated Budget passed without dissent, Regents Fortner, Chalmers, Gallegos and Koch voting aye and Regent Wellman voting yes by proxy (1<sup>st</sup> Chalmers, 2<sup>nd</sup> Gallegos).**

Regent Koch pointed out that proxies are not acceptable in these circumstances, so Regent Wellman's vote by proxy will not count. It does not affect the outcome of the vote.

AVP Cullen gave an overview of the budget proposal. He noted that a presentation of the use of one-time funds is new to the budget process this year.

EVP Harris said that we need to thank our state legislators for the significant funding increase this year.

VP Lovell presented the HSC/UNMH budget proposal, which includes \$10.5 million use of reserves. Of the state funding increase of \$4.1 million, \$449 thousand for the BAMD went into I&G (Instruction and General). The balance was program-specific. She noted that impact from health care reform will be felt in 2014. Uncompensated care for FY 2011 was almost \$200 million. Of that, \$161 million was for Bernalillo County residents. The Bernalillo County mill levy for FY 2011 was \$89 million, leaving a difference of almost \$72 million for Bernalillo County alone. Much of this is covered through Medicare and Medicaid Disproportionate Share. After all sources of reimbursement are included, there is still a gap of \$55 million in uncompensated care.

Dr. Roth clarified that the Bernalillo County mill levy is not associated with supporting charity care. That was not the intent of the mill levy. When UNM took over the hospital the lease obligated the county to, always and forever, issue a mill levy on property tax to represent the county's support of the operations of the hospital. If, somehow, we were able to eliminate all charity care in the state of New Mexico, the county would still have an obligation to underwrite the costs of operating the hospital. It is not the responsibility of the University of New Mexico.

- **Regent Koch asked for a comparison of Presbyterian's uncompensated care with UNMH's.**

Regent Chalmers said we should be proud of the amount of service we provide to the community. We do give considerably more uncompensated care than Presbyterian or Lovelace, but that's not part of their mission.

Regent Gallegos would like a comparison to the prior year's audit. UNMMG (UNM Medical Group) operating income was \$131 million and, after other expenses, there was a net profit of \$23.6 million. The prior year had a net income of \$26 million. Ms. Lovell confirmed the reserve stood at about \$50 million at the end of FY 2011 and this budget shows a proposed use of \$4.4

million of that reserve. The regent pointed out that the swing, in one year, from a “profit” of \$23 million to a “loss” of \$4 million, is dramatic. Ms. Lovell said the 47 new faculty/physicians is part of that difference. Also, at the end of last year, UNMMG received large Disproportionate Share payments. Those funds are not necessarily recurring and during the year we do not know how much the payments will be. We do not believe we are going to see that in 2012.

- **Regent Gallegos asked that detail of the Disproportionate Share payments and any other items making up the significant difference between a gain of \$23 million and the loss of \$4 million be presented to the Audit Committee.**

Mr. Cullen presented the budget proposal for the branch campuses.

VP Gonzales noted that the ERB “swap” of 1.75% will end June 30, 2012. The proposed one-time pay supplement had been considered at 1.75% of annual base pay per employee. It was determined that a supplement of \$1,100 per employee would provide employees at the lower end of the scale a much higher percentage.

Ms. Gonzales said that health insurance premiums have been essentially flat for the past four years. Due to increases in health care costs, an increase in premiums is necessary. This will be offset to some degree, for lower paid employees, by changing the tiers and percentages contributed by UNM. These adjustments will give an additional 1,470 employees an increase in the UNM-paid portion of their health insurance premiums.

- **VP Gonzales stated a commitment to look at the budget at the end of September to see if there is any possibility of giving a recurring compensation increase.**

VP Krebs stated that, while this year has been very good academically and athletically, it has been a struggle financially. He reiterated that the \$1.25 million loan from the University is a one-time transfer that will help offset non-recurring costs associated with the football program. In spite of this loan, we are projecting a deficit of just under \$2 million for the year. We are projecting a reduction of \$400 thousand in our TV rights fees due to the uncertainty of the Mountain West Conference. The first repayment of the loan from the University is built into this budget. We continue to explore ways to off-set the projected deficit of \$431 thousand at the end of FY 2013.

Regent Koch brought out the point that NMSU (New Mexico State University) received \$840 thousand more than UNM from the state for Athletics, even though UNM has about twice as many students. This year, NMSU funding from the legislature remained the same while UNM received \$313 thousand less than the prior year. Although having half as many students, NMSU gets \$3.5 million in student fees, while UNM gets \$1.8 million. Athletics needs to run in the black and we need to find ways to increase its revenue.

Regent Chalmers concurred with Regent Koch.

Regent Gallegos noted that the amount of the projected deficit is equal to 10% of men’s basketball ticket sales and wondered if a 10% increase in those tickets would be feasible. Mr. Krebs stated that those tickets are at the max of the pricing structure. We are reluctant to push that number. There comes a point where fans are no longer able to participate because of the price. We are, in fact, projecting slightly less revenue from those ticket sales as we don’t know the schedule and can’t count on as many sell-outs. Last year we operated at 96% of capacity.

Provost Abdallah presented statistics showing that increases in tuition do not necessarily translate into the same amount of increase in out-of-pocket expense to students.

- **Provost Abdallah will present a long-term (seven to ten years) compensation plan to the ASAR Committee in the fall of 2012.**
- **Provost Abdallah and Chancellor Roth will prepare a report of faculty salaries (including HSC) and comparisons with peers.**

Regent Koch asked if the 1.85 basis points to finance the Foundation is going to be permanent. He believed, last year, that it was to last only one year. Regent Chalmers said he didn't believe it would be permanent. Mr. Nemcik, UNM Foundation President and CEO, said the Philanthropy Committee has a plan to reduce that over the next ten years.

- **The Philanthropy Committee report will be presented to the BOR at the June 12, 2012 BOR meeting.**

**Motion to approve the FY 2011/2012 Budget Adjustment Request passed without dissent (1<sup>st</sup> Chalmers, 2<sup>nd</sup> Gallegos).**

AVP Cullen described the actual versus budget differences to be reported to the state Higher Education Department (HED) in the BAR (Budget Adjustment Request)

VP Lovell noted the major component of the HSC portion of the BAR is a result of an HED request to remove a piece of UNMMG from revenues and expenses.

**XI. Public Comment**

Jaymie Roybal introduced Caroline Muriada, her successor as President of ASUNM. Ms. Muriada is from Albuquerque, majoring in Economics and Biology.

**XII. Vote to close the meeting and to proceed into Executive Session**

**Motion to proceed into Executive Session passed unanimously at 12:42 p.m. (1<sup>st</sup> Chalmers, 2<sup>nd</sup> Gallegos).**

**XIII. Executive Session 12:42 p.m. – 1:30 p.m.**

- A. Discussion and determination where appropriate of 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 the purchase, acquisition or disposal of real property pursuant to Section 10-15-1.H (8) NMSA (1978).

**XIV. D. Vote to re-open the meeting.**

**Motion to return to open session passed at 1:30 p.m. (1<sup>st</sup> Fortner, 2<sup>nd</sup> Koch).**


- E. Certification that only the matters described in Agenda item XII. were discussed in Executive Session and, if necessary, final action with regard to those matters will be taken in Open Session.

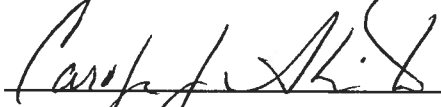
**Motion to certify action taken in executive session passed (1<sup>st</sup> Fortner, 2<sup>nd</sup> Chalmers).**

- **Final Action to approve contract of Dr. Robert Frank for UNM President and to release to Albuquerque Journal per their request.**

**XV. Adjournment**

**Motion to adjourn the meeting passed at 1:35 p.m. (1<sup>st</sup> Koch, 2<sup>nd</sup> Gallegos).**

  
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 Jack L. Fortner, President  
 UNM Board of Regents

  
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 Carolyn J. Abeita, Secretary/Treasurer  
 UNM Board of Regents