

The University of New Mexico
Board of Regents' Meeting
October 9, 2012
Student Union Building Ballroom C
Meeting Minutes

Members present: President Jack L. Fortner, Vice President Don L. Chalmers, Secretary Treasurer Carolyn J. Abeita, J.E. "Gene" Gallegos, Bradley C. Hosmer, Jacob P. Wellman (Quorum).

Member unable to attend: James H. Koch.

Administration present: President Robert Frank, Executive Vice President David Harris, Chancellor Paul Roth, Provost Chaouki Abdallah, Vice President Josephine de Leon (Equity and Inclusion), Chief HR Operations Officer Michael Duran (Human Resources), Vice President Paul Krebs (Athletics), Sr. Executive Officer Ava Lovell (Finance and Administration), Vice President John T. McGraw (Research and Economic Development), Vice President Eliseo Torres (Student Affairs), Interim University Counsel Lee Peifer, Interim University Controller Elizabeth Metzger.

Regents' Advisors present: President Amy Neel (Faculty Senate), President Mary Clark (Staff Council), President Marisa Silva (GPSA), President-Elect Randy Royster (Alumni Association), Chair Gary Gordon (UNM Foundation), Executive Director and Board Secretary Greg Heileman (UNM Parent Association), President Scott Obenshain (Retiree Association).

Regent Fortner called the meeting to order at 9:08 a.m.

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

Motion to move Health Sciences Board Action Items 1 through 11 and Items 13 and 14 to Consent Items and to move Action Item 12 to an Information Item passed unanimously (1st Abeita, 2nd Hosmer).

II. Approval of Summarized Minutes of the September 11, 2012 BOR, Regent Fortner

Motion to approve the minutes of the September 11, 2012 meeting passed unanimously (1st Gallegos, 2nd Abeita).

III. UNM2020 Update, President Robert Frank, Steven G. Sloate, President, Cirra, Inc.

President Frank encouraged all faculty and staff to participate in UNM2020. It is a new planning tool, but it is not the usual top down planning process. While the BOR had asked Dr. Frank to bring his goals to the October BOR meeting, instead this process should drive a set of goals and objectives up to the BOR that you can endorse as University goals that will then delineate Dr. Frank's goals.

Mr. Sloate: The BOR has asked for a unified vision of the university and this is the most collaborative way for every individual associated with the institution to have a voice, regardless of rank or title. The four elements of the process are to design the future, target for success (what is do-able), put resources behind those initiatives and have a balanced performance monitoring program. Once the mission and the future picture (vision) are established, a set of five to seven goals, timeless aspirations, will be set for the whole university and two to three measureable objectives will be set for each one of those goals. Then you determine which strategies will be used; are we going to build it, partner it or buy it? Once the strategy is decided, tactical plans are put together by interdisciplinary teams; who will do what tomorrow, with what resources and what measure of outcomes. Sum all the tactical plans up to the institutional level, and in January or February, determine what is necessary to achieve the tactical plans; prioritize them should there not be enough current resources to pursue them all immediately.

In December or January, after consideration by the administration, we will bring back to the BOR a draft of the future picture. We expect, after all four aspects unfold, we will have a more

engaged university community. The University will end up with a single page that outlines the objectives, the strategic plan, of the university. The intention is that individuals, offices, departments, branches, and schools can see how their individual planning fits within the university's framework. We must think strategically and focus sharply, because we do not have the resources to be all things to all people. We must act quickly and hold each other accountable for execution.

Regent Hosmer asked, given these timelines, when the BOR would discuss with President Frank what his goals are. Mr. Sloate indicated that would be in December or January. **The goals can be ratified at that time, subject to BOR consideration of the tactical work, which identifies the resources needed, and then the prioritization process. Provisionally, January.**

Mr. Sloate told Regent Wellman they will be getting student feedback and input. The process will be opened up to students, parents and alumni, then to community leadership.

Dr. Frank said this process fits well with what the HSC has been working on. The whole University can have the same sets of goals and metrics.

Regent Hosmer said, "This is a very comprehensive planning process and if we have the patience to carry it through fully, I think it will provide this complex institution with more integration and alignment than we've seen before."

Comments from Regents

Regent Wellman noted that he and President Muriada will be organizing a student campaign for Lottery Scholarship funding.

Regent Fortner said he is very pleased with the Lobo football team, not just on the field, but the comments he hears about how the players are behaving. He feels as though we have already won a championship because this coach has done in half a season what the previous coach took three years to do. The Regent commended VP Athletics Paul Krebs.

Public Comment, specific to agenda items (none)

IV. Regent Committee Reports (reports are included in BOR E-Book)

Finance and Facilities Committee, Regent Don Chalmers, Chair

Consent Items:

- A. Disposition of Surplus Property for Main Campus on list dated September 14, 2012
- B. Approval of Part II (Part I tabled)
ACC Student Housing Lease Amendments; Lobo Village and Casas del Rio
(Lease in red-lined version will be made available to the Regents for Part I to be addressed.)
- C. Approval of:
Revised Request for Capital Project for KNME & Domenici Hall Electrical Upgrades to 12.47KV
- D. Approval of Appointment to the Harwood Foundation Governing Board

Motion to approve consent agenda items A, B, C & D passed unanimously (1st Chalmers, 2nd Abeita).

Regent Chalmers was excused from the meeting between 9:20 and 11:10 a.m.

Action Item:

- E. Approval of University Business Policies and Procedures (UBPP) 7000 for Main, HSC and Branch Campuses, Andrew Cullen, AVP, Planning, Budget and Analysis, Ava Lovell, Sr. Executive Officer, Finance & Administration, HSC

Motion to approve the UBPP 7000 report passed unanimously (1st Gallegos, 2nd Hosmer).

Mr. Cullen reported that the fiscal year end reserve for Main Campus I&G (Instruction and General) Funds is \$46.6 million, up from about \$19 million in 2008. Academic Affairs held about \$21.5 million of that reserve; the central reserve for the university is about \$16.2 million. There are a number of commitments and dedications; the firm commitments include \$3 million in one-time funds in the budget and the one-time pay supplement paid in August at about \$2.5 million. After commitments, the true reserve stands at \$8.7 million. The HED recommended reserve would be about \$9.2 million. We are showing some good reserves and if this trend continues, we should be putting those funds to work. The reserve for Main Campus current funds at year-end is \$103 million, but many of these funds are committed. He also reported on departments with deficit balances of \$100 thousand. By 2015, the bad debt expense will be brought to zero freeing up those dollars to be used in the recurring budget.

Mr. Cullen told Regent Abeita that Public Events is essentially Popejoy Hall. It has been a break-even proposition for the last several years and the accumulated deficit is a holdover from the late '90s.

Ms. Lovell noted that the HSC report does not include the hospitals, the medical group or the Sandoval Regional Medical Center (SRMC). The I&G accumulated reserves as of June 30, 2012, are slightly over \$4.9 million, 5% of the expense budget. Total unrestricted reserves are a little over \$57.5 million, about 14.2% of the total expense budget. After all commitments and encumbrances, a discretionary reserve of about \$7 million remains. UNM Hospitals (UNMH) ended with a total reserve of \$281 million, of which \$129.6 million was unrestricted. UNM Medical Group (UNMMG) ended with a reserve of \$29 million, nearly all of which is committed. SRMC ended with just over \$46 million, which is the owners equity required under the 242 HUD bonds.

Information Items:

- F. UNM-LA 2013 Mill-Levy Rate Resolution, Cedric Page, Executive Director UNM-LA, Linda Hull, UNM-LA Advisory Board

Dr. Page introduced Linda Hull. Ms. Hull reported that the UNM-LA Board is committed to making UNM-LA a success. "We are dedicated to life-long learning, to creating a campus for workforce training and to preparing students for transfer to UNM and other four-year universities." The strategic planning committee will reconvene in the spring to assess how well the plan has been implemented.

Dr. Page spoke about the UNM Los Alamos strategic planning process. The UNM-LA mission and goals will be congruent with the UNM2020 process. Dr. Page noted the strong partnership UNM-LA has with LALN (Los Alamos National Lab), Los Alamos County Council and the Los Alamos Public Schools.

Dr. Page told Regent Hosmer that UNM-LA had discontinued the offerings in the town of Bernalillo in order to refocus on Los Alamos.

Regent Gallegos said this is an Information Item rather than an Action Item because UNM-LA asked the voters, unsuccessfully, for a mill levy increase fairly recently. The F&F (Finance & Facilities) Committee feels the BOR should meet with the UNM-LA Board to better assess the branch and recommended the mill levy request be postponed until June 2013.

Regent Abeita stated that community awareness and education well in advance of these kinds of requests is very helpful in getting positive results. She supported Regent Gallegos's assertion that the BOR should meet with the Boards of each of the branches.

- G. Monthly Consolidated Financial Report, Elizabeth Metzger, Interim University Controller

Ms. Metzger reported that the audit of FY12 is nearly finished. The exit conference is scheduled for next week at the BOR Audit Committee meeting. The report will then go to the state auditor for review. Ms. Metzger noted that very little expenditure activity takes

place in July, so it is a little early to identify trends in this report for the two months ended August 31, 2012. She reported that Clinical Operations show an unfavorable net margin of \$6.6 million. As Mr. McKernan presented at the F&F meeting, this is primarily due to cash collections and a low census in July. Ms. Lovell explained that Clinical Operations is \$8 million lower in Medicaid revenue than last year. The state income division is getting people processed into Medicaid and we believe we will collect it, but we wish to note issues early rather than too late. Regent Gallegos thanked Ms. Lovell and Ms. Metzger for getting the financial reports to regents a few days prior to the F&F and BOR meetings.

H. Contract Information:

College of Education (Center for Education Policy Research)-Child Trends
Bruce Cherrin, Chief Procurement Officer

This is a four-year grant from Children, Youth and Families to rescore how we look at childhood development before kindergarten.

I. FY2013/2014 Budget Development Update

Andrew Cullen, AVP Planning, Budget & Analysis (OPBA), stated there are no year-end uncommitted reserves available and tuition is lower than expected, so a mid-year compensation package for staff cannot be recommended at this time.

Dr. Frank said the new, recommended budgeting process (Responsibility Center Management) should bring the attention of the deans to items like lowered graduate student enrollment early in the semesters.

The "Projected FY14 Funding Formula Outcomes by College/School" table is based on the FY13 Funding Formula and ties very nicely to the Dr. Frank's proposed Performance Based Budgeting model. Regent Gallegos asked if the state's Funding Formula for FY14 has been developed. Dr. Frank said it is still being discussed. The various models show increases in funding to UNM of as little as \$1 million to as much as \$11 million.

Regent Hosmer asked Mr. Cullen to outline the task assigned to the Tuition and Fee team. Mr. Cullen said one focus would be the Lottery Scholarship. They will look at the student fee process. President Frank has asked for tuition models; what is happening with our enrollments and could we increase out-of-state enrollment, could we charge for hours 13, 14, 15, 17 and 18 rather than having tuition blocks.

- **Mr. Cullen said he would report to the BOR next month on the issues this team will take on.**
- **Regent Hosmer asked that the models be sufficient so that if the F&F Committee and the BOR decide to stipulate a tuition policy at the beginning of the process, they do so well informed of the choices and consequences.**

Mr. Cullen said we can look at what we did last year, in tying a tuition increase to inflation, essentially 3% with need-based on top of that. Or, we can bring a list of priorities that we believe will move this university forward, justify that tuition increase and also look at mechanisms to allow students who want to attend UNM to do so, financially.

Regent Hosmer said last year, no proposed policies came forward so the F&F Committee dictated one, which was CPI. He hopes we can do better this year.

Health Sciences Board, Regent Carolyn Abeita, Chair

Per the motion to change the Agenda, Action Items 1 through 11, 13 and 14 were changed to Consent Items. Action Item 12 changed to an Information Item.

Consent Items:

A. Request for Approval:

1. UNMH Contract with The Medical Resort at Fiesta Park Skilled Nursing Facility

2. UNMH Contract Transitional Hospital Corporation of New Mexico, Inc. d/b/a Kindred Hospital
3. UNMH Contract with Comprehensive Care Services
4. UNMH Contract with HealthSouth Rehabilitation Hospital of New Mexico
5. UNMH Contract with DCI Donor Services
6. UNMH Contract with Medtronic USA
7. Capital Project Approval for UH-Main-IV Pharmacy Renovation
8. Architect Selection for UNMH Alcohol & Substance Abuse Prevention Clinic-A/E Approval
9. Internal Medicine/Cardiology-Staff Care (Non-Invasive Cardiologist Locum Tenens)
10. Internal Medicine/Cardiology-CompHealth (Invasive/Interventionalist Locum Tenens)
11. Capital Project Approval: Architect Selection & Capital Project for Health Sciences Center Animal Resource Facility Improvements
12. (See Information Item, per Agenda change)
13. Reappointment of Lisa Rossignol, Parent Nominee, to Carrie Tingley Hospital Board of Directors
14. Appointment of Deborah Johnson to Sandoval Regional Medical Center, Inc. Board of Directors

Motion to approve consent agenda Items 1 through 11, 13 and 14 passed unanimously (1st Abeita, 2nd Gallegos).

Information Items:

12. Michael Olguin, Chair, UNMH Board of Trustees, as Designated Member of the Health Sciences Board of Directors (moved from Action Items). As UNMH Board Chair he is, pro forma, a member of the HSC Board of Directors
15. Request for Approval of UNMH Contracts with Presbyterian Healthcare Services, Howmedica Osteonics-Stryker Spine, and Cardinal Health MP & S

Regent Abeita said the HSC Town Hall meetings regarding the new hospital were well attended and very successful. Regent Fortner said he hopes the project will use New Mexico contractors and labor. Dr. Roth said UNMH follows the state procurement process, in which there is an additional weighting factor for New Mexico businesses. It is the assumption that the vast majority of the work done on this project will be by New Mexicans. Our estimates are there will be over 2,000 people employed during construction and the new hospital will create over 300 permanent new positions. Construction time is estimated at twenty to twenty-four months.

Academic/Student Affairs & Research Committee, Regent Bradley Hosmer, Chair

Action Item:

- A. Approval of Posthumous Degree for Robert Hohnke

Motion to approve action agenda Item A passed unanimously (1st Hosmer, 2nd Abeita).

This is a Posthumous PhD degree for Robert Hohnke who was killed in an automobile accident in December 2011.

Information Item:

- B. Enrollment Update: Census Data and Non-Resident-International Students, Terry Babbitt, AVP Enrollment Management

The freshman class increased by 2.5%. The number of National Merit Finalists attending UNM rose from 10 in 2011 to 15 this year. That puts UNM in the top 100 to 200 universities and colleges in the nation. New Mexico students have great access to UNM; we had about 11,500 applications. The number of non-resident students increased by 6%. Dr. Babbitt noted that most international students are graduate or transfer students; there are not many beginning freshman international students.

The preparation of this group of freshmen is better, but there are still a number of students with below-college preparatory levels and test scores. They will need a substantial amount of intervention and assistance to get to the retention and graduation rates we wish to have. Dr. Babbitt told Regent Hosmer there are about 700 students in New Mexico with 29 or better ACT scores. UNM is in contact with each of those students. A new strategy is to admit those students directly to the Honors College rather than to University College. The majority of those students who do not come to UNM are going out of state.

Dr. Frank said UNM wants to tell all high performing graduates that they are welcome here and they can get as good a liberal arts education here as they can at any institution in the country. This opportunity has been missed in the past. In response to Regent Hosmer, Dr. Babbitt said the 7% (percent change in the number of entering freshmen with ACT scores of 29 or better) will increase to double digits as resources are added to recruit these students. He told Regent Gallegos the class entering in 2013, which is being recruited now, will enter under the final phase of increasing admission requirements. The number of refusals did not increase this year over last year. Dr. Babbitt said the requirement, next year, for a fourth year of math has been softened somewhat, based on what particular high schools in the state are able to deliver. Some schools will receive a waiver while developing their programs.

Regent Abeita encouraged Dr. Frank and Dr. Babbitt to actively recruit these high performing graduates so that UNM is not a default choice for them. Dr. Babbitt said the academic reputation is important in influencing these students to attend a particular school. We will assist academic departments in connecting with them. Regent Hosmer said the increases in these numbers and the establishment of the Honors College could be a harbinger of a change in the perceived value of a UNM degree.

Audit Committee, Regent Bradley C. Hosmer

A. Report from the Audit Committee Meeting 9/20/12

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

Faculty Senate, President Amy Neel. Dr. Neel said she and Ms. Clark are working to encourage wide faculty and staff participation in UNM2020. She said faculty compensation increases in coming years will be very important. She will be working with Marc Saavedra to get out the vote for the GO bonds in the coming election.

Staff Council, President Mary Clark. Ms. Clark said staff has been disinclined to engage in the UNM2020 process, possibly seeing it as just another fruitless planning exercise. Staff is positively engaged in student success. An across the board compensation increase for staff will encourage staff engagement because it will show that the university is willing to invest in staff.

GPSA, President, Marisa Silva. Ms. Silva said the Student Regent Town Hall was very successful. We are working to re-introduce a measure to provide a tax credit for businesses that hire New Mexico students in the STEM fields. We look forward to working with Regent Wellman on the Lottery Scholarship solvency issue. The grant process is underway.

ASUNM, President Caroline Muriada. Ms. Silva distributed Ms. Muriada's report. Ms. Muriada was taking a mid-term exam.

Alumni Association, President-Elect Randy Royster. Mr. Royster reported on a number of the association's initiatives. The Alumni Chapel garden and the U project, gifts from the Alumni Association, are on schedule for completion in time for President Frank's inauguration.

UNM Foundation, Chair Gary Gordon. In addition to the written report, Mr. Gordon said the Trustees' Audit Committee met and accepted a clean audit of the Foundation. The Governance Committee adopted by-laws in harmony with the new Memorandum of Agreement with the University and we expect the Trustees to affirm those changes in November.

Parent Association, Executive Director Greg Heileman. Mr. Heileman gave a brief overview of the background of the association. Currently, executive and administrative support for the

association is provided by the Provost's office. That office has contacted the PA membership list serve seeking members to serve on the UNM PA Board. Mr. Heileman introduced Bernadette Jaramillo-Peck, the new Administrative Officer. Ms. Jaramillo-Peck will work with the Provost's office, UNM entities and the remaining Board members to provide administrative support, event planning and financial accounting for all PA activities. She will manage all PA communications and she is currently working to assure a successful Parent Association Golf Tournament on October 26th. The next scheduled meeting of the UNM PA Board is October 10th.

Regent Abeita spoke of the great work the Parent Association has done and said it is important to keep parents engaged and involved, as they are vital to student support.

Retiree Association, President Scott Obenshain. Dr. Obenshain noted that the School of Medicine Alumni Association had a very successful homecoming weekend, with over 400 attendees. The association will actively encourage retirees to participate in UNM2020. Retirees have a great deal of knowledge, energy and concern for UNM that could have a significant impact on this process. Dr. Obenshain thanked the BOR for the privilege of serving as an advisor.

Public Comment (none)

VI. Vote to close the meeting and to proceed into Executive Session

Motion to proceed into Executive Session passed unanimously at 11:15 a.m. (1st Abeita, 2nd Gallegos).

VII. Executive Session 11:15 a.m. – 1:00 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).

VIII. D. Vote to re-open the meeting.

Motion to return to open session passed (1st Abeita, 2nd Gallegos).

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

Motion to certify that no action taken in executive session passed (1st Fortner, 2nd Wellman).

IX. Adjournment

Motion to adjourn the meeting passed (1st Hosmer, 2nd Abeita).

Jack L. Fortner, President

Carolyn J. Abeita, Secretary/Treasurer