

Minutes of the Regular Meeting of the Board of Regents of the University of New Mexico
April 8, 2014
Student Union Building, Ballroom C

Members present

Jack L. Fortner, President; Conrad D. James, Vice President; Bradley C. Hosmer, Secretary/Treasurer; Suzanne Quillen; J.E. Gene Gallegos; James H. Koch; Heidi Overton (Quorum)

Administration present

Robert G. Frank, President; Paul Roth, Chancellor for Health Sciences; David Harris, EVP for Administration and COO; Elsa Cole, University Counsel; Elizabeth Metzger, University Controller; Jewel Washington, Interim VP HR; Eliseo Torres, VP Student Affairs; Paul Krebs, VP Athletics; Michael Dougher, VP Research and Economic Development; Ava Lovell, Sr. Exec. Officer of Finance and Administration, HSC; Helen Gonzales, Chief Compliance Officer

Regents' Advisors present

Don Duszynski, President, Retiree Association; Priscila Poliana, President GPSA; Gene Henley, President, Staff Council; Richard Holder, President, Faculty Senate; Carl Alongi, Chair, UNM Foundation

Presenters in attendance

Bruce Cherrin, Chief Procurement Officer; Tom Neale, Interim Director of Real Estate; Dr. Kate O'Neill, Executive Director UNM Taos; Mario Suazo, UNM Taos Business Operations Manager; Pamina Deutsch, Director University Policy and Administrative Planning; John Hatz, Gallagher Benefits Services; Lisa Kuuttila, CEO and Chief Economic Development Officer STC.UNM; Dr. Thomas Williams, Exec. Vice Dean School of Medicine; Carol Parker, Interim Senior Vice Provost

Others in attendance

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

CONFIRMATION OF PRIOR SPECIAL MEETING IN EXECUTIVE SESSION

The Board of Regents had a special meeting in executive session from 7:50 am. until 8:44 am. on Tuesday, April 8, 2014, in the Cherry Silver Room of the SUB for discussion purposes only of limited personnel matters, threatened litigation and the purchase of real property in accordance with Section 10-15-1H(2, 7, and 8) of the Open Meetings Act (NMSA). Regents Jack Fortner, Gene Gallegos, Suzanne Quillen, James Koch and Bradley Hosmer and Student Regent Heidi Overton were present at the meeting. The matters discussed in the closed meeting were limited only to those described in the notice of the meeting.

CALL TO ORDER

Regent President Fortner called the meeting to order at 9:09 AM, and a quorum was confirmed. Regent Fortner noted the following agenda items (4 items) that would be taken off the agenda:

Removed from the agenda: Finance and Facilities Committee item number 10, Discussion and Possible Approval of Guaranteed 4-Year Tuition Plan

Removed from the agenda: Academic/Student Affairs and Research Committee item number 2, Approval of C1353-New AAS Environmental Technology-Los Alamos Branch

Removed from the agenda: Academic/Student Affairs and Research Committee item number 3, Approval of Form D-Masters in Public Policy

Removed from the agenda: Health Sciences Board item number 6, Approval of Form D-Professional Practice Doctoral Degree in Occupational Therapy.

The Academic/Student Affairs and Health Sciences items would be on the next month's agenda.

Regent Fortner asked for a motion to adopt the revised agenda.

The motion to adopt the revised agenda was unanimously approved with a quorum of Regents present and voting (1st James, 2nd Quillen).

APPROVAL OF MINUTES

Regent Fortner asked for a motion to approve the minutes of the March 10, 2014 regular meeting. The motion to approve the minutes of the March 10, 2014 regular meeting was unanimously approved (1st Quillen, 2nd Overton).

PRESIDENT'S ADMINISTRATIVE REPORT

President Frank discussed the quality of the University and highlighted some rankings that quantify the quality of the University. The value of UNM's faculty and staff is extraordinary, and relative to any measure they outperform the competition and are the University's most valuable asset. The ASU Center for Measuring University Performance (MUP) rankings were discussed specifically regarding five different categories including research, private support, faculty productivity, advanced training, and undergraduate performance. Out of 462 universities, UNM ranks 59th and is ranked in the top 50 for federal research and postdoctoral fellows.

Another set of measures that was discussed was the Global Research Benchmarking System (GRBS), which is a measure of faculty production and impact; including the number of publications and citations in the top 10%. UNM is ranked 37th among top public research Universities in the GRBS. Both the MUP and GRBS rankings place UNM as tied with 14 other public research universities.

The value of UNM's education is vast, the cost for in-state tuition is \$6,050, and many students have the benefit of the Lottery Scholarship. UNM is a tremendous value with great professors at the cutting edge of science, contributing the best knowledge at the best price in America.

President Frank discussed the UNM 2020 goals, which were made with the top American Research Universities in mind. Many of the goals were derived from the MUP rankings for the strategic plan. The goal for the Honors College was achieved, and brings UNM closer to becoming a destination university attracting students from NM, out of state, and out of the country. Other goals that were discussed include increasing the number of doctorates awarded, increase contract and grant funding, increase major faculty awards, and build a \$500 million endowment. UNM has great momentum making good progress and must continue to emphasize the goals that push us forward and maximize quality and value of UNM degree.

President Frank stated that former Student Regent Wellman received the Marshall Scholarship and will be going to England. In addition, Student Regent Heidi Overton was recognized for her outstanding achievements as a student. She was elected as a junior into the Alpha Omega Alpha, which represents the top 4% of her medical class. She was elected into the Gold Humanism Honor Society, which is recognition for excellence in clinical care, leadership, compassion, and dedication to service. She is only one of 11 students in her class to maintain an A average for the first 2 years of medical school. She was also the Clauve Award as an undergraduate.

President Frank discussed the Gates Foundation Study. President Frank and Kevin Stevenson participated in an expert panel to look at how to control costs of Higher Education. The Gates Foundation is interested in the work at UNM and the Education Advisory Board commissioned the panel. UNM is a national leader that is creating the best practices for the industry. UNM was recognized for its innovative work on understanding the cost drivers of the University, specifically regarding the implementation of Results Oriented Management (ROM) and transparency.

President Frank discussed the wellness program option for retirees. Work has begun on the initiative. The hope is that this will have premium implications for retirees and will be expanded to the larger pool as it progresses.

COMMENTS FROM REGENTS (There were no comments from Regents at this time)

PUBLIC COMMENT (specific to agenda items)

Thomas Soloman, spoke about climate change and divestment. As NM's premier university, UNM has a moral obligation to protect its students' future from dangerous climate change. Instead, the UNM Endowment continues to invest in the fossil fuel companies that are driving global warming. He presented a petition signed by 120 faculty and staff at UNM and another 2200 students, alumni and tax payers calling for UNM to divest its endowment from fossil fuel companies. He also presented a letter signed by 8 state legislators who joined in the call. We asked the UNM's Endowment Consolidated Investment Fund to immediately freeze any new investments in these companies and to fully divest in 5 years.

David Ritchie, spoke about climate change and divestment. The financial issue is vast with the carbon investment bubble, and there will be a collapse of fossil fuel prices in the future. He encouraged the Board to adopt a strategy to divest from fossil fuels.

Scott Alley, spoke about UNM Retiree benefits. She stated that the Retiree Association was created because retirees care for the University. Retirees continue to give their time and efforts volunteering in various aspects of the University and around the city, many are on food stamps. ERB cut the COLA for UNM Retirees. She asked the Regents not to break the contract with UNM Retirees on their benefits. She stated that there are other ways to raise money for UNM that is not on the backs of retirees and their health benefits.

Carol Stephens, spoke about pre-65 retiree health benefits and said the University should have one covered group and that there was an implied contract. She stated the retirees were the staff and faculty that helped create this great University. A last minute change in health care benefits was presented that will profoundly affect the lives of employees and retirees and significantly increase the out of pocket costs. She asked Regents to require solutions that are fair to all and not made at the last minute. Decisions about health care costs should be made well in advance for people to be able to make spending plans and change in their health care providers. The University should have one covered group and should do the actuarial analysis.

Leslie Eason, spoke about pre-65 retiree health benefits and urged looking at wellness programs similar to what Sandia Labs offers. She said many changes had already happened in one year and urged taking time to make the other proposed changes. She asked to reestablish the blended pool of pre-65 retirees with active employees and asked to take out autism from the proposed benefits plans because it is not as of yet experience rated.

Amy Neal, spoke about health benefits and asked the Board to consider other options when it comes to meeting the budget shortfalls.

Don Duszynski, Professor Emeritus in the Biology Department, said the faculty and staff are the casualties here and asked that the University to not balance its budget on their backs.

Beth Lehman, an over 65 retiree who stands firm with the pre-65 retirees. She read a quote from an historical UNM HR document stating, active employees and early retirees share the same rate schedule. She asked the Regents to take some time to decide and not make last minute decisions.

Hans Barsun, co-chair of the Faculty Staff Benefits Committee, commented on the health benefits issue, specifically pertaining to retirees.

Pres. Frank stated that he appreciates the work of the Faculty Staff Benefits Committee.

Marcus Price, spoke about divestment from fossil fuels and urged the Board to adopt a policy to divest.

Debra Karnes Padilla, a pre-65 retiree from the UNM Valencia campus where she ran the wellness center, asked the Regents to do the right thing when it comes to retiree health benefits.

Melissa O'Neill, said the health insurance premiums for the pre-65 group are unethical, perhaps illegal. Ms. O'Neill referred to a document she brought that stated, referring to pre-65 retirees, they would be covered under the same plan as the active employees. Her premiums have gone up 67.5% in the past year, and she questioned whether UNM is capable of maintaining its self-funded insurance plan and that maybe it should be audited.

Leonard Gilmore, a student in his second year of studies in Community Planning at UNM, spoke about Fossil Fuels and the 350.org protest against UNM Foundation investments in Fossil Fuel companies. He is a member of a Navajo Tribe in Northern Arizona where coal mining has seen forest relocation and people displacement. He urged a transition to renewable energy.

REGENTS COMMITTEE REPORTS (presentation materials included in BOR Agenda eBook)

FINANCE AND FACILITIES COMMITTEE, Regent James H. Koch, Chair

1. Monthly Consolidated Financial Report and Fiscal Watch report.

Liz Metzger gave the presentation. The Monthly Consolidated Financial Report was presented as of month end February 28, 2014. The financials are trending in a good direction and are in a better position than the same time last year. On the Consolidated Total Current Operations, there is a net balance of \$56 million and the Instruction & General exhibit is up from last year.

Consent Items – agenda items 2, 3 and 7 (Finance and Facilities)

2. Disposition of Surplus Property for Main Campus on list dated 3/14/2014
3. Contract Approval of UNM Physical Plant – Kone
7. Approval of Appointments to Harwood Board Members

The motion to approve consent agenda items 2, 3 and 7 passed unanimously with a quorum of Regents present and voting (1st Koch, 2nd James).

Action Items – agenda items 4, 5, 6, 8, 9 (Finance and Facilities)

4. Approval of real property acquisition – 121 Civic Plaza Drive, Taos, NM

Tom Neale, Kate O'Neil, Jim Pollard, and Mario Suazo gave the presentation. Regents' approval was requested to acquire the real property at 121 Civic Plaza Dr. in Taos, NM. It is subject to a lease with purchase option, with \$1 per year in lease payments with a purchase option of \$1. The facility contains about 26,000 square feet and was built in 1929, with an extension in 1950. Historically, it was used as the Taos Armory. In 1977, it was converted to use as their civic center and the proposed use of the facility is to house the Health Sciences programs for the UNM Taos Branch Campus. This will come back to the Regents for approval of capital improvement of \$4.6 million.

Regent Fortner asked where the \$4.6 Million funds for renovation would come from. Mario Suazo stated the funds would come from local funds for design and engineering work of \$1.6 million and a General Obligation Bond request for \$4 Million scheduled for a vote in the Fall. There are also additional funds available from the Educational Gross Receipts Tax.

The motion to approve the real property acquisition of 121 Civic Plaza Drive, Taos, NM passed unanimously with a quorum of Regents present and voting (1st Koch, 2nd James).

5. Regents' Policy revisions to implement approval threshold changes.

Pamina Deutsch and Ava Lovell gave the presentation. Policy revisions to Regents' Policies, 7.4, 7.8, 7.9, 7.11, 7.12 and 7.13 were presented to the Board. The changes in the Regents' policies are required due to the recent approval at the March 10 meeting regarding the monetary threshold for

items that come before the Board for approval. Per Regent Gallegos' request, the threshold changes were simplified to be set at \$1 million or more unless the State Board of Finance or the Higher Education Department requires otherwise, and \$400K for settlements. Minor changes were made at the F&F meeting to remove the wording "in excess of" to simply state \$1 million or more and \$400K or more.

The motion to approve the revisions to Regents' Policies 7.4, 7.8, 7.9, 7.11, 7.12 and 7.13 passed unanimously with a quorum of Regents present and voting (1st Koch, 2nd Gallegos).

6. Approval of contract proposal for student health benefits RFP

Jewel Washington, Bruce Cherrin, Mike Duran, and Elaine Phelps made the presentation. The Student Health Insurance RFP was presented to the Board. UNM has been providing student 100% of the costs for health insurance to graduate students on assistantships, as they are considered employees of the University, since 1990. Health Insurance for graduate students is a recruitment tool to get top talent at UNM. In 2012, Human Resources took over the administration of student insurance from the Student Health Program. This decision was made to deal with the new complexities with compliance of the Affordable Care Act (ACA). An RFP was put out to bid and four proposals came in with three finalists selected which include, Blue Cross Blue Shield Academic Health Plans, American International Group (AIG), and Associated Insurance Plans.

The committee voted to recommend AIG and the contract results in savings of \$745K, of which \$300 is from Instruction & General. The savings is also a result of adding International Students into the pool who will pay 100% of the costs. The voluntary enrollment of 440 students has been eliminated as these students can either join the Health Exchange or stay on their parents' health insurance. Medical Students pay 100% of their health insurance costs.

Regent Quillen expressed concern with leaving students with no coverage, because the Health Exchange closed on March 31.

Ms. Washington stated Student Health and Counseling (SHAC) helped students enroll into Health Exchange and Medicaid and led a massive campaign effort across campus. Eliseo "Cheo" Torres stated it was a great campaign and large effort to enroll students. He feels comfortable that they reached the students.

President Frank is very comfortable that we made a full out effort across the University to aid students in enrolling in Medicaid or the Health Exchange. President Frank requested Mr. Torres to provide a report on this from Student Affairs.

Regent Gallegos asked for clarification on the savings of \$745K savings.

Ms. Washington stated the cost savings came from a plan design change with the pharmaceutical part of the plan. This will also provide cost savings to the students as medications will be more affordable with fixed costs.

Under ACA, International Students are required to have health insurance and if they opt to receive coverage through UNM, they will pay 100% of the costs much like Medical Students.

Paying for the graduates on teaching assistantships is considered a recruiting tool along with every other peer institution to get the best and brightest GA's and TA's to come to the University. The plan fared well with the RFP committee. In response to Regent inquiry, it is standard practice to have students in a separate pool because it would be more expensive for the student and the University to add them to the active employee pool.

The motion to approve the student health benefits contract proposal passed 6-1; Regents Fortner, James, Koch, Gallegos, Overton and Hosmer in favor; Regent Quillen opposed (1st Koch, 2nd Gallegos).

8. Approval of proposed revisions to consolidated investment fund investment policy's asset allocation.

Carl Alongi and Lisa Kuuttilla gave the presentation, as it is a joint investment idea brought also by the STC. Lisa Kuuttilla stated STC has been successful at spinning off new companies based on UNM technologies over the last 10 years at a rate of 5 to 10 new companies per year. The success is due in part to the funds the State of New Mexico has put through the State Investment Council (SIC) and the Small Business Investment Corporation (SBIC), along with various seed funds. Those funds have diminished due to the down turn and reallocation of funds since about 2007. The NM Angels and the Verge Fund offer new seed capital but it still presents a challenge. The goal is to keep these new companies and technologies here in NM, specifically regarding the Innovate ABQ project. The recommendation is for \$1 million to be allocated and overseen by an STC Board committee made up of experienced members in the start-up community. However, this group would only make co-investments so there would have to be a lead investor from the community making a financially prudent financial investment of at least \$100K which would be matched by the Foundation funds. Ms. Kuuttilla has experience with this type of model as she successfully ran one at the Purdue Research Foundation.

Mr. Alongi stated the investment must be matched on at least a one to one basis by a co-investor with experience in early stage capital. STC must conduct its own due diligence or in concert with a co-investor and finally, provide the investment committee with reports regarding each specific early stage venture. As a committee, the recommendation is to allocate .5% or ½ of 1% of the overall endowment balance as of the previous year-end, which today would translate to approximately \$1.9 million. At this moment the request is for only \$1 million but could be adjusted as activity changes. With \$1 million, there is potential to do 10 different deals and since it is a co-investment, it probably will be equity in either an LLC or a C-Corp.

The motion to approve the revisions to the UNM Foundation's Consolidated Investment Fund Investment Policy's Asset Allocation passed unanimously with a quorum of Regents present and voting (1st Koch, 2nd Gallegos).

Regent Gallegos noted that over the last 2 years, the growth of the CIF with the 140 basis points has increased the yield for the operating budget of the Foundation by \$756K. He suggested that amount be transferred back to I&G funds.

Regent Fortner stated that it was his understanding that is going to occur.

EVP Harris stated there have been conversations with the Foundation and there will be a reduction of approximately \$500K in Foundation support next year, which will benefit the budget.

President Frank stated the goal is to get the Foundation as independent as it can. The hope is the markets continue to stay upright.

9. Discussion and approval of FY15 Group Health Insurance Renewals as they pertain to the FY15 Budget

Regent Koch, John Hatz and Jewel Washington gave the presentation. Regent Koch stated that he has been asking for information on the GAP coverage and the \$1,500 deductible since December 2012. He commended EVP David Harris for assisting him in getting the information and a quote on GAP coverage as quickly as it had not been done in a timely manner as requested, specifically pertaining to the pre-65 retirees.

Regent Koch provided the Regents and the audience with the information regarding the proposal on GAP coverage and the high deductible. He apologized to the retirees that the University did not move more quickly to allow more time for review of the information. Now the University is being faced again with having to make last minute decisions on the plan and the potential options.

Per the request of Regent Koch, Mr. Hatz reviewed the GAP proposal that was prepared by a different provider and stated that typically the GAP is on a voluntary basis. However, this plan would be only for the pre-65. The pre-65 plan would be transferred to a \$2,000 high deductible, and the out of pocket costs would be supplemented through the GAP coverage. The two pieces together would equal a premium equivalent funding rate. The proposal handed out is cost neutral to the University.

Regent Koch stated that this plan would be only for the pre-65 and would help the unfunded liability, while the GAP coverage would assume the deductible for retirees.

Mr. Hatz reviewed some of the examples for the Board and stated that it is a natural progression of care analysis. It would specifically address what an individual would pay out of pocket if they utilize benefits, such as services or procedures, as outlined in the table. The cost differences with the GAP coverage and with the current and proposed plan were discussed. Mr. Hatz pointed out the proposed GAP plan does not include the out of pocket costs for prescription drugs; it is for medical only. Thus, the plan may not fully address or represent the entire out of pocket costs for retirees, as many of them are high prescription drug utilizers. The pharmaceutical piece of the analysis is missing and could potentially drive costs up under the GAP plan. Pharmaceuticals are covered under the UNM plan. In response to Regent Koch, the GAP plan at best is cost neutral, but he cannot comment if it is better or worse.

Regent Koch stressed the topic has been discussed for quite some time and the request for information has been out there for a while. There needs to be options presented regarding health care as it is a great concern for all, and he would like meetings set up for further discussion to include retirees in the dialogue. Regent Koch would like this GAP coverage and high deductible proposal to be tabled so that there can be further discussion.

Regent Gallegos asked for further clarification on the GAP plan and the monthly costs associated with the plan.

Mr. Hatz stated that the GAP plan with the \$2000 deductible and the proposed plan with the \$600 deductible are both cost neutral. It also does nothing to UNM's share of the cost.

Regent Gallegos wanted to emphasize that it has been over six months that Regent Koch has been asking for information regarding the GAP with the higher deductible that would save employees money and now brought to the table. EVP Harris stated that the Regents need to fully exhaust the health benefits discussion before a decision can be made. It could prove to be beneficial but all of the information needs to be reviewed and discussed.

- Regent Gallegos requested that there be a full presentation on the GAP matter at the next F&F meeting to then bring the information to the full Board.
- President Frank requested that they have 2 months to fully digest and prepare the information on the GAP and high deductible.

Mr. Hatz reviewed a proposed plan design for the FY15 UNM benefit plan. A memo was provided to the Regents that described the plan design, which was created to achieve a certain dollar amount of savings around \$2 million for the UNM health plan. Mr. Hatz reviewed the differences between the current plan design and the proposed plan. The deductibles have gone up, and the co-insurance and co-pays had mild changes. These high-level changes would achieve the targeted savings and would reduce the annual budget by \$3 million or \$1.9 million that is attributable to the University. Mr. Hatz stated that they have been working on plan design changes for several months and the original plan was somewhere in the middle of this proposed plan. Adjustments were then made to achieve the targeted savings.

In response to Regent inquiry, these proposed changes will put the University at a comfortable place for the upcoming ACA Excise Tax in 2018. In addition, the proposed plan has a slight increase to premium rates by 3.5%.

President Frank apologized to the Board for his misunderstanding the Regents expectations for the budget scenarios. The administration was left with the impression that the Regents only wanted one option for a budget scenario to come out of health benefits. He feels that these proposed changes to health benefits allow the University to meet the requirements of the ACA, while not utilizing reserves to cover the budget shortfall. The administration would like to stay with this current health plan as long as they can and not increase it in next year. President Frank is also working on changing the current budget process to avoid

these last minute decisions and lack of timely information. The new budget model will begin in the summer and hopes to have Regent involvement in early stages.

The motion to approve the proposed FY15 Group Health Insurance Renewals as presented for the FY15 budget passed 4-3 with a show of hands; Regents Fortner, Hosmer, Gallegos and Koch in favor; Regents Quillen, James and Overton opposed (1st Koch, 2nd Gallegos).

HEALTH SCIENCES BOARD, Regent Suzanne Quillen, Chair

Action Item – agenda items 1, 2, 3, 4, 5 (Health Sciences Board)

1. Approval of Carrie Tingley Hospital Bylaws

Steve McKernan gave the presentation. Regents' approval was requested for minor adjustments for technical issues to the Carrie Tingley bylaws, which have been reviewed by the HSC committee.

The motion to approve the Carrie Tingley Hospital Bylaws passed unanimously with a quorum of Regents present and voting (1st Quillen, 2nd James).

2. Approval UNM Hospital surplus property disposition

Regent Quillen gave the presentation. Regents' approval requested for the disposition of UNM Hospital Surplus Property Disposition. There were 702 items listed for disposal and total disposition book value was \$281,229.97.

Regent Gallegos inquired about the infusion pumps. Mr. McKernan stated that the infusion pump is a mechanical device included in an IV that aids the medicine to dispense into the patient. The UNMH has moved to a new model of IV device.

The motion to approve the UNM Hospital surplus property disposition passed unanimously with a quorum of Regents present and voting (1st Quillen, 2nd James).

3. Approval of UNM Hospitals Contracts with Cardinal Health Pharmaceutical Distributor and Teletracking Technologies, Inc.

Steve McKernan gave the presentation. Regents' approval was requested for the UNM Hospitals contracts with Cardinal Health Pharmaceutical Distributor and Teletracking Technologies, Inc.

Cardinal is the distributor for the University Hospital's for all its medications. There are only three companies capable of these services in the US, and Cardinal has been the successful company. Cardinal also facilitates Novation pricing, work very closely with UNMH to get all the necessary medications.

The motion to approve the UNM Hospital contract with Cardinal Health Pharmaceutical Distributor passed unanimously with a quorum of Regents present and voting (1st Quillen, 2nd James).

Teletracking is a computer system that will allow for tracking of all the beds at both UNMH and SRMC. This will allow for better throughput of patients with this advanced model that is becoming standard practice in the US.

Regent Quillen stated the system increases efficiency because it tracks all activity in a hospital room. Mr. McKernan stated when the discharge order is written by the physician, it quickly sequences all required steps to get the room available for the next patient. It also allows for communication with rural hospitals regarding the availability of beds to take referrals into the hospital.

The motion to approve the UNM Hospital contract with Teletracking Technologies, Inc. passed unanimously with a quorum of Regents present and voting (1st Quillen, 2nd James).

4. Approval of Regents' Policy revisions to implement approval of thresholds changes in UNM levels of authority

(This item approved earlier in the meeting under Finance and Facilities Committee item number 5.)

5. Approval to establish a quasi-endowed fund with UNM Foundation

Dr. Thomas Williams and Bill Uher gave the presentation. Regents' approval was requested to establish a Quasi-Endowment Fund with the UNM Foundation. This is a request from the School of Medicine, Department of Pathology. It will consist of \$1.5 million, with \$1.1 from the Budky Endowment and \$400K from the Anderson Endowment. The Pathology Department is going to contribute clinical service funds to fund this.

The motion to approve the quasi-endowed fund with UNM Foundation passed unanimously with a quorum of Regents present and voting (1st Quillen, 2nd James).

6. Approval of Form D – Professional Practice Doctoral Degree in Occupational Therapy

(Agenda item 6 was removed from the agenda at the beginning of the meeting)

Information Item – agenda items 7 and 8 (Health Sciences Board)

7. HSC Financial Update

Ava Lovell gave the presentation. An update was provided to the Regents on the HSC financials through February 28, 2014. Cash Flow from Operations was discussed with HSC at \$8 million, UNMMG at \$6.2 million, UNMH at \$22 million due to depreciation, and SRCM at \$744K. For Operating Net Margins, both HSC and UNMMG do not book depreciation. UNMH is still favorable after deprecation of \$1.4 million. SRMC shows a loss of \$5.2 from depreciation due to the new building and equipment.

Regent James asked on the cash flow for SRMC if the Mil Levy funds from Sandoval County are reflected in the numbers. Ms. Lovell affirmed. Regent James stated that it represents a very strong change in the direction for SRMC because in FY13, the amount of mil levy money we received was close to \$22 million total and it is much lower this year. The fact that SRMC is only down \$660K is a significant improvement in the overall budget because of that Mil Levy change.

Ms. Lovell stated that HSC, UNMMG, and SRMC have used some balances. Uncompensated Care is an area that will be closely watched, specifically due to the implementation of the ACA. With Accounts Receivable, there are timing issues due to slow enrollment in Medicaid and the Hospital cannot bill until that is resolved. Chancellor Roth stated there may be a rise in bad debt as many employers are ramping up deductibles and shifting costs to the individuals.

8. Sandoval Regional Medical Center, Inc. Dashboard

Steve McKernan gave the presentation. He discussed the Sandoval Regional Medical Center, Inc. Dashboard, which gives an update on current operations and the various goals and targets.

ACADEMIC/STUDENT AFFAIRS AND RESEARCH COMMITTEE, Regent Bradley Hosmer, Chair

Regent Hosmer announced the information items number 4, College of Education Update, and number 5, College of Education Research Presentation, would not be presented at the meeting.

1. Update from the Provost (Provost did not give his update because he was not at the meeting.)

(Agenda items 2 and 3 were deleted from the agenda at the beginning of the meeting.)

Information Item – agenda item 8 (ASAR)

8. KUNM Annual Report

Carol Parker, Interim Senior Vice Provost, presented KUNM's annual report for 2013. KUNM bylaws require that the Board prepare an annual report for the Board of Regents that covers all actions taken, concerns raised, and recommendations made for each calendar year.

COMMENTS FROM REGENTS' ADVISORS

Parent Association, Jay Zook, Parent Association board member spoke for President Angi Gonzales-Carver about parent involvement in the recent Legislative Session. The Association's website proved to be a successful tool for collecting input from parents. The Association took input from the parents regarding the Lottery Scholarship and other issues to the Legislative roundhouse. Mr. Zook requested the Association be brought into discussions regarding proposed changes to the student health benefits offered and said the Association can help spread the word when changes are implemented.

Retiree Association, President Don Duszynski, (report found in BOR Agenda eBook).

GPSA, President Priscila Poliana, Priscila Poliana provided an update to the Board on current initiatives with GPSA and graduate students.

Staff Council, President Gene Henley, President Henley provided an update to the Board on Staff Council. He stated there was a lot of unrest with the discussions regarding health benefits and he received very little information to provide to staff. Many staff members may see a loss in income with the increases in health care and many stated that they would rather not have the compensation increase.

Faculty Senate, President Richard Holder, President Holder stated he understands this is a difficult decision and many people may continue to struggle even with the compensation increases. It is a tough time for all.

PUBLIC COMMENT

Kevin Bean, UNM Class of 1987, referred to the environmental and moral arguments and underlying economic issues related to Fossil Fuel investments. He said there is information available on divesting in Fossil Fuels with little risk.

VOTE TO CLOSE THE MEETING AND TO PROCEED IN EXECUTIVE SESSION

The Motion to close the meeting and proceed into Executive Session passed unanimously with a quorum of Regents present and voting (1st James, 2nd Hosmer). The meeting closed at 1:43 pm.

Executive Session 1:44 pm to 2:48 p.m. in the Cherry Silver Room

1. Discussion and determination where appropriate of the purchase, acquisition or disposal of real property pursuant to Section 10-15-1.H (8), NMSA (1978)
2. Discussion and determination where appropriate of threatened or pending litigation pursuant to Section 10-15-1.H (7), NMSA (1978)
3. Discussion and determination where appropriate of limited personnel matters pursuant to Section 10-15-1.H (2), NMSA (1978)
4. Discussion and determination where appropriate of strategic or long-range business plans of public hospitals that receive less than fifty percent of their operating budgets from direct public funds pursuant to Section 10-15-1.H(9), NMSA (1978)

The Motion to open the meeting passed unanimously; there was certification that only those matters described in the Executive Session agenda were discussed in closed session (1st Hosmer, 2nd Overton).

The meeting opened at 2:48 p.m.

VOTE TO ADJOURN

The Motion to adjourn the meeting passed unanimously (1st James, 2nd Gallegos).


The meeting adjourned at 2:48 p.m.

Approved:

Attest:



Jack L. Fortner, President



Bradley C. Hosmer, Secretary/Treasurer

Minutes originated by: Mallory Reviere and Sara Gurule
Minutes finalized by: Mallory Reviere