

**Minutes of the Regular Meeting of the Board of Regents of the University of New Mexico  
December 10, 2013  
Student Union Building, Ballroom C**

Members present

James H. Koch, Vice President  
J.E. Gene Gallegos  
Conrad D. James  
Heidi Overton  
Suzanne Quillen

Members absent

Jack L. Fortner, President (absent due to attending NM Legislative Finance Committee)  
Bradley C. Hosmer, Secretary/Treasurer (absent due to attending NM Legislative Finance Committee)

Administration absent

Robert G. Frank, President (absent due to attending NM Legislative Finance Committee)

Administration present

David Harris, EVP for Administration and COO  
Chaouki Abdallah, Provost and EVP for Academic Affairs  
Paul Roth, Chancellor for Health Sciences  
Elsa Cole, University Counsel  
Eliseo Torres, VP Student Affairs  
Paul Krebs, VP Athletics  
Jewel Washington, Interim VP HR  
Elizabeth Metzger, University Controller  
Ava Lovell, Sr. Exec. Officer of Finance and Administration, HSC  
Helen Gonzales, Chief Compliance Officer

Regents' Advisors present

Gary Gordon, former Chair, for Carl Alongi, Chair, UNM Foundation  
Richard Holder, President, Faculty Senate  
Gene Henley, President, Staff Council  
Isaac Romero, President, ASUNM

Guests in attendance

Kathy Sandoval-Snider, Director Albuquerque Institute for Math and Science; Senator Daniel Ivey-Soto, NM Senate

Others in attendance

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

CALL TO ORDER

Regent Vice President Jamie Koch called the meeting to order at 9:05 a.m., a quorum was confirmed and the agenda was unanimously approved.

APPROVAL OF MINUTES

The minutes of the November 12, 2013 regular meeting were unanimously approved (1<sup>st</sup> Gallegos, 2<sup>nd</sup> Overton).

PRESIDENT'S ADMINISTRATIVE REPORT

Kevin Stevenson, on behalf of President, provided an update on the UNM 2020 Strategic Plan, specifically regarding the Performance Monitoring and Reporting Program. The Board of Regents approved the goals and objectives for the Strategic Plan in May 2013. Since then the focus has been on three major activities including

tactical plan refinement, key performance indicator development, and the performance monitoring/reporting program design and implementation. Tactics are the initiatives and activities currently in process to accomplish the goals in the plan. Work is being done to ensure that the tactics are aligned with the priorities of those who are responsible for them. Key performance indicator development involves making sure that the appropriate outcome metrics are associated with each objective to track progress and ensure accountability. The performance monitoring and reporting program is the mechanism in the platform to ensure progress is being made and that people are held accountable. The platform monitors three different things, objectives in the plan, tactics, and the associated metrics. The platform was installed in November 2013, full implementation is expected by the next quarterly report in March 2014.

Performance monitoring and reporting is focusing on the steps toward achieving the UNM 2020 vision. This involves reaching the objectives, monitoring metrics and completing the tactics identified. A sample of the Performance Monitoring System was presented. Metrics reports will be presented quarterly to the Board of Regents' committees and to the full Board. As objectives begin to be accomplished, new objectives and goals will be brought forth that represent the next steps in moving toward 2020.

#### COMMENTS FROM REGENTS (There were no comments from Regents)

#### PUBLIC COMMENT (specific to agenda items)

Bill Browne, Administrative Director for District 1199 NM Health Care Union at UNMH, commented on UNMH Employee Compensation. Mr. Browne stated that many UNMH employees are falling further behind financially with no cost of living adjustments in the past 4 years. Many long-term, experienced nurses have left UNMH to obtain work elsewhere, and the loss of experience is hurting the Hospital. On behalf of District 1199, Mr. Browne presented a petition with 1,109 signatures from UNMH employees requesting the leaders of the University to make a change.

Nicola Trevisan, Staff Representative at 1199NM and PRVN Social Work Case Manager at UNMH, commented on UNMH employee compensation. Cost of living has gone up, but wages at UNMH have been stagnant for 4 years. As a union, the belief is that the American Dream and a livable wage at one job is synonymous with worker rights and everything that labor movements fights to protect. The union also believes that a non-profit hospital, such as UNMH, has a responsibility and obligation to put people before profit. District 1199 supports the Hospital's commitment to growth and innovation but not at the expense of the employees.

Lori McCaiver, Vice President for License and Technical with District 1199 and Registered Nurse at UNMH, commented on UNMH employee compensation. Ms. McCaiver stated that UNMH employees provide for people regardless of their patients financial, political, religious or societal standing. Many experienced nurses are leaving the hospital to find a place of employment that treats workers with respect. When these experienced employees leave and are replaced by new graduates, it is often the patient and community that loses. There needs to be a balance between new and experienced nurses to provide excellent care.

Isidro Garcia, Member of District 1199 and UNMH PPD employee, commented on UNMH employee compensation. As an employee who is responsible for making sure that the Hospital is clean, safe, lighted, and warm, UNMH staff take their job seriously. Unfortunately, the service by UNMH employees has been disregarded by the administration running this hospital who make more in a month than most make in one year. Despite this, Mr. Garcia does his job for the people and the patients at the hospital; however, it would be nice not to worry about his own living needs. He came to work at UNMH because it is a public hospital, public entities are supposed to be about the people and understand the needs of the members of the community, not just those at the top of the salary structure.

#### REGENTS COMMITTEE REPORTS (presentation materials included in BOR E-Book)

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

##### 1. Monthly Consolidated Financial Reports:

Liz Metzger gave the presentation. A financial report was prepared as of October 31, four months into the fiscal year. The Instruction and General (I&G) Exhibit is reflecting a positive balance of approximately \$5 million higher than the same point in time last year, which is a result of the new tuition calculation and fees. The Research Exhibit is primarily fund by F&A dollars and is being watched closely. HSC proposals and awards are up, and on Main Campus proposals are holding steady but awards are down. The Auxiliary Exhibit is reflecting a positive balance as of the end of October, which is due to upfront student fees for various entities and will be spent down this year. Parking is also reflecting a positive balance, which is up from last year. Clinical Operations, which includes the Hospital, Cancer Center and Patient Service Areas, reported a significant deficit this time last year but are reporting approximately \$5 million to the good for FY14. Overall, current operations as of month end October show a positive balance of \$34.7 million, which includes fall tuition and fees that are currently being spent down over the course of the semester. Pre-registration for spring semester begins November and December; however, those numbers will not be reflected until the January report. Bond principal and interest payments are due this fiscal year and a payment has been made on December 1. Also, the Auditors will present the FY13 Audit Report for approval at today's meeting.

As mentioned at the Finance and Facilities meeting, metrics are currently being developed for Main Campus that are similar to the HSC report. The goal is to have these metrics ready to present at the next Regents' meeting. Regent Quillen stated that it would be helpful to have pre-identified metrics to review every month because there is a lot of detail in the current report.

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

2. Disposition of Surplus Property for Main Campus on list dated 11/15/13

3. Approval of Appointment to the New Mexico Labor Management Relations Board

**The motion to approve consent agenda items 2 & 3 passed unanimously with a quorum of Regents present and voting (1<sup>st</sup> Gallegos, 2<sup>nd</sup> James).**

Action Items – agenda items 4 and 5 (Finance and Facilities)

4. (Item 4, discussion and approval of Fairmount Properties South Campus Development Project Preliminary Plan, was previously stucken from the agenda)

5. Approval of Naming Rights for Baseball Clubhouse

Paul Krebs gave the presentation. Regents' approval was requested for the Naming Rights for the Baseball Clubhouse. The current Baseball facility does not have a locker room, running water, or restrooms for the team. The addition of the clubhouse would create a locker room for the Baseball program. The clubhouse is currently in the design process and will be brought before the Board for approval of the facility in the coming months. To date, Lobo Field has had approximately \$4 million in renovations, most recently the installation of lights. R.D. and Joan Dale Hubbard have made a gift donation of \$500,000 to the UNM Athletics department; the request is to name the Baseball Clubhouse after them. The Naming Committee and the Finance and Facilities Committee have approved the request.

**The motion to approve the Naming Rights for the Baseball Clubhouse passed unanimously with a quorum of Regents present and voting (1<sup>st</sup> Gallegos, 2<sup>nd</sup> Quillen).**

Information Items – agenda items 6 and 7 (Finance and Facilities)

6. Report on Lobo Development Corp. Income/Expenses, Mar 2008-Sept. 2013

Chris Vallejos gave the presentation. Information was provided on the Lobo Development Corporation (LDC) Income/Expenses from its inception in March 2008 through September 2013.

The Executive summary was presented to both the Finance and Facilities Committee and the LDC Board of Directors. Highlights of the report include the major sources of revenue and expenses for LDC.

Revenues include ground rent income from American Campus Communities (ACC) for Lobo Village and Casas Del Rio, Mesa del Sol investment portfolio with a 15% return on three buildings, and proceeds from an acquisition of three buildings from Sandia Foundation in 2013. In response to Regent inquiry, the annual rental from ACC on the two student housing facilities is approximately \$333,000 from Lobo Village and \$484,000 from Casas Del Rio. They are both subject to acceleration, with Lobo Village starting in the sixth year and Casas Del Rio in the fourth.

Expenses include campus development on South Campus with \$2.7 million for the 43 acres at the Gibson Corridor, the city fire station, various student-housing expenses, and other commercial developments for the University. In response to Regent inquiry, the \$1.5 million expense for the Gibson Corridor particularly relates to South Campus expenses and encompasses consulting fees, engineering expenses, and construction expenses to ready the space for the fire station on the corner of Gibson and University. Fairmount is the cost accounting title for the developer, who is the master developer for South Campus. The Fairmount expenses are mainly legal to prepare for the master development agreement and preparation of preliminary materials to bring forward to the Regents. The consulting fees under Fairmount are primarily for design and pro-forma analysis on the various materials brought forth by Fairmount for review by LDC and final approval by the Regents. Also under Fairmount expenses is Forrest City Asset Services which provides consultation work and have helped in the development of RFPs and pro-formas. Services provided by Altura Real Estate are the consultation services provided by Kim Murphy who is contracted to work in consultation with LDC to aid in analysis and transfer of knowledge. Mr. Murphy's services are specifically pertaining to the master development agreement and current preliminary materials to keep the corporation sustainable since his retirement in March 2013. Altura Real Estate services are used in a limited capacity and are slowly decreasing as the LDC moves through preliminary Fairmount materials.

## 7. Monthly Capital Projects Executive Report

Chris Vallejos gave the presentation. A Monthly Capital Projects Executive Report was provided to the Board. Two projects have been placed into yellow status, the Los Alamos Science Labs and the North Golf Course renovation project. The Los Alamos Science Labs has been put in yellow status because the Higher Education Department tabled the major construction project to obtain further information and justification on the various FTE for the Los Alamos Branch. President Frank and Executive Director Cedric Page are compiling a report to send to HED to bring it off the table. The North Golf Course has been put into yellow status due to being behind schedule a few weeks as the first bids came in over budget. The bid initially combined irrigation and landscaping but the procurement team re-bid the project and split the irrigation and landscaping into separate bids and the new bids have been favorable.

### HEALTH SCIENCES BOARD, Regent Suzanne Quillen, Chair

#### Action Item – agenda items 1, 2 and 3 (Health Sciences Board)

##### 1. Request for Approval of Fall 2013 Degree Candidates

###### a) UNM College of Pharmacy Degree Candidates

Master's Degree	0
Ph.D. Degree	1
Total	1

###### b) UNM College of Nursing Degree Candidates

Doctor of Philosophy	3
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Master's Degree	12
Post-Master's Certificate	1
Bachelor's Degree (RN to BSN)	18
<u>Bachelor's Degree (Basic Entry BSN)</u>	<u>43</u>
Total	77

## c) UNM School of Medicine Degree Candidates

Doctoral and MFA Degree	6
Master's Degree	28
Bachelor's Degree	24
<u>Associate's Degree</u>	<u>0</u>
Total	58

Regent Quillen gave the presentation. Requesting Regents' approval for the Fall 2013 Degree Candidates. Regent James announced that he would abstain from the vote for the approval of UNM School of Medicine degrees due to his involvement on a Dissertation Committee for one of the degree candidates.

**The motion to approve the Fall 2013 Degree Candidates passed, 4-0, with Regent James abstaining from the vote due to a conflict of interest (1<sup>st</sup> Overton, 2<sup>nd</sup> Gallegos).**

2. Resolution Requesting Approval of UNMH Contracts with Cerner Corporation – PowerChart Physician Documentation and Intuitive Surgical, Inc.

Regent Quillen gave the presentation. Requesting Regents' approval for the UNMH Contracts with Cerner Corporation, PowerChart Physician Documentation and Intuitive Surgical, Inc. This is a software tool to allow for standardized physician documentation in the clinical areas. It allows the Electronic Medical Record to go directly to the clinician's documentation. This is a new contract and there was a single respondent to the RFP. It is a request for a three-year contract with option to renew annually for an additional four years. The total price for the first year will be a little over \$1.3 million, with \$789,200 for the license software purchase, one time professional services implementation fee of \$430,004, and \$143,472 for first year maintenance and support fees.

**The motion to approve the UNMH Contracts with Cerner Corporation-PowerChart Physician Documentation and Intuitive Surgical, Inc. passed unanimously with a quorum of Regents present and voting (1<sup>st</sup> James, 2<sup>nd</sup> Gallegos).**

3. Resolution Requesting Approval of Architect Selection & Capital Project for IDTC 3<sup>rd</sup> Floor Department of Internal Medicine Project

Ava Lovell gave the presentation. Requesting Regents' approval for the architect selection and capital project for IDTC 3<sup>rd</sup> floor department of Internal Medicine Project. The project is for 2,000 square feet for 2 labs and 259 square feet for an office in the IDTC building, which was the old Tri-Services building and had been previously renovated by Fanning Bard Tatum. The architect selected for this project was Fanning Bard Tatum chosen through a sole source selection process in accordance with the State of New Mexico Procurement Regulations. They are a sole source because they were the architect that renovated the Tri-Services building in 2011-2012, and this is considered a small project. The funding is coming from the Department of Internal Medicine who set aside funds for recently hired researchers that need lab and office space.

**Motion to approve the Architect Selection & Capital Project for IDTC 3<sup>rd</sup> Floor Department of Internal Medicine Project passed unanimously (1<sup>st</sup> James, 2<sup>nd</sup> Quillen).**

Information Item – agenda item 4 (Health Sciences Board)

4. HSC Financial Update

Ava Lovell gave the presentation. A Health Science Center (HSC) financial update was provided to the Board as of month end October 31, four months into the fiscal year. The metrics report was included in the BOR meeting materials. For Approximate Cash Flow from Operations HSC reported \$6.127 million driven by tuition and fees for fall semester, UNM Medical Group (UNMMG) reported \$1.195 million, UNM Hospital (UNMH) reported \$11.316 million, and Sandoval Regional Medical Center (SRMC) reported a loss of \$1.484 million. For Operating Net Margin the numbers show all depreciation except for HSC because it is a governmental entity. The UNMMG booked little depreciation at \$1.063 million, UNMH booked quite a bit of depreciation at \$844K, and SRMC booked depreciation at negative \$4.417 million. This metric was initiated to see the progress at the new facility at SRMC. For Net Income/Use of Reserves, this is everything, all non-recurring and depreciation, as a bottom line. HSC booked \$3.6 million, UNMMG booked negative \$2.157 million, UNMH booked \$844K, and SRMC booked negative \$4.417 million. For Uncompensated Care, UNMMG, which now includes the Cancer Center has leveled off just a bit at \$14.728 million; however, it could just be timing. UNMH not leveling off much at \$68.133 million, and SRMC is reporting \$2.547 million. Uncompensated Care will be watched closely in the next couple of months as the expanded Medicaid begins to kick in. Days Cash on Hand is a metric used to measure overall health of operations. The HSC is a part of the University's cash and using a days of expense in discretionary reserves and currently at 5.93 days. The HSC Board has requested that the number be closer to 10 days. UNMMG is at 48.8 days, UNMH is at 49.49 days, and SRMC is at 15.96 days cash on hand. The Accounts Receivable metric is another measure of overall health of operations. The HSC does well at 6% received, UNMMG is at 18% received which is still a good number, UNMH lags behind at 30% received, and SRMC is at 18% which is good. UNMH has policies that are favorable to people without insurance, if they do not qualify for charity care and are paying on their own payment plans are available to them. The Hospital tries very hard not to send people to collections, which results in accounts payable being a little higher than industry standards. The last metric shows the health of our Research organization, proposals and awards are going up. In response to Regent inquiry, the bed occupancy rate at SRMC is between 60-80% of staffed beds. SRMC currently staffs about 55 out of the 72 beds and plans on increasing that number as the volume and demand increases.

Regent Koch requested that this report be included in the meeting materials so the Regents can review the information prior to the meeting.

#### ACADEMIC/STUDENT AFFAIRS AND RESEARCH COMMITTEE, Student Regent Heidi Overton Vice Chair

##### 1. Update from the Provost

Provost Chaouki Abdallah provided an update on current Academic Affairs initiatives. Searches are still in progress for the three deans for University Libraries, College of Education and Anderson School of Management.

Two years ago the Provost's office began looking at student success, from internal and national studies it was found that the first year is where most students have difficulties and choose not to come back. Last year, a self-study called the Foundations of Excellence was initiated and is managed by a national group, which involves nearly 400 faculty, staff, and students. A report and implementation plan was released at the end of the academic year last year and is currently being implemented. The focus is on three items from the implementation plan, which includes revamping New Student Orientation, adjusting and collecting more data focusing on evaluation and assessments, and developing a communication plan. A booklet has been assembled with dates and a timeline for the implementation plan.

The Lottery Scholarship is an ongoing discussion as the University of New Mexico students are the largest recipients of the lottery funds. It is important in the spring semester that students receive their expected amount. Currently, discussions are occurring in Santa Fe to work toward a solution for the spring semester and ultimately long term. This is significant and amounts to about \$40

million per year for UNM students. Depending on what information we have, it is somewhere between 50-75% that may be funded today unless there is an injection of one-time funding.

Action Items – agenda items 2, 3, 4, 5, and 6 (ASAR)

2. Approval of Honorary Degree (Confidential Information)

**Academic/Student Affairs and Research Action Item 2 was moved to Executive Session due to the need for confidentiality surrounding the potential candidates.**

3. Approval of Honorary Degree (Confidential Information)

**Academic/Student Affairs and Research Action Item 3 moved to Executive Session due to the need for confidentiality surrounding the potential candidates.**

4. Fall 2013 Degree Candidates

Regent Overton gave the presentation. Requesting Regents' approval for the Fall 2013 Degree Candidates.

University of New Mexico Fall 2013 Degree Candidates

Doctoral and MFA Degree	88
Master's Degree	391
Bachelor's Degree	1488
Associate's Degree	142
Total	2109

**Motion to approve the Fall 2013 Degree Candidates passed unanimously with a quorum of Regents present and voting (1<sup>st</sup> Overton, 2<sup>nd</sup> Gallegos).**

5. ASUNM Constitutional Amendments

Isaac Romero gave the presentation. Requesting Regents' approval for two ASUNM Constitutional Amendments. The first amendment involves changing the wording of requirements for a student or candidate in good standing holding ASUNM elected positions. The wording was changed from "carrying" to "enrolled in, maintains, and completes." This amendment is to ensure that students are being held accountable and completing their courses rather than enrolling in classes and dropping them later in the semester, while still maintaining their position. The second amendment involves changing the makeup of the elections commission. The wording has changed to include an "s" after election to add consistency. The amendment also allows the elections commission who hosts the election to make decisions on how they would like to staff it.

In response to Regent inquiry, the six credit hour standard for ASUNM elected positions has been the standard for some time. A UNM student body president could take two classes and hold the position. One change that occurred several years ago was the increase of the ASUNM's President from 2.5 to 3.0 at the time of their candidacy. No discussion has occurred recently on whether the six credit hour standard is a sufficient requirement; however, a discussion and change to that requirement could occur in the future.

**Motion to approve the ASUNM Constitutional Amendments passed unanimously with a quorum of Regents present and voting (1<sup>st</sup> Overton, 2<sup>nd</sup> James).**

6. Form D – MS in Information Systems and Assurance Program Proposal

Stephen Burd gave the presentation. Regents' approval was requested for the Form D, MS in Information Systems and Assurance Program Proposal. Mr. Burd stated that Information Systems involves development and system administration. Information Assurance involves cyber, computer, and network security, as well as policy and implementation within an organization, IT compliance, forensic investigations, and IT auditing and internal control.

The Anderson School of Management (ASM) currently has an MBA degree with two concentrations, one in Information Systems since 1980, and one in Information Assurance since 2008. Statistics from the Bureau of Labor Statistics, Occupational Outlook shows that there is very strong demand, locally and nationally, for these positions with relatively high salaries. With the current program there are three shortcomings, the first is that the MBA is essentially a generalist degree with specialties in the form of a concentration; there are 12 MBA concentrations at UNM. The second issue is in regards to overlap as many students wind up working in the system or network administration field and need a fair amount of knowledge in cyber security and basic IT fields. The final issue is difficulty in attracting computer science and electrical or computer engineering students to the program. The 10 course management core usually discourages them from pursuing the program because the lack of technical courses. The reason for the new program is to overcome these three issues and change the balance of coursework between general management courses and technology courses. This program will also attract more students from engineering and computer science.

The Master of Science (MS) in Information Systems and Assurance Program is a stand-alone MS that will be replacing the two concentrations of Information Systems and Information Assurance within the MBA. It is a traditional master's program with 32 credit hours, but some students who are lacking background may be encouraged to take additional courses. As this is more of a replacement for an existing program no additional funds are needed to start this program. The resources, such as faculty, to offer this program are essentially already existing, there are approximately six with ASM, three in Computer Science, and two in Electrical and Computer Engineering. The courses are also already in existence and the student demand is there. In addition, this program recovers its costs through tuition and fee dollars that are generated. This program is relatively unique in the country, and there are few programs that combine Information Systems and Information Assurance in a flexible way.

In response to Regent inquiry, we are not doing away with the entire MBA but are doing away with two of its concentrations and moving all of that demand to the MS program. However, the two MBA concentrations will remain in place for a few years to allow any students who want to complete and graduate under that program the opportunity to do so. Provost Abdallah stated that he approves of this new program and stated that it is unique to the University. There are no plans to advertise the program nationally but Mr. Burd feels that it could draw substantial out-of-state interest, and the majority of the courses are taken online. However, the program is already full meeting local demand. In the future if more resources were allocated to the program, they would attempt to draw more out-of-state students.

**Motion to approve the Form D – MS in Information Systems and Assurance Program Proposal passed unanimously (1<sup>st</sup> Overton, 2<sup>nd</sup> James).**

Information Items – agenda item 9 (ASAR)

7. (Item 7, Course Fee Annual Update, was previously taken off the agenda)
8. (Item 8, STEM Gateway and STEM UP Grants, was previously taken off the agenda)
9. Albuquerque Institute of Math and Science (AIMS) National Blue Ribbon School



Kathy Sandoval-Snider, director of AIMS, gave the presentation and gave a brief history of the charter school. AIMS initially opened in 2005 as High Tech High Albuquerque, Ms. Sandoval-Snider was hired in 2006 and changed the mission and name of the charter to Albuquerque Institute of Math and Science (AIMS). She was involved in the affiliation of UNM with AIMS and made a promise to the Regents to improve the school. With grades 6 through 12, enrollment grew and reading and math levels increased. AIMS was named a National Blue Ribbon School in 2013, one of 12 charter schools, and is ranked 48<sup>th</sup> in the nation for rigor of curriculum out of both public and private schools. AIMS was also listed as one of Newsweek's best high schools in the nation in 2013. Ms. Sandoval-Snider credited the charter's success to AIMS' evaluation system, which was developed in 2008 based on trends and reforms occurring across the country in education. The teacher evaluation is based on four items, Student Based Analysis 50%, Classroom Observation 25%, Teacher Research 15%, and Student Survey 10%. Student data is tracked over a period of years, from grade 6 to 12 to pinpoint areas of need, and teachers work together with administrators to facilitate growth. Currently, the demand far exceeds the housing available on South Campus. Right now, there are 40 to 45 applicants for every slot and this year there were five slots available. There is a sibling rule that allows for siblings of current/former students to have admission to the school, which is taking up most available slots. AIMS received a Daniel's Grant last year in order to replicate this successful program, with the hopes of creating an AIMS charter at UNM West in the near future. In response to Regent inquiry, they are currently in discussion for the creation of a new charter. The current charter agreement is an actual agreement with the State of New Mexico and includes an affiliation with UNM. AIMS has a dual enrollment requirement which means that students are required to graduate with 30 credit hours of college courses; however many graduate with close to 50 credit hours and one student had completed 96 credit hours. These college courses are at no cost to the students. Ms. Sandoval-Snider stated the Board of Regents was instrumental in the creation and success of AIMS. If the Regents' had not been visionary and willing to take a chance, AIMS would not exist. Ms. Sandoval-Snider presented AIMS' plaque for the National Blue Ribbon School to the Board of Regents.

Senator Daniel Ivey-Soto, legal counsel for AIMS, was introduced to the Board. Senator Ivey-Soto stated that AIMS is a great example of success when you have a focused educational community and a strong educational leader. As education reform is being discussed in New Mexico, one thing that is often overlooked is the crucial role of educational leadership in terms of setting the tone and standard for excellence. The success at AIMS is something the State of New Mexico and the rest of the country can learn from. There have been members of Congress who have come to AIMS and have toured and asked questions to learn from its successes. It is a great school and a great affiliation with the University. Senator Ivey-Soto stated that UNM is doing a fantastic job also collaborating with the State of New Mexico.

Regent James thanked and commended Ms. Sandoval-Snider and Senator Ivey-Soto for their efforts with AIMS and stated that he was astounded by the data and success. Regent James spoke at a graduation ceremony for AIMS a few years ago and receives updates periodically. He is pleased with the development of a teacher evaluation system that is collaborative and works with teachers to improve their abilities. Regent James is pleased that discussions are taking place with Provost Abdallah regarding new initiatives, and he hopes to see more involvement from AIMS in discussions going on around the state regarding education reform.

Regent Overton stated that she appreciates the efforts of AIMS and she would be interested in replicating this successful model in the future.

10. (Item 10, Equity and Inclusion Survey results, was previously taken off the agenda.)

#### AUDIT COMMITTEE, Regent Gene Gallegos, Chair

##### Action Item – agenda item 1 (Audit)

##### 1. FY13 External Financial Audit Report

John Kennedy, Brandon Fryer, Cynthia Reinhart, Liz Metzger gave the presentation. Requesting Regents' approval of the FY13 External Financial Audit Report. Mr. Kennedy, KPMG Auditor, stated that he was the lead partner on the audit for Main Campus and Mr. Fryer, Moss Adams Auditor, was a lead partner on the Clinical Operations. Ms. Reinhart, KPMG Auditor, also assisted Mr. Kennedy principally on the post-employment benefit issue. In addition, the UNM Foundation, Lobo Energy, Lobo Development and the Lobo Club were also audited. Mr. Kennedy stated that Ms. Metzger, University Controller, and her staff draft the entire set of financial statements, which is not an easy task because it is so vast but they do an excellent job.

Financial statement audits are audits conducted in accordance with General Accepted Auditing Standards, Government Auditing Standards, and comply with the New Mexico State Audit Rule. An audit was also conducted on the Research and Development (R&D) cluster, a STEM Grant that was awarded to the Valencia Campus, and on some HUD guarantees for some loan products for construction activities with SRMC and UNMH.

The results of the audit show an unmodified opinion for all entities across the University, which includes the Hospital/Clinical Operations and all the component units. Relative to the single audit, there were no significant issues; it was an unmodified opinion on all of the single audits. There were no significant control issues identified. We also had no single audit findings relative to non-compliance with the grant requirements. For Internal Control Reports, there were no issues identified there that need to be reported and no significant deficiencies. There were a couple minor issues out of some component units reported, such as at Lobo Development relative to Journal Entry approval and the lack of oversight. It was not seen as a significant issue because audit work was done around it, but it was something identified. It was reported to the management committee and has already been addressed and remediated.

On SRMC specifically, in the prior year, there were a couple of significant items reported. One significant deficiency and one material weakness. Every year the audit team goes in and updates those issues to see what the progress was. Both of those issues were corrected during the year and have been completely remediated and cleared through this year's audit. Two other findings were reported on the Clinical Operations side, one on SRMC Equipment and Real Property Management. It was the first full year of operations and a lot of their policies and procedures are underway now. A physical inventory had not been conducted of fixed assets and had not been reconciled to the accounted balances. Every year unpredictable testing is done on something outside the norm and Charity Care Disclosures were targeted as is a sensitive area. Some exceptions were noted, specifically involving an illegal resident qualifying for Charity Care. It was recommended that they look over their registration process over that Charity Care program.

The audits were all submitted to the State Auditor on October 22, 2013. The process is that the audit is submitted to the State Auditor who reviews them and provides back comments, which they did and those have been addressed and cleared. The final statements have been delivered in early November and release letters have been received. They are now public record.

In response to Regent inquiry regarding GASBY 68 and the Medicaid expansions effect on the balance sheet, is that GASBY 68 is going to do is push underfunded liabilities down to the various entities that participate. It is coming in 2015 and is significant with some additional liabilities that will reflect in the books and records that do not reside there at that point in time. Ms. Reinhart estimates around \$150 million. An explanation of GASBY was provided, which is a non-profit organization funded through donations and established by the entity that sets Generally Accepted Accounting Principles in the government. On the Medicaid expansion in 2014, up to 138% of the Federal poverty level would be covered so much of the Charity Care would be converting over to Medicaid. Dr. Roth stated in regards to the Medicaid expansion that analysis is currently being done to get an idea of the impact it will have on HSC. However, it is correct that the bulk of the Charity Care would be converting over to Medicaid. It is unclear as to what the

exact reimbursement is going to be. The ACA also mandates the elimination of other payments to teaching hospitals. HSC currently enjoys a revenue stream from CMS that is called the Disproportionate Share that relate to the amount of Charity Care that teaching public hospitals provide. The Upper Payment Limits are also a disappearing revenue stream. UNMH has received one-time upper payment limits of about \$20 million. It would be another year or two before the true impact on the health system is realized.

The establishment of the VEBA Trust was discussed in terms of what it accomplished. It mandated the portion of employee contributions, the amounts the employees would pay, to go into that Trust to pay for the health care costs. It also mandated that there would be an employer contribution that would go into the payment of insurance premiums as well as the costs of the actual insurance. The principle of fundamental difference, there were several conversations around the creation of the VEBA Trust and the use of a 7% discount rate. The plan was put in place to eventually get the Trust funded albeit over a long period of time, whereas previously in the previous fiscal years financial statements, that discount rate was about 4-4½% out. The higher the discount rate, the lower the amount of the unfunded obligation, so effectively, the University's financial statements reflect the pick up or a reduction of a future liability that is being amortized. These are estimates as the actual results will be dependent on health care trend rate, what happens with health care reform, in terms the number of factors outside the University's control, all of it will impact the obligation that is reported. The financial statements currently reflect that future liability has come down as a result of the use of that higher discount rate. This is an aggressive projection rate for the return on a fund that you want to manage conservatively.

Regent Overton inquired about the ERA with the possibility of it becoming a liability held by the University in 2015, and any possibility of a similar trust model put into place similar to the VEBA. Mr. Kennedy stated that there is likely not a similar option for a state benefit line because there are so many different entities participating. It is an issue that New Mexico and states across the country are dealing with. UNM is more proactive than many by establishing the VEBA for accrued health care liability. The issue regarding ERA leaves UNM at the mercy of the state. Clarification was also requested in regards to component units that are held on the University's books, if any new LLCs or corporations were developed they would also be held on the University's books as well, specifically if it were under Lobo Development Corporation. Mr. Kennedy stated that is correct, to the extent that new organizations are established at the University, they would get evaluated in connection with the GASBY standards and arrive on the University's financial statements. Currently, they are particularly discreetly presented component units, which mean they are on a separate column, apart from the university, and have a schedule in the back that shows each of those individually. For instance, SRMC is the most recent of those entities that was established, and it is in fact presented in financial statements as a discreetly presented component unit. Lobo Development follows GASBY standards and is carried into the University's financial statements. The guidance is intended to prevent the establishment of a side organization.

**The Motion to approve the FY13 External Financial Audit Report passed unanimously with a quorum of Regents present and voting (1<sup>st</sup> Gallegos, 2<sup>nd</sup> James).**

#### Information Item – agenda item 2 (Audit)

##### 2. Update on HSC Code of Ethics

Stuart Freedman, HSC Compliance staff, stated that it is an honor to come before the Board and present on the process of developing a code of ethics at the HSC. The metaphor of a lighthouse was used to describe a code of ethics because it is a fixed object that shines a beacon out on the water for troubled sailors to come ashore safely. A code of ethics can be seen as a shining beacon of light to provide behaviors that employees can embrace through troubled waters, especially as there are many changes occurring in the health care field. Monica Wilson, HSC Compliance staff, who found

difficulty in understanding the previous code of conduct requested to revise it into a code of ethics. The goal was to create a best in class model for a code of ethics that other academic medical centers can embrace and mimic across the country. The three C's were utilized in this process, which are customer service, collaboration, and communication to create a code that can be understood by all HSC employees.

Ms. Wilson discussed her process in developing the HSC code of ethics, which took a year to accomplish. The previous code of conduct was legalistic originally created by a lawyer and difficult to understand. She ultimately began this process on the assumption that HSC employees come to work and want to do the right thing for patients, students and the community every day. The goal was to create a value based best in class code of ethics for HSC that was built on the idea of facilitating people's desire to do the right thing. First, she identified best practice and reviewed codes that were considered best of class in their industries. Essentially, these best practices could easily be ported to a University-wide code of ethics. The previous code of conduct was written like a policy and was a 3-page wall of text. The new code follows the standard, which is to have it look like a handbook. Readability was a big area as the previous code had a post-graduate reading level. Ms. Wilson coordinated with the readability staff at the Hospital and got the new code down to a 10<sup>th</sup> grade reading level. The new code is ethics driven and value based which emphasizes doing the right thing and is personal relating to people taking pride in their work. It is recommended to update the code every three years to stay up to date.

Major content changes to the new code include adding testimonials from Chancellor Roth and other HSC administration to demonstrate leadership commitment. Some areas that were felt better to be included in the University's main code of ethics was regarding academic issues and FERPA. The HSC code of ethics is available on the HSC Compliance website, as well as on the University HSC's Policy Portal. Ms. Wilson has met with Anne Murray and Pamina Deustch who are spearheading the efforts to develop a code of conduct on Main Campus. She gave them an outline to follow and included issues that came up during vetting sessions and has made herself available to aid in getting the project started.

#### COMMENTS FROM REGENTS' ADVISORS (reports received are included in BOR E-Book)

UNM Foundation, President Carl Alongi, Former UNM Foundation President Gary Gordon presented on behalf of Carl Alongi. Mr. Gordon gave a brief update on the Foundation and stated that things are going well with the Foundation and the last quarterly meeting was held in November. The newest trustee is Steve Mitchell, who is also giving the Fall 2013 commencement address. Overall gift commitments for the Changing Worlds campaign stand at over \$590 million, which is over 88% of the goal. Last year the goal of \$80 million was exceeded by a little over \$1.5 million. Meeting the goals tend to be dependent on a few key gifts every year, but all are important no matter the size. The markets have also been positive this year, up almost 12% in September for the consolidated fund.

Staff Council, President Gene Henley, President Henley stated that the staff highlight for the fall semester is the Gerald W. May outstanding staff award presentations. The University established an endowment through funds earmarked by past president Gerald W. May for staff recognition. At the end of his tenure, the Regents' Endowment Fund contributed a matching amount in recognition of his service and assistance in creating the UNM Staff Council. Income from the endowment is used by the Office of the President to recognize outstanding staff members that have made significant contributions to the University.

Faculty Senate, President Richard Holder, President Holder stated that UNM West has had significant progress and it is currently being reviewed as to hiring dedicated faculty for that campus. The Faculty Senate would be interested in assisting in that and helping the academic units to make sure those faculty members are hired under with the same standards as the Main Campus faculty. Dr. Holder noticed the approval of degree candidates comes in two requests now and is unsure when that change occurred. It is required that Faculty Senate approval all degree candidates, so at some point Faculty Senate needs to approve all of the degree candidates. Chancellor Roth stated that he will meet with Dr. Holder to ensure that all policies are

## Board of Regents Meeting Minutes

being followed. Dr. Holder was unable to make the special BOR meeting on December 6 regarding Innovate ABQ, but learned that there was no opportunity for Faculty to make comments. He would like the Board to know that at the next meeting Faculty would like the opportunity to speak. Regent Koch stated that the Regents want to hear from the faculty on Innovate ABQ and requested that Dorothy Rodriguez provide Dr. Holder with a copy of Innovate ABQ materials.

ASUNM, President Isaac Romero, President Romero stated in response to earlier discussions about ASUNM requirements, that he is currently taking 15 credit hours and enrolled in 17 credit hours for next semester. Student body presidents around New Mexico will be engaging in a conference call to discuss the Lottery Scholarship, and a proposal will be submitted for the Legislative session that students will lobby for. President Romero will keep the Board updated on those efforts. Capital Outlay projects are being compiled and include recycling, skateboard racks, and potential updates to Johnson field. Specifically pertaining to Johnson field updates, a fund is being created within Student Government to save funds over the next few years to accomplish that.

UNM Alumni Association, Report in BOR E-Book.

PUBLIC COMMENT (there was no public comment during this time)

VOTE TO CLOSE THE MEETING AND TO PROCEED IN EXECUTIVE SESSION

**Motion to close the meeting and proceed into Executive Session passed unanimously with a quorum of Regents present and voting (1<sup>st</sup> Gallegos, 2<sup>nd</sup> Overton).**

**The meeting closed at 11:33 a.m.**

Executive Session 11:34 a.m. – 1:16 p.m. in the Cherry Silver Room

1. Discussion and determination where appropriate of limited personnel matters pursuant to Section 10-15-1.H (2), 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 the purchase, acquisition or disposal of real property pursuant to Section 10-15-1.H (8), NMSA (1978)

**Motion to open the meeting passed unanimously and there was certification that only those matters described in the Executive Session agenda were discussed in closed session and there were no items upon which to take final action in open session (1<sup>st</sup> James, 2<sup>nd</sup> Koch).**

**The meeting opened at 1:17 p.m.**

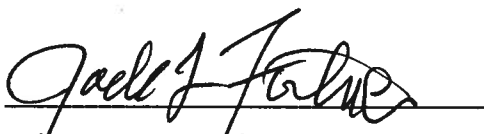
VOTE TO ADJOURN

**Motion to adjourn the meeting passed unanimously (1<sup>st</sup> Koch, 2<sup>nd</sup> Quillen).**

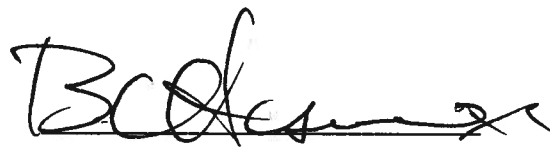
**The meeting adjourned at 1:18 p.m.**

Approved:

Attest:



Jack L. Fortner, President



Bradley C. Hosmer, Secretary/Treasurer