

**Minutes of the Regular Meeting of the Board of Regents of the University of New Mexico
February 13, 2018
Student Union Building (SUB) – Main Campus
Open Session - Ballroom C**

Members present

Robert M. Doughty, President; Marron Lee, Vice President; Tom Clifford, Secretary Treasurer; Alex O. Romero; Garrett Adcock; Brad Hosmer; Suzanne Quillen

Administration present

Chaouki Abdallah, Interim President; David Harris, EVP for Administration, COO, CFO; Paul Roth, Chancellor for Health Sciences; Richard Wood, Interim Provost and EVP for Academic Affairs; Michael Richards, Vice Chancellor for Clinical Affairs, UNM HSC; Lawrence Roybal, Interim VP for Equity and Inclusion; Eddie Nuñez, Athletics Director; Elsa Cole, University Counsel; Dorothy Anderson, VP HR; Ava Lovell, HSC Sr. Exec. Officer of Finance and Administration; Patricia Henning, AVP Research and Economic Development; Dana Allen, VP Alumni Relations; Eliseo 'Cheo' Torres, VP Student Affairs; Elizabeth 'Libby' Washburn, President's Chief of Staff; Liz Metzger, Controller; Pamina Deutsch, Director, Policy Office

Regents' Advisors present

Danalle Callan, Staff Council President; Harold Lavender, Alumni Association Board Chair; Pamela Pyle, Faculty Senate President; Noah Brooks, ASUNM President; Trajuan Briggs, GPSA Chief of Staff; Steve Borbas, Retiree Association President-Elect

Presenters in attendance

Chris Vallejos, AVP, ISS; Melanie Sparks, Exec. Director, ISS; Lisa Marbury, Exec. Director, ISS; Carla Domenici, Director, Safety and Risk Services; Wayne Sullivan, Director of Residence Life and Student Housing; Dorothy Anderson, VP HR; Eric Weinstein, AON; Norma Allen, Director, OPBA; Vahid Staples, Budget Officer, OPBA; Nicole Dopson, Director, Financial Operations; Lisa Kuuttila, President & CEO, STC.UNM; Joey Evans, HR Benefits Manager; Mark Tyndall, Account Executive, AON

Others in attendance

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

CALL TO ORDER, CONFIRMATION OF A QUORUM, ADOPTION OF THE AGENDA

Regent President Rob Doughty called the meeting to order at 9:06 AM, confirmed a quorum, and asked for a motion to approve the agenda.

The motion to adopt the agenda passed unanimously (1st Lee; 2nd Hosmer).

APPROVAL OF MINUTES

The motion to approve the minutes of the January 16, 2018 regular meeting of the Board of Regents passed unanimously (1st Lee; 2nd Adcock).

PUBLIC COMMENT

Pamela Pyle spoke to the agenda item, Enhanced Athletic Fiscal Oversight Submission to the HED: Faculty are not against Athletics; many enjoy the vitality they bring to the University and the opportunities they provide for our students. We are more concerned that by actions and words, the Regents make it clear they do not value academics. The sacrifices made over the last 10 years and those that continue to be made are on the verge of devastating our fundamental mission to provide quality academic programs for our students and world-class research for our State and our various global communities. This is a pivotal moment I believe in our university budgetary discussions. The mere suggestion to forgive the athletic debt speaks to a fundamental conflict with what many of us believe should be our primary mission. As you all move forward in response to Secretary of Higher Education, Barbara Damon's, directive to have UNM formally address its athletic debt, the faculty want their voices to be heard by the board in what we value and view as the priorities of our institution. I will repeat, our constituents are deeply troubled by the seeming lack of regard for the sacrifices that the academic units have made on a continual basis. I know I have a minute left at least, so I will read to you just a couple of over 25 emails from faculty. [Ms. Pyle read several emails/excerpts of emails from faculty.] So this folder is full of people's responses to that. If you need it, I'll give it to you redacted later on, but I needed to speak on this. Thank you very much for your time.

Regent Doughty: Actually, I had some questions for you. So what is the faculty's position on the UNM Press?

Ms. Pyle: I agree with you that we should look at both of them. I do not believe in forgiving debt wholeheartedly, so that is my personal...

Regent Doughty: So what is faculty's position, that they do not want UNM Press' debt forgiven either?

Ms. Pyle: I don't think anyone is for absolute debt relief unless you do it for all our departments. That's the position I think we would take, but can take that out to everybody.

Regent Doughty: Ok, because that would have been good to know, because that was part of my discussion to....

Ms. Pyle: It's hard, but let me be clear about that. That (UNM Press) is something that is oftentimes subsidized part of the University, so I don't believe no subsidy is appropriate for that. I'm not aware that athletics is a subsidized part of the University in a general basis since our primary academic mission is an academic mission, and athletics is a support service.

Doughty: Do you know the answer to that question, David?

David Harris: I didn't catch it, could you repeat it?

Ms. Pyle: Talking about the Press is traditionally subsidized in all major universities, to a certain extent. I'm not talking about forgiveness, I'm talking about subsidies going forward. But athletics, I don't believe they are the same level of subsidy, and what we are focusing on right now is the academic mission.

David Harris: I believe, you know, in the research we've done, Eddie probably knows more about that. And I know that Melanie knows a lot in her research about the Press. Typically, university press operations in the country have to have a subsidy to operate in a balanced manner. In terms of athletics, I don't know that there's any set model, anywhere. I think, you know, when we interviewed Athletic Director Nunez, he indicated that at his former school, they actually gave money from athletics to support the academic mission. So I don't know that there is any single answer to that.

Ms. Pyle: Anything else, Regent Doughty?

Regent Doughty: No, thank you.

Kathryn Watkins, Member, Faculty Senate, Associate Professor, College of Education, also spoke to the agenda item, Enhanced Athletic Fiscal Oversight Submission to the HED: Thank you to the regents and to the leadership for allowing me to speak today. I appreciate that. I am Dr. Kathryn Watkins, from the College of Education. This semester, the College of Education faculty members have spent approximately 14 hours in meetings, discussing the budget that we will have to exist in over the next academic year. Those meetings have been difficult for all of us, because we have to make economies in order for our college to function. Some economies have been made that may impact the quality of the mission that we offer to the University. Still, we are committed as a group to acting in a fiscally responsible way so that we have a budget that we can operate within and still support the development of the College of Education and the future of the children of New Mexico. I came here to speak about the forgiveness of the debt of the Athletic department. It sends the message that fiscal irresponsibility is acceptable for some who appear to be important, while others are not important. I urge the regents to not send that message to faculty members who are already stressed and trying very hard to do more with less. The mission of this university is to provide students with values, habits of mind, knowledge and skills to be enlightened citizens, to contribute to the state and national economies. Forgiveness of debt accrued over years of poor management does not support that mission. I want to thank you for allowing me to speak, but I do want you to recognize that the faculty have unanimously, in my particular college, said that they are distressed by this particular notion of the forgiveness of debt. Thank you for letting me speak.

Coffee Brown, Faculty Council President, HSC, Academic Affairs, Senior Lecturer III, Emergency Medicine, EMS Academy, commented on the agenda item, Enhanced Athletic Fiscal Oversight submission to the HED: There is not presently a faculty versus athletics mentality that I am aware of. Athlete scholars are positive models. Still, very few athletes will go on to make a living as professional athletes. Those who do will seldom last more than a few years and those who leave sports may not be well prepared for the professions they degree in. By contrast, nearly all of our academic graduates will succeed professionally far into the future, taking the State's economy with them, whether directly or indirectly. Monies lost to athletics are lost from athletic. If the \$6 million total debt were repaid into the general coffers, we could almost be in the black for the first time in a while. We have been told every single day since I have been working here in 2010 to tighten our belts, do more with less, suck it up, yet we hemorrhage money into intermural sports. It is not necessarily desirable to demean athletics, but our core objective is to prepare students to be competent professionals and community leaders. It is not a matter of worthy versus unworthy, but of priorities. We ask that your prioritize education over entertainment.

Maddie Nguyen, Coordinator, Residence Life Community, currently a resident advisor in Coronado Hall, spoke in favor of the Coronado Hall renovation on the agenda for approval. The students said the renovations early in the year for the bathrooms was very successful.

Gus Pedrotty, former RA at Coronado Hall, and Sara Collins, Senior undergraduate student in the College of Arts and Sciences and Resident Life Hall Coordinator, both spoke in favor of the Taproom agenda item and the Coronado Hall renovation agenda item, both items on the agenda for approval.

Lawrence Roybal, Interim VP for Equity and Inclusion thanked those involved in reaffirming the University of New Mexico's commitment to diversity, equity and inclusion. UNM is commemorating Black History month, and Dr. Roybal, thanked

Scott Carreathers, the Director of African American Student Services and Dr. Charles Becknell, Director of Africana Studies, for their leadership along with student organizations and campus partner who are putting together an arrangement of activities throughout this month. Dr. Roybal recognized Dr. Harold Bailey and the Albuquerque Chapter of the NAACP, Yvette Kaufman-Bell, Executive Director of the NM Office of African American Affairs (NMOAAA), and the Albuquerque Chapter of the Links, Incorporated for their continued support.

REGENT ADVISORS COMMENTS

Noah Brooks, President, ASUNM, reported that ASUNM, as a whole, supports both the Taproom and Coronado Hall renovation agenda items and expressed thanks to the students who spoke in favor of those today. Mr. Brooks spoke about the subjects of debt forgiveness for athletics and UNM Press. As students, it was disheartening to hear that news because it shows that students are not the priority here at UNM, and that academics are not being prioritized, and that students are not being prioritized. On top of that, student involvement and resource centers here could also benefit greatly from this money that would be given to athletics or to UNM Press or to any department here on campus. And if we are in the business of forgiving loans, then we should be looking at forgiving the loans the University has given to students, because those loans are loans that are going to effect the students for the rest of their lives. And collectively as a university, we should be fighting for student loan forgiveness, if that's the business that we are in. This money could be going back to so many academic units across campus and to so many student involvements. At the last budget summit, we had to find a way to make up \$8 million, and \$4 million of those dollars came out of students' pockets, and the other \$4 million came from cuts across the University. If we are just going to be forgiving \$4.7 million, or \$7 million, then it shows that you all are comfortable with raising student tuition and cutting faculty jobs, but not holding those who mismanage money accountable for their actions. And so I guess I would just ask that the forgiveness of any debt across campus to not happen.

Regent Doughty responded that he wanted go on the record again this year that he is absolutely against raising tuition.

Mr. Brooks clarified that tuition was raised last year, and then to forgive \$4.7 million, or any amount of debt forgiven in the following year after a tuition hike just shows to himself that students are not a priority.

COMMENTS FROM REGENTS

Regent Quillen: I don't make many regent comments, and this is my fifth year, so allow me to take a few minutes of the years that I haven't said anything. Each year I address the graduating class of the UNM Nursing students. In front of their families, their friends and our faculty, I talk to them about how they are the future to hold accountability for our hospitals, and our healthcare system, and the profession of nursing. I talk to them about the importance of speaking up when that culture is not present. Last week I received a notecard from one of the recent graduates, [Dear Regent Quillen, you spoke at my nursing graduation last year, you challenged us to speak up. Guess what? It's really hard to do. But I saw something happen that involved a physician that was wrong, and I spoke up. I am now the youngest chair of our hospital's ethics committee. Thank you, on and on.] So today, I'm remembering that new nurse and heading my own words. We just approved minutes that included Regent Romero's words last month regarding the importance of trust and respect among regents. We all probably read President Abdallah's statement regarding cultural accountability. We are a board of seven regents for a reason, and that reason is the New Mexico Constitution. Our very first Regent Policy, 1.1, outlines our scope, and it states the regents are responsible for the governance of the University of New Mexico. This responsibility is exercised only by the board as a unit. Individual regents are without power to act separately and to transact university business, except when one of the board's officers is specifically authorized to act on behalf of the board. Our unit is made up of seven. Seven regents. A coalition of a few individuals does not count. The three officers of the board are regent committee chairs. Our policies also state, the President of the Board of Regents shall consult with the Board of Regents concerning appointments to committees. Information is not being moved forward in a manner that includes the full board. Our regent meetings have become primarily a consent agenda with little public discussion, in my opinion. As regents whose job it is to govern and establish goals and policies to guide the University, we are failing. We have not met regarding a strategic plan since 2016; we have never set a date to hear President Abdallah's re-engineering plan after repeated requests from him to do so; Regent Romero has requested publicly and privately for a regent retreat since he began nearly a year ago now. Dates have been set, dates have been cancelled. The Regents' Policy Manual has not been voted on after a year of attempts. We were close today, but again, individuals attempted to change significant policies without full board discussion, so here we sit, another month with decade-old policies needing our approval. As a board, as a unit, as our policy states, we must address these critical issues facing us all, whether it's athletics, tuition, our budget deficits, and we need to begin role-modeling the culture that we are demanding of others at our university. We are all looking really forward to our new president starting. Her success, like our past presidents', is largely dependent on the cohesiveness of this full board of regents that she is going to count on for support and during difficult times. So I guess what I'm asking for today is that we again attempt to come together as a full board and start anew to address the critical issues facing this university, as a board of seven. At least it's a start, thank you.

Regent Romero: Mr. President. So, I was not aware of Regent Quillen's comments today, but I have a quick comment of my own, and I say it respectfully, sir. And the comment is, we need to talk, it's not happening. This is my seventh month, and I have served on many boards and commissions over the years. We have a lot of responsibility. The comment about our responsibility to the students, to our community, to the State of New Mexico, to the people in this room is huge. And especially, as I pointed out earlier on January 10, that we have a huge responsibility to ensure the success of Dr. Stokes. I cannot imagine any board being successful without conversation. We have talented board members. The people around this table are extremely talented. We have a responsibility to communicate. It's very simple; we don't have to agree on everything, but we need to communicate. I want to give you an example, Mr. President, of your leadership and how it can work. After you went through the process of identifying the five finalists for the position of President, you led the effort with this board, and it was a very transparent and inclusive effort to identify Dr. Stokes as the finalist. It was a job well done. It was inclusive of all constituencies, everybody came to the table and they were all heard. So I commend you for that and I ask that you use that same talent to move us forward in dealing with these issues that are before us in a professional manner. You have the talent and ability to do that and I ask that you do that, sir.

Regent Hosmer: If I may. As has been pointed out, and everyone in this room knows, we're soon to have a new president. We all want to help make her the best UNM president, and this university, the best university it can be. Our part in that as regents is to provide good governance. Since we've not been able to review the basics of what constitutes good governance for quite some time, I will do a little of that right now. The board acts as a single unit. Individual regents have not authority, as we know. We all have a fiduciary duty to the University, and it is set out in law what that means. It includes a duty of loyalty, which means the interests of the University come before all others, including our own. It includes a duty of care, which means we set aside competing personal or professional interests. It includes a duty of compliance, which means we act to fulfill UNM purpose and mission and that's a priority for all of us. The board has authority as a unit only so that it acts only after different perspectives of regents have been integrated into constructive decisions. That's what boards are about, taking different perspectives and blending them together into the most constructive possible solutions. The burden of fiduciary duty makes it important in my view that outside interests and agendas not have any weight in university actions, that is, governance actions. There are two conclusions that follow from this it seems to me. One is it's important that other entities that have an interest in UNM actions not intrude. It follows in my opinion that a person deriving income from the state government, either personal or family, should serve as a regent. The second conclusion is, if a regent momentarily forgets these basics, and acts as an individual, any UNM person is free to ask if the board has made that decision. If not, ask to wait until it does. To conclude, we have major issues to consider, and we need to consider them to help President Stokes move on. For example, what should UNM be in 20 years? What should it look like? What should the HSC have achieved in health for New Mexicans? What are our priorities? How can the regents provide the best possible governance for UNM? This is important work; we need to get on with it! And I ask my colleagues to join me in that effort.

THE PRESIDENT'S ADMINISTRATIVE REPORT

President Abdallah's report began with a legislative update. At the start of the legislative process, both the executive and legislative bodies were recommending no new funding for higher education, and GEO Bonds of approximately \$16 million for UNM. Due to supporters in the legislature, EVP Harris, faculty, students and many others who advocated for UNM, the legislature now recommends 2% for Instruction and General (I&G) as well as 4% for performance-based funding, or approximately \$4 million of new funding for Main Campus. The additional 2% recommendation is for compensation for state employees, which results in approximately \$1 million for I&G staff. For every dollar, the state provides \$0.47, so UNM will have to find the additional funds, but the increase is a welcome change. There was also a recommendation of \$500K for the Office of the Medical Investigator and some funds for Suicide Prevention. Regarding bonds, UNM received \$16 million for the Chemistry building and an additional \$6.8 million for the ROTC building. The Taos branch campus received \$4.3 million, Gallup received \$5 million, and the Los Alamos campus received some funds as well. There are also STP bonds, which will provide \$2.66 million to UNM for infrastructure. This results in \$30.5 million in total funding, which will alleviate some pressures UNM is facing. Unfortunately, UNM was not successful in securing an additional I&G increase for the UNM Medical School.

Two lottery bills are yet to be determined. The first bill proposes decoupling tuition from the lottery scholarship, which UNM supports as long as it treats every sector the same. President Abdallah noted he supports tuition increases in order to assist those students who cannot pay for education. Last year, the lottery scholarship was cut by 30%, resulting essentially in a 30% tuition increase for some students. A tuition increase would help offset some of that, and we did see enrollment effects. There is also a lottery bill that eliminates the 30% mandate, but puts a floor of about 40 million.

President Abdallah introduced the 2017 National Champion Women's Cross-Country Team and Coach Franklin as an illustration of the best of UNM athletics and why athletics is important at UNM. He noted they have generated positive publicity for UNM. Athletics Director Eddie Nunez added that at a time when the Athletics Department is under scrutiny in other ways, it is important to note student athlete successes not just on the field, but in the classroom. The women's cross-country team was named the Scholar Team of the Year by USTRCCCA. This team is recognized as NCAA elite. Edna

Kurghat was named Scholar of the Year and the Men's Cross-Country Team was named Academic All-American. Regent Clifford thanked the team for representing the University wonderfully on the national stage and Coach Franklin for his dedication. He noted the Athletics Department supports academics on campus, and the team is an example of this. Regent Lee and Regent Dougherty expressed congratulations.

President Abdallah turned to the academic mission. UNM Press has moved under University Libraries, returning all editorial and other operations to New Mexico and is currently negotiating with a national organization for fulfilling orders and storing books. This item will be presented to the Regents for approval when ready. Significant progress has been made on the Honors College and Natural History Science Center renovations. UNM is in the RFPs process for architects and an update will be presented to the Finance & Facilities subcommittee.

Many universities are dealing with the issue of professors being targeted by national organizations for things said in class or actions taken in an official capacity. UNM is helping to shape the national dialogue on this issue. The Faculty Senate and Center for Teaching and Learning are sponsoring panels to discuss the rights of faculty and time how the University can support targeted professors who have exercised their rights. Some faculty members have been targeted specifically, sometimes the target is UNM itself. The Office of Assessment and Academic Program Review has been restructured in order to provide more effective consultation to units, and better access and archiving of reports and data via the UNM repository. The Office is also working on long-term college assessment reports for strategic use. President Abdallah expressed interest in working further with Regent Hosmer on this in his capacity at Student Affairs. Sonia Rankin was recently named an American Council on Education (ACE) Fellow. ACE is the gold standard for training for Academic Leadership – Dr. Rankin's fellowship is a prestigious honor and the University is happy to support her. President Abdallah expressed concerned about retention packages. He noted many faculty are leaving and taking jobs elsewhere. He noted nineteen faculty members from the College of Arts and Sciences have left this year. UNM is not able to match retirement and benefits packages elsewhere, and even in cases when UNM can match, it is sometimes not enough to retain faculty. He noted that losing faculty, along with the loss of revenues, makes it difficult to maintain the gains that UNM has made in the last few years.

President Abdallah turned to research highlights. Dr. Patricia L. Crown's research was recently honored at the Shanghai Archeological Forum. Only ten projects from all around the world were selected. Dr. Crown and her colleague have conducted a field project at Pueblo Bonito since 2004 and have received millions of dollars in external funding. President Abdallah highlighted a collaborative project between the Health Sciences Center and School of Engineering, both have pooled resources to solicit projects that can have applications for health but also be used in engineering and science. He acknowledged a team of students and a faculty member who designed a limitless socket to help reduce healing time between below-the-knee amputation surgery and mobility with prostheses. The student designs were led by an assistant professor in the Department of Orthopedics and Rehabilitation. President Abdallah noted that the more UNM's research has applications that are immediately seen and felt, the more return on investment the University will see. The School of Engineering is in discussions regarding collaborations with the Geriatrics Department and complex systems.

President Abdallah addressed restoring a culture of respect on campus. He noted that two or three years ago, campuses starting discussing the issues of balancing free speech with some groups feeling unheard or threatened. UNM maintains that the First Amendment is important and wants to ensure a space for our faculty and students to be able to disagree and discuss. To that end, the Dean of Students hosted a panel on free speech, rights and responsibilities. The Faculty Senate hosted a panel to raise awareness about free speech and civil discourse on campus. The point of the panels is to convene representatives from all sides of the issue to reclaim the University as a place where we can have difficult conversations and be able to teach as well as learn from them. There are future panels planned, with representation across the University, hosted by the Office of Academic Affairs. Dr. Abdallah noted that February is Black History Month, and UNM has held several celebrations, which will continue through the month, coordinated by African American Student Services and African American Studies along with outside groups.

Regarding the budget process, President Abdallah cautioned that despite funding from the legislature, UNM still faces a challenging situation and will still have to make cuts and will not be able to address retention packages and other pressing issues related to the Academic mission. He cautioned despite best efforts, UNM still falls short in funding the main mission. He noted what the University does with the money that it has is extremely important, and the investment made five years ago has made a UNM degree worth much more now. UNM's reputation and metrics have risen. He noted he will continue to caution as the Provost working closely with President Stokes, that simply limiting growth in some areas without actually having an overarching plan is not a good strategy.

Lastly, President Abdallah thanked everybody for their support during an exciting year. He added he hoped the community will give President Stokes an opportunity to take this University to its rightful place in the United States.

DISCUSSION AND POSSIBLE ACTION ON REGENTS' RECOGNITION OF SERVICE BY INTERIM PRESIDENT ABDALLAH

Regent President Doughty read the following statement and motion:

"As this meeting will be Chaouki Abdallah's last, in his role as interim president, I would formally like to thank him for his service to and leadership of The University of New Mexico since January of 2017. When Chaouki agreed to be acting president, while we conducted our search for the university's 22nd president, it was to be a short term assignment to keep the university on stable footing and lay the groundwork for a new leader. That five months turned into 14, and acting president turned into interim president. I think we can all agree that Chaouki has done so much more than merely keep the keep the University running. He has continued to advance UNM, from dealing with almost daily challenges to constructing a framework to re-engineer the University. His deep commitment to this institution and its people, vision for strong partnerships and student success, and thoughtful approach to listening to all voices have been hallmarks of his tenure. He has truly led this university through a significant chapter in its history. It is with great pleasure that I move to affirm Chaouki Abdallah as the University of New Mexico's 22nd president, as we welcome Garnett Stokes as our 23rd president."

The motion to affirm Chaouki Abdallah as the University of New Mexico's 22nd President and Garnett Stokes as 23rd President passed with a unanimous vote (1st Doughty; 2nd Hosmer).

ANNUAL DETERMINATION OF REASONABLE NOTICE OF MEETINGS

Regent President Doughty asked University Counsel, Elsa Cole, to present the item. This is to comply with Section 10-15-1(D) of Open Meetings Act (NMSA 1978). There was discussion.

- a. Affirmation of Regents' Policy 1.3 (Public Notice of Regents' Meetings)
- b. Affirmation of 2018 meeting calendar

The motion to affirm the Regents' Policy 1.3 and the 2018 meeting calendar passed with a unanimous vote (1st Lee; 2nd Adcock).

REGENT COMMITTEE REPORTSCONSENT DOCKET

Regent Doughty addressed the consent docket. Regent Hosmer requested the STC item be taken off the Consent Docket for discussion.

1. Health Sciences Center Committee (HSC) Consent Items, *Regent Marron Lee, Chair*
 - a. Approval of the UNM Hospitals Contracts with B. Braun Medical, Inc.
 - b. Approval of the UNM Hospitals Disposition of Assets
2. Finance and Facilities Committee (F&F) Consent Items, *Regent Marron Lee, Chair*
 - c. Approval of Quarterly Financial Actions Report and Certification through December 31, 2017 and Monthly Consolidated Financial Reports through December 31, 2017
 - d. Approval of Disposition of Surplus Property for Main Campus for January 2018
 - e. ~~Approval of FY17 Annual Report for STC UNM (removed from Consent Docket for discussion/action)~~

The motion to approve the items on the consent docket as amended passed unanimously (1st Lee; 2nd Hosmer).

ACADEMIC/STUDENT AFFAIRS AND RESEARCH COMMITTEEDivision of Equity and Inclusion, Task Force Report & Update (information item)

Interim Provost Richard Wood presented a summary of the report that was supplied in the eBook. Regent Hosmer thanked Professor Wood for leading this effort and for the report. It is substantive and very much goes to the heart of how to actually achieve change. On the practice of obtaining outside review, Regent Hosmer suggested a calendar for those reviews be established and reported and that the reports when available come through ASAR committee to the regents. Regent Romero congratulated Interim Provost Wood and added he had the pleasure of working with him on this project a little. The task force did a great job. This really is about the reality of embracing an attitude of inclusiveness and respect, and this applies to every person in every action in every day. He spoke about the opportunities the University has with a new President and new AD.

FINANCE AND FACILITIES COMMITTEEApproval of Enhanced Athletic Fiscal Oversight Program Report and Certification through December 31, 2017

Norma Allen, Vahid Staples and Liz Metzger presented the item. Ms. Allen asked for approval of the Enhanced Athletic Fiscal Oversight Report and Certification through December 31, 2017, as requested by the Higher Education Department.

HED supplied the template. The Budget Office and Liz Metzger, Financial Services Division, prepared the supplemental report in conjunction with the Fiscal Watch Oversight Report that Ms. Metzger submits quarterly to HED. Vahid Staples, Budget Officer, presented the schedules.

Mr. Staples stated that the normal quarterly report includes all funds for Athletics, but the supplemental report is only the Athletic Exhibit, or Exhibit 21. Mr. Staples referred to the summary spreadsheet (p. 238) that displays actuals through December, the original proposed budget, and the YTD increase/decrease variance report. Additional information following the spreadsheet breaks down information into the Basketball, Football, Other Men's Sports, Other Women's Sports, Utilities and Miscellaneous categories. Mr. Staples stated that further details on the increase/decrease column show revenues, with red figures indicating a positive variance, and expenses, with red figures indicating a negative variance. On the ending balance for each entities, red figures show a positive variance. The Deficit Reduction Plan section, required by the HED, reflects what is in the system currently based on UNM policies. He noted that there are other payment options currently in review. The Budget Office will present a final plan to the Board of Regents at the March meeting.

Regent Clifford praised the report noting it provides detail that he would like to see for all units. He inquired if this report was prepared annually. Mr. Staples responded that a similar report is prepared annually, but the current report is more specific. Regent Clifford asked to see the reports for other units in preparation for upcoming Budget discussions. He also requested more information regarding the deficit reduction plan, specifically detailed changes contributing to the targeted reduction figure specified. Mr. Staples indicated the targeted figure was provided by the Athletics Department and that more information can be provided. Regent Clifford inquired if the Athletics Department was included in the report preparation, and Mr. Staples affirmed he was in close contact with the Athletics CFO. He stated that moving forward, the Athletics CFO will present on a quarterly basis. Regent Clifford suggested that detailed information regarding variances also be provided in order to follow trends regarding the most important line items such as revenues, expenses, and salaries. Mr. Staples concurred.

Regent Romero commented the report was approved at the Finance & Facilities meeting and he agreed with Regent Clifford regarding obtaining information about the plan for reduction. He also stated that the deficit has been discussed extensively, and suggested that President Doughty appoint a subcommittee, working with University leadership, to review and create a recommendation of a few options for addressing the deficit. He suggested the subcommittee include Regent Clifford, and offered to serve as well. He stated he did not feel there currently existed a realistic plan for reduction, and that moving forward is necessary to allow the new Athletic Director the latitude he requires. Regent Lee agreed that the deficit reduction plan is critical. She noted there are retrospective and prospective problems to be addressed. UNM must determine a future course for Athletics that ensures this situation does not recur. Regent Lee noted that, with the exception of when Athletics Director Davalos left and Paul Krebs arrived, new Athletics Directors have faced a deficit. Regent Romero agreed and noted that both sources and uses of funds can be addressed and agreed with Regent Lee this is a tremendous opportunity to move forward. Regent Lee expressed she felt although response to HED was critical, it placed artificial pressures on the University in terms of timeline. She asked EVP Harris to elaborate on whether other proposals were being reviewed.

EVP Harris responded the administration has been very open-minded as to the multiple ways the deficit may be addressed. EVP Harris clarified that there is no debt obligation of the Athletics Department, as had been suggested in earlier commentary. He reiterated there is no promissory note and stated Athletics is a part of the University and leadership must unite to correct the situation.

Regent Quillen echoed Regent Romero's request for a subcommittee or focus group, stating she has heard some of the ideas and added that more dialogue about options would alleviate some campus anxiety about the issue.

Regent Doughty agreed but noted that the new CFO, with whom he has communicated, is still reviewing data and is not ready to present a concrete plan, but will do so when appropriate. He added the new Athletics Department leadership should be provided an opportunity to propose a plan first, and if a need ensued, a subcommittee could be formed. Regent Romero responded he felt that those were two different issues; that a plan for the AD and his team is one, and the issue of the running deficit is another. He reiterated his request for a subcommittee to include the Athletics Department leadership and others as well.

Regent Doughty stated he had read an article in the Albuquerque Journal the previous night regarding UNM Press' move under the Libraries. The article referenced an MOU that removed the debt from the Press in order to get a new beginning. He asked about the approval of the MOU and who approved the debt forgiveness. Provost Wood stated he signed the MOU, which was negotiated as part of solving UNM Press' ongoing deficit. He noted that a whole series of actions are contemplated in the MOU as has been known. Among them is moving UNM Press from the Office of the Provost to the Dean of the Library. In moving it to a new unit, UNM did not hold the Libraries responsible for the previous debt. The debt is still carried on the books within the University. Regent Doughty reiterated the Journal article stated the deficit will be

covered by internal UNM funds and will be absorbed into the budget and inquired why that was proposed for UNM Press. Mr. Staples responded he was not involved in that decision. President Abdallah stated the debt is not forgiven, but is carried on the books. He explained UNM Press is part of I&G and that even with the move, funds will have to be found for repayment, either with revenues from UNM press or from savings, or other sources. He expounded the difference between the two units is that Athletics receives its own allocation from the State and UNM Press does not. Both deficits will have to be absorbed, not forgiven. He also noted UNM Press has been under restructure and moving forward has pared down its expenses in an effort to pay back the deficit, cutting \$350K from their operations, and requesting \$350K from I&G so that they will not accrue more debt in the future.

Regent Clifford stated these issues are the result of an overly decentralized budgeting system. He noted the upcoming Budget report indicates that any number of units are operating with a deficit, not just Athletics and UNM Press. When a budget is decentralized, there is a loss of control in allocating resources across divisions, and there is not enough information about revenue and spending to be able to manage issues properly. Other divisions running with a \$0 balance at the end of the year will require subsidy, similar to Athletics, so the focus on Athletics is misplaced. In addition to being poor management practice, a disaggregated budget pits divisions against each other. He noted that the current campus discussion is a byproduct of a flawed process that needs to be radically revisited.

Regent Romero agreed and stated how EVP Harris and his team allocates resources as a whole is a function of the University as a whole; it is a University issue.

The motion to approve the Enhanced Athletic Fiscal Oversight Program Report passed with a vote of 6-0-1; Regents Adcock, Clifford, Hosmer, Lee, Quillen, Romero voted for; Regent Doughty abstained (1st Romero; 2nd Adcock).

Approval of FY19 Health Plan Premiums

Dorothy Anderson, Vice President for Human Resources, requested approval for health insurance premium increases for FY19. She introduced Joseph Evans, Human Resources Benefits Department Manager, and Mark Tyndall, a consultant with Aon. She also stated that Human Resources will make future presentations on reserves and on wellness initiatives and the wellness plan in response to Regent requests.

Mr. Evans presented the finalized premium increases. In January, preliminary increases were proposed of approximately 2.7%, which would have resulted in an additional cost to the medical plan of \$1.9 million, based on claims data through September 2017. The revised, finalized increase is roughly 1.75%.

Mr. Tyndall stated that previous actuarial assumptions were intentionally conservative and with review of claims data through December 2017, increases were revised to reflect changes in assumptions. \$1.2 million in anticipated claims from a high-cost claimant were in actuality not nearly as high and therefore removed. Aon was comfortable downshifting the trend assumption from 7 to 6.5%, and are comfortable using a 6% medical trend assumption moving forward. UNM was able to get better discounts and rebates than anticipated from the Aon pharmacy purchasing coalition, so that contributed as well. Aon is projecting a 1.75% increase, with \$780K from the University and the rest from employee contributions. Mr. Tyndall presented information on UNM's Medical Loss ratio, explaining that a for-profit insurance company desires that number to be as low as possible so that dollars not spent on claims become dividends, stock buybacks or investment back into the company. In contrast, UNM desires it to be as high as possible, so that employees are paying as low an amount for premiums as they can. UNM is running lean at a medical loss ratio of 93%, meaning 93 cents out of 100 put into the program goes to hospitals, and healthcare providers. Only 7% is administrative cost. Mr. Tyndall also showed how UNM's portion of the \$779K increase is spread across units, with about \$250K in I&G Main. Lastly, Mr. Tyndall showed the \$400K increase in employee contributions on a monthly basis, ranging from \$1.66 up to \$13 a month. He reiterated Aon does not like to recommend increases, but it is fiscally prudent to ensure that UNM receives enough funding to be able to pay claims.

The motion to approve the FY19 Health Plan Premiums passed with a unanimous vote (1st Romero; 2nd Quillen).

UNM Taproom Risk Assessment and Approval of Proposed Project Construction

Chris Vallejos, Melanie Sparks, Lisa Marbury, and Carla Domenici presented the item and referred to material that was provided in the eBook. The plan is to begin construction in May with an August completion date. Regent Clifford requested an operating pro forma analysis on how this impacts revenue. Ms. Sparks said Chartwells has done a pro forma and they would provide that to regents. Regent Romero inquired regarding page 2 of the analysis, about the insurance on the umbrella policy and whether that for \$1 or 2 million. Ms. Domenici responded the contract calls for \$2 million coverage, Compass (Charwells' parent co.) purchased \$1 million and a \$10 million umbrella, so it's \$8 million addition to what is required by the contract. Regent Clifford requested the letter from Risk Management referenced in the memo. Ms. Domenici responded the letter has not been provided yet, and she will forward it to the regents when it arrives.

The motion to approve the UNM Taproom Risk Assessment and Proposed Project Construction passed with a unanimous vote (1st Doughty; 2nd Adcock).

Approval of Project Construction for Coronado Hall Phase 2 Renovations

Chris Vallejos and Melanie Sparks introduced the item. Wayne Sullivan presented details and referred to material provided in the eBook.

The motion to approve the Project Construction for Coronado Hall Phase 2 Renovations passed with a unanimous vote (1st Romero; 2nd Hosmer).

Approval of FY17 Annual Report for STC.UNM

Lisa Kuuttila was available to answer questions. Regent Hosmer referred to the graphs presented in the materials that were provided in the eBook and inquired what is driving the trends in STC revenues. Ms. Kuuttila responded STC income is comprised from a number of sources, license and royalty income being the largest component. Patent reimbursement is a separate component, and there are a few other categories. Combining the components, revenue trends are relatively steady. License income spiked in 2010, 2011, and 2012 when there was substantial income from one invention that the patent expired in 2012. Earned royalties are key to stability and attribute to longer-term income. Ms. Kuuttila said STC is on solid ground for the long-term. Included are charts that show forecasted revenue with an upward trend. Ms. Kuuttila noted challenges with more startups occurring out of state.

The motion to approve the FY17 Annual Report for STC.UNM passed with a unanimous vote (1st Romero; 2nd Hosmer).

Budget Update and FY18 Early Preliminary Mid-Year Projections (information item)

Norma Allen and Nicole Dopson presented the item. Ms. Allen presented information regarding UNM's budget and early, preliminary mid-year projections in response to a previous request for regular updates to keep the Board better informed. Ms. Allen began with an overview of UNM Budget Cycle Activity showing the flow of recommendations by the Budget Leadership Team (BLT) through the EVPs office, Provost and President's office culminating in the administration's Budget Summit presentation. Initial input for consideration by the BLT begins with commentary by regents during Finance & Facility and full Board meetings, and includes recommendations from the Student Fee Review Board, state appropriation figures, tuition projections, enrollment projections, compensation priorities, differential tuition requests, new requests, inflationary factors, and overall reserves and projections. The BLT is comprised of deans, students, faculty and members of the administration who review prospects and formulate recommendations to the president and ultimately to the Board of Regents.

Ms. Allen expounded on President Abdallah's brief update of legislative activities, providing more detailed information. The Senate Finance Committee recommended that 2% in new funds be put into the funding formula (\$4 million), as well as 2% for compensation increases (\$2.5 million).

Ms. Allen reviewed 1% compensation increase figures for Campus I&G, with a 1% faculty compensation increase costing the University about \$1.3 million. State funding covers approximately 47-48%. A 1% staff compensation increase costs UNM approximately \$1.1 million, and a 1% student compensation increase costs \$200K. There is also a 1.75% group health insurance increase along with a 16% GA/TA insurance increase, equaling a \$560K increase to the I&G budget. She also noted a \$1.2 million return of tuition revenue to the HSC, which represents the first year in a two-year total payback of \$2.4 million. Ms. Allen pointed out that there are one-time monies in the budget to off-set the tuition shortfall of about \$2.1 million, and about \$900K of that is in use of balances. The Budget Office collaborates with Enrollment Management to determine the appropriate tuition, fee and enrollment hedge. Additionally, the final state appropriations figure will be voted on and approved by 2/15, and will be entered into the budget assumptions with SFRB request recommendations, March tuition and fee projections, spring census enrollment data, and other requests.

Currently, units are conducting mid-year projections in consultation with the Office of Planning & Budget Analysis and the Provost's Office to formulate an early preliminary starting point for budget formulation. Ms. Allen noted the challenge of using early projections. The Budget Office continuously reviews budgets and tuition and fee projections through March to formulate the budget adjustment request presented to the State. She also noted that budget assumptions included in the early starting point are very broad and ambitious and can change dramatically during the process. Units build projections based on December data and are knowledgeable about their budgets and areas, which is a benefit of having a decentralized approach, although Ms. Allen noted the budget process has become far more centralized in the past ten years. The projections system closed on 1/26, and a preliminary update and more information on I&G and unrestricted monies will be given in March. Ms. Allen indicated that additional budget and projection data by unit has been provided in the Regents' eBook packet. She requested feedback from the Regents about the sufficiency of the data and offered to provide more information if desired.

Ms. Allen presented the preliminary projection for I&G, showing an approximate \$5 million short in revenue, off-set by a \$5 million reduction of expenditures. The overall budget change is 1.6% in revenue and 1.7% in expenditures, with a reserve use of \$2.5 million. The overall change in net margin is about \$359k. The decrease in revenue is driven by four major points: 1) a \$2.4 million shortfall in tuition; 2) \$1.6 million transfers out to Plant funds for PPD to fund facility projects on campus; 3) \$870K to Financial Services for reduced revenues in PCard rebates; and 4) \$570K to the President's Office to fund FY18 initiatives. These items were not in the original budget and are the variances. The biggest driver in expenditure decreases is \$2.1 million in Academic Affairs reductions, primarily to fund the pullbacks due to budget cuts. There is also a \$1.6 million offset to expenditures to cover PPD, and \$500K in fringe expenses due to cuts in academic affairs.

Ms. Allen reviewed state appropriations from 2009-2018, showing a total overall decrease of 14.8%. She noted that over the past three fiscal years, UNM has reduced allocations by approximately 4.8% or \$14 million on campus. She reviewed reductions in FTEs: overall by 3.8%, staff by 5.5%, students by 4.9%, GA/TAs by 2.7%, and a 1.6% decrease in faculty.

Ms. Allen noted that unit schedules are included in the eBook.

Regent Clifford thanked Ms. Allen and requested to see state appropriations on a line-by-line basis, including change from FY18 to FY19. He inquired if the \$4.6 million figure from the state represented the total increase for UNM. Ms. Allen clarified that it includes Main Campus I&G only, and does not include the Branches or Health Sciences Center. President Abdallah clarified the HSC did not receive an increase this year, but the Branches did. Regent Clifford inquired about the \$294 million figure, and Ms. Allen noted that included the HSC and Branches. She stated that the state appropriation for I&G Main Campus is \$175 million plus \$4.6 million (House), or \$6 million if using the Senate recommendation.

Regent Clifford requested the final number be included in budget information moving forward. Regent Clifford then turned to the expenditure modifications made year-to-date in response to decreased revenue projections and noted that some appear to be non-recurring, and indicated the challenge for UNM to make up these funds in the upcoming year. Ms. Allen concurred that some reductions are non-recurring while some are recurring, and noted that Financial Services had to reduce its budget.

Regent Clifford requested that a narrative accompany each of the tables to indicate why the adjustments are needed. He suggested the narrative include where revenue is coming from, what is driving expenses, and how the division plans to manage its reserves. He noted that some units have very high reserves relative to their budget and suggested those reserves are promised to help other units, but there is no information regarding this, while other units have budget deficits. He requested information regarding what is causing the deficits, such as a change in a unit's revenues.

Regent Hosmer suggested the budget timeline notes for December include not just commentary from individual Regents at subcommittee meetings, but input from the entire Board. He also asked that at the same point in time, a first look for the Regents at what critical issues and trade-offs will be for the cycle would be helpful.

HEALTH SCIENCES CENTER COMMITTEE

Fiscal Year 2019 Budget Planning (information item)

Paul Roth introduced the item and referred to slides included in the eBook about vision, mission, values and goals of the organization, the various components of the Health Sciences Center (HSC), and the statewide geographic scope of service the organization provides. The HSC operates on a slightly different business model than the rest of the University. The clinical enterprise represents about 80% of the revenue base, so there is a competition aspect with respect to the HSC operating within the community - in the market and the rest of the healthcare industry - and this has an influence on the decision-making process including decisions related to compensation increases. Similar to what President Abdallah referred to where the State pays only about \$0.47 on the dollar increase to compensation, for the HSC the State's support is a little under \$0.20. A 1% increase in compensation for faculty and staff, counting fringe, is about a \$3 million expense, but a 1% increase in State support is about \$600K. Dr. Roth reminds the regents every year that when a faculty/staff compensation increase is approved for the University, it cannot apply to the HSC, mostly to the School of Medicine. As a result, there is no way the HSC can absorb a 2% compensation increase, when it is only getting \$0.20 on the dollar support. As will be seen in the rest of the presentation, the HSC is facing some significant financial challenges. Already, \$50 million reduction in revenues has had to be absorbed in the current fiscal year, and there is current projection of having to absorb an additional \$75 million reduction in revenues for next fiscal year. Teams are working diligently to come up with solutions to accommodate the reductions. The reductions have to do primarily with healthcare industry related issues that are tied to the 80% of the revenue base in the clinical operations.

Dr. Roth mentioned the several cross campus and collaborative initiatives, including the Institute for Health Resilience and Justice with the UNM School of Law, the BioVenture for Community Health with the School of Engineering, and the Lovelace Rehab Hospital.

Ava Lovell spoke about the UNM West Phase 1 initial programs for Spring 2018 and additional considerations. There are currently about 289 students. On the budget development side, the HSC works very closely with Norma Allen and Nicole Dopson and utilizes the fully responsible budgeting method. Ms. Lovell presented a budget development process calendar timeline, addressed specific planning assumptions and general fund appropriations as illustrated on pages 12-14 of the slide packet. The only update is OMI has an additional \$500K that is not shown.

Michael Richards addressed the Health System, the budget calendar and key clinical considerations. Dr. Richards answered questions from regents. Dr. Roth closed with a comment about the good news that only a 1.7% rise in healthcare premiums for UNM employees is good news and for UNM as an employer; however, on the other side of the coin, since UNM is also a provider, doctors and hospitals, this coincides with reduced revenue for the HSC. Additionally, the 1.7% rise is really low compared to a national standard.

ADVISORS' REPORTS

Harold Lavender, Chair, UNM Alumni Association Board of Directors, encouraged the regents to attend one of the monthly Lobo Living Room's. The last one was An Evening with Hakim Bellamy, Albuquerque Poet Laureate. This is a terrific way for the Alumni Association to reach out to the community. One of the real gems of the Association is Lobos for Legislation, and it has taken the opportunity to meet virtually every legislator to tell the UNM story. Coleman Travelstead is this year's chair of that committee. Mr. Lavender referred the regents to the monthly report included in the eBook for more details about UNM Alumni Association activities.

Pamela Pyle, President, Faculty Senate, spoke about faculty's concern about the upcoming HLC accreditation visit, based on the HLC's last report which highlighted issues of shared governance. It has been written and said the board is meant to function as a whole and not with individuals operating on their own trajectories. It is illuminating and also disturbing to hear from nearly half of the board today that they too have concerns about the cohesiveness of the board in terms of the opportunity to be heard. Agreeing with Regent Romero, many things trickle down from the head of an organization, including values, visions, hopes and fears. Ms. Pyle said we cannot move forward in a climate where people feel trepidation about voicing their thoughts. All voices must be heard and any tactics to suppress this need to be addressed. Fear and disrespect do not belong in an academic community. Ms. Pyle respectfully urged the Board of Regents to bear in mind their mission is to advance the stated mission of the University, which has at its heart the students, faculty and staff of this community. In contrast to other past practices of other boards or regents, Ms. Pyle fully supports Regents Quillen, Hosmer, and Romero's remarks in favor of moving forward as a fully engaged board. In closing, Ms. Pyle felt it was her duty in representing the faculty to relay concerns with the seeming marginalization of some regents displayed with committee assignments and inconsideration of opinions and also the recent conflict of interest with a member being engaged by the Taxation and Revenue Department. This has a two-fold level of concern, the first that actual influences are being represented, and second, the perception that they are being represented. Both have a devastating effect on morale. The culture at the top does affect those all the way down.

Danelle Callan, President, Staff Council, thanked President Abdallah on behalf of the staff for the hard work he has put in over this past year, for moving the mission of the University forward, and for partnering with staff to hear their voice and receive their input. Staff Council is working on an individual Staff Leadership and Mentorship program. There was a great turnout on UNM Day at the Legislature and gave staff the opportunity to meet with legislators to talk about needs at the University. Plans are moving forward for the annual Staff Appreciation lunch in May. Staff would like to remind the regents that when budget cuts are considered, a lot of the time there is significant impact to staff. It's important to remember deficits have often been covered with unfilled vacancies, retirements and hiring freezes. As staffing levels decline, it's more difficult to hire exceptional staff.

VOTE TO CLOSE THE MEETING AND PROCEED IN EXECUTIVE SESSION

The vote to close the meeting passed unanimously (1st Lee; 2nd Hosmer). The meeting closed at 12:23 PM. All members proceeded to the Cherry Silver room on third floor of the SUB.

1. Discussion, and determination where appropriate, of strategic or long-range business plans or trade secrets of public hospitals as permitted by Section 10-15-1.H(9), NMSA (1978), as amended
2. Discussion and determination where appropriate of the purchase, acquisition or disposal of real property as permitted by Section 10-15-1.H(8), NMSA (1978)
3. Discussion and determination where appropriate of threatened or pending litigation as permitted by Section 10-15-1.H(7), NMSA (1978)
4. Discussion and determination where appropriate of limited personnel matters as permitted by Section 10-15-1.H(2), NMSA (1978)

VOTE TO RE-OPEN THE MEETING AND CERTIFICATION THAT ONLY THOSE MATTERS DESCRIBED IN THE CLOSED SESSION AGENDA WERE DISCUSSED IN CLOSED SESSION, AND IF NECESSARY, FINAL ACTION WITH REGARD TO THOSE MATTERS WILL BE TAKEN IN OPEN SESSION

The vote to reopen the meeting passed unanimously (1st Romero; 2nd Lee). The meeting reopened at 1:57 PM. The doors to the Cherry Silver room were opened. Regent Doughty certified that only those matters described in the closed session agenda were discussed and there was one item upon which action was taken in closed session.

The motion to deny the request for the Board of Regents to accept an appeal passed with a vote of 6-0-0 (1st Hosmer; 2nd Quillen). (Student Regent Adcock recused himself from the discussion and the vote)

ADJOURN

The motion to adjourn passed unanimously. (1st Lee; 2nd Quillen).
The meeting adjourned at 1:57 PM.

Approved:

Attest:



Robert M. Doughty III, President



Tom Clifford, Secretary/Treasurer