

Minutes of the Regular Meeting of
The Board of Regents of the University of New Mexico
May 11, 2023
9:00 AM Open Session-Student Union Building (SUB), Ballroom C
8:00AM and Luncheon Executive Sessions in Cherry Silver Room, SUB
Open Session livestreamed for public viewing

Members Present

Kim Sanchez Rael, Chair;
Jack L. Fortner, Vice Chair;
Robert L. Schwartz, Secretary-Treasurer;
William H. Payne
Paula Tackett
Randy Ko
Paul Blanchard (virtual)

Administration Present

Garnett S. Stokes, President; James Holloway, Provost and EVP for Academic Affairs; Teresa Costantinidis, EVP for Finance and Administration; Doug Ziedonis, EVP for Health Sciences and CEO of the Health System; Norma Allen, Controller; Joe Wrobel, Chief Finance Officer, HSC; Ellen Fisher, VP Research; Brandi Stone, Director of Ethnic Student Services for the VP Equity and Inclusion; Eric Scott, VP Student Affairs, Dan Garcia, VP Enrollment Management; Eddie Nunez, AD; Loretta Martinez, General Counsel; Connie Beimer, VP Alumni Relations; Francie Cordova, Chief Compliance Officer; Kevin Stevenson, Asst. VP HR; Terry Babbitt, President's Chief of Staff; Cinnamon Blair, Chief University Marketing and Communications Officer; deans and others

Advisors Present

Ian May, ASUNM President; Amie Ortiz, Staff Council President; Finnie Coleman, Faculty Senate President; Shaikh Ahmad, GPSA President; Alfred Mathewson, Retiree Association, President; Amy Miller, President Alumni Association

Presenters

Vahid Staples, Assoc. Director (Office of Planning, Budget & Analysis (OPB&A); Jeremy Hamlin, Director OPB&A; Max Kotary, Partner, AON Investments; Joe Wrobel, Chief Budget & Facilities Officer, HSC

CALL TO ORDER AND CONFIRMATION OF A QUORUM

Chair Kim Sanchez Rael called the meeting to order at 8:15 AM in the Cherry Silver Room on 3rd level of the SUB and confirmed a quorum with 6 members present in person – Jack Fortner, Bill Payne, Paula Tackett, Randy Ko, Rob Schwartz and Kim Rael. Paul Blanchard attended the meeting virtually via Zoom.

VOTE TO ADOPT THE AGENDA

Before adoption of the agenda, Regent Rael recommended modifications to the agenda: 1) remove the 5-Year Capital Plan and Capital Outlay items to be addressed at a future special meeting; and 2) pull the Budget Adjustment Requests (BAR) for Main, Branch Campuses and Health Sciences off the Consent Docket for presentation and a separate vote.

- **The motion to adopt the agenda as modified passed unanimously (1st Fortner; 2nd Tackett).**

There was discussion about holding the special meeting on May 23 to address the 5-Year Capital Plan and Capital Outlay items.

VOTE TO CLOSE THE MEETING AND PROCEED IN EXECUTIVE SESSION

(1st Fortner; 2nd Ko; roll call vote – all members voted yes)

The meeting closed at 8:20 AM. *[The doors to the Cherry Silver Room were closed.]*
Executive Session agenda:

1. Discussion of limited personnel matters as defined in and permitted by Section 10-15-1.H(2), NMSA (1978).

VOTE TO RE-OPEN THE MEETING

(1st Schwartz; 2nd Fortner; roll call vote – all members voted yes)

The meeting re-opened at 9:03 AM.

- o *The Regents proceeded to SUB Ballroom C*

CONVENE OPEN SESSION AND CERTIFICATION OF CLOSED SESSION

Regent Rael convened open session at 9:14 AM in Ballroom C and certified that the Board's closed session discussions were limited only to items on the executive session agenda.

Regent Rael affirmed UNM's Land Acknowledgement Statement by reading it aloud:

Land Acknowledgement Statement of the University of New Mexico

Founded in 1889, The University of New Mexico sits on the traditional homelands of the Pueblo of Sandia. The original peoples of New Mexico – Pueblo, Navajo, and Apache – since time immemorial, have deep connections to the land and have made significant contributions to the broader community statewide. We honor the land itself and those who remain stewards of this land throughout the generations and also acknowledge our committed relationship to Indigenous peoples. We gratefully recognize our history.

APPROVAL OF MINUTES

- **The motion to approve the minutes of the April 10 regular meeting and April 19 special meeting passed unanimously (1st Fortner; 2nd Ko).**

ADVISORS COMMENTS RELATED TO AGENDA ITEMS

Finnie Coleman spoke in support of the new humanities building proposed in the capital outlay request package. He urged the Regents to recognize the project not only for the functional needs it will address, but also for its symbolic potential in making history and creating a centerpiece for the University that will last for decades to come.

Shaikh Ahmad thanked the Regents, President Stokes and Administration for the opportunity to serve the University in his capacity as GPSA President the past year.

Ian May spoke in favor of the proposed new humanities building, emphasizing the need for a new building and provided examples of why the current building is not fit for use.

PRESIDENT'S COMMENTS

President Stokes focused her comments on the University's entrance into the University Innovation Alliance (UIA). UNM is one of 8 new universities that are joining the elite group of institutions that represent the University Innovation Alliance. The UIA

was founded by 11 presidents and chancellors of prominent public universities who came together around a shared sense of urgency that universities were not producing enough college graduates to meet the economic and competitive needs of the country. Another important area was to address student success for underserved students. The UIA provides a collaboration and multi-university laboratory for students' success innovation, and the UIA helps university leaders dramatically accelerate the implementation of proven innovation to improve student outcomes. In 2014, the alliance was launched to accomplish 4 key goals: 1) produce more high-quality degrees; 2) produce more degrees across the socioeconomic spectrum; 3) share data and innovate together; and 4) hold student costs down. In 2020, the alliance added a fifth goal, which was to eliminate disparities and educational outcomes based on student background characteristics. So, after seven years of being a closed network of 11 institutions with people clamoring to want to be part of this innovation alliance, in spring of 2021, the UIA announced the addition of its first two new members, North Carolina A&T University, which is the largest HBCU in the country, and the University of Maryland in Baltimore County, which is a minority serving institution. Virginia Commonwealth and the University of Illinois in Chicago, which is an HSI, were invited to join the alliance in early 2022. And shortly thereafter four more universities were asked to join, including the University of New Mexico, bringing the total membership to 19 members. The current goal is to limit the alliance to 20 universities.

President Stokes discussed the criteria for entry into the alliance and the basic model for the alliance which includes sharing innovative practices and solutions, scaling up proven interventions, and offering the opportunities for other institutions to scale the initiatives. The key strength in the model is evaluation of the success of initiatives, which is where institutions tend to fail. Oftentimes, programs are implemented, but a follow-up evaluation of their effectiveness is often lacking, and this is a key component and what the UIA is doing.

President Stokes discussed the Alliance-Wide Projects as well as UNM's interest and involvement in key initiatives including, Academic Recovery, Black Student Success Initiative, and the Listening Lab for Higher Education. In the area of funding, COVID funds provided were allowed to be used toward student success, but President Stokes stressed that it's going to be a challenge to figure out future sources of funds. President Stokes discussed further the merits of some of the initiatives that UNM will be involved in, and she concluded by saying that given the history and the mission of this university, being part of this alliance is going to serve this institution well. The President stood for questions.

Regent Rael commented on the impressive and important work of the UIA, adding that she was especially touched to see the emphasis on student success and the collaboration among institutions.

REGENTS' COMMENTS

Student Regent Randy Ko commended President Stokes for joining the University Innovation Alliance. He also thanked UNM leadership for their hard work on the budget and the budget presentations for the meeting.

Regent Bill Payne thanked the student leadership for their exceptional work over the past year and he wished them the best of luck in the future.

Regent Paula Tackett thanked UNM leadership and staff for the orientation sessions that she had been the recipient of thus far over a five-week period, covering what felt like every area of the university. Regent Tackett reported that she was extremely

impressed by the quality of the staff and leadership, and was honored to be sitting at the table. Regent Rael concurred that the quality of the orientation sessions had been exceptional.

COMMITTEE REPORTS

CONSENT DOCKET

- 1. Graduate Certificate in Public Policy (New)
- 2. Phlebotomy Technician Certificate (UNM Gallup)
- 3. Certificate in Interdisciplinary Design
- 4. BS Chemical Biology
- 5. Security Managerial Group Resolution
- 6. Policy C70 – Confidentiality of Faculty Records
- ~~7. Five Year Capital Plans, detailing projects which will construct and/or significantly improve and renew numerous facilities on UNM Campuses~~
- ~~8. Main and Branch Campuses FY23 Budget Adjustment Request (BAR)~~
- 9. New Mexico HED Institutional Finance Division, 3rd Quarter Financial Actions Report and Certification through March 31, 2023
- 10. Project Construction:
 - a) Lobo Welcome Center Re-Approval
 - b) Mesa Del Sol – HVAC Upgrade
 - c) Student Health and Counseling – Controls and HX Project
 - d) Domenici Hall – Chiller Replacement
 - e) La Posada – Dishwasher Renovation
- ~~11. Health Sciences FY23 Budget Adjustment Request (BAR)~~
- 12. Health Sciences Library & Informatics Center 2nd Floor Renovation
- 13. Health Resources & Services Administration UNM Health & Health Sciences: Renovation of Research Facilities Project
- 14. Re-Appointment of Kurt Riley to the UNMH Board of Trustees (APCG Appointee)
- 15. Carrie Tingley Hospital Foundation By-Laws
- 16. Capital Projects:
 - a) UH Main Chiller Replacement-Phase 2 (\$2,750,000)
 - b) Dermatology Clinic Renovation (\$1,700,000)
 - c) UH Main Boiler #1 Replacement (\$1,250,000)

*Docket Note: #1-6 moved from Student Success, Teaching and Research [SSTAR] Committee; #7-10 moved from Finance and Facilities Committee [F&F]; #11-16 moved from Health Sciences Center Committee [HSCC]

Regent Rael reiterated that the docket had been amended during adoption of the agenda: item 7 was pulled off the agenda to be addressed at a future meeting, and items 8 and 11 were pulled off the docket to be presented and ratified separately. There being no request for discussion of any other items, Regent Rael asked for a motion to approve the consent docket.

- **The motion to approve the consent docket as amended passed unanimously (1st Fortner; 2nd Payne).**

AUDIT AND COMPLIANCE COMMITTEE

Regent Jack Fortner reported that the committee met on May 4 and held the annual entrance meeting with external auditors for the FY23 external financial statements audit. Additionally, the committee approved internal audit reports: 1) Valencia Branch Campus; 2) Human Resources Onboarding – SRMC & UNMH; 3) Incident to Coding – UNMMG; and 4) Information Technology Asset Tracking – UNMMG.

GOVERNANCE COMMITTEEBoard of Regents and Committee Meeting Schedule for 2023-2024 Academic Year

Regent Rob Schwartz introduced the item and said the only modification to the schedule presented at the last meeting was the addition of two Governance Committee meetings, bringing the annual total to six meetings in the year, rather than four for that committee.

Regent Rael noted that the schedule was subject to change, contingent on updating committee charters and potential efforts to improve efficiencies which were slated to be addressed during review of governance practices.

- **The motion to adopt the 2023-2024 Regents' meeting schedule passed unanimously (1st Schwartz; 2nd Fortner).**

New Regents' Policy, RPM 1.9 "Board of Regents' Office"

Regent Rob Schwartz introduced the item. The proposed new Regents' Policy addresses the need to figure out how to provide adequate resources for the Regents in the future, which has been a topic of discussion over the past year and one of the reasons the Governance Committee was set up initially as an ad hoc committee almost two years ago. There's a sense that a strong university requires a strong president and an administration, and also a strong and independent Board of Regents. The goal is to maintain the support that is necessary to provide for a strong and independent Board of Regents, and that means, independent of the executive branch of the state, independent of the governor, independent of the Legislature, and independent of the university administration. Regent Schwartz stated that the Board is an independent board and it also looks to the AGB for best practices. He explained that research had been done to gather information about what other regents do across the country and the kind of support they have, and through the research, it was discovered that the support for the Board of Regions is far less significant at UNM than it is most everywhere else. He stated that many on the Regents including himself have found that the Regents could use additional research and administrative support and that it would be helpful to have a board professional similar to what the vast majority of flagship state universities have across the country. A board professional is someone who is trained in higher education and is a professional in higher education administration. The proposal is that the Regents appoint a Secretary to the Board of Regents, which is the most common title across the country. Additionally, the person needs to be part of a national community of board professionals who work for a flagship state university board. Regent Schwartz clarified that the job description is already underway and it was his hope to hire someone by the end of the summer with the expectation that that person would also hire an administrator. So this would be two independent special Board of Regents employees at a university with seven regents and a \$3,000,000,000 budget, and it would still be among the smallest regent staff in the country for universities of this size.

Regent Schwartz motioned approval of the proposed new policy RPM 1.9; Student Regent Ko seconded; there was discussion.

[Attachment A]

Regent Bill Payne commented that he was unaware that there were any issues with the staffing and added that there is a whole university structure of professionals that Regents can reach out to if advice or research or anything else is needed. Regent Payne stated that he would not be willing to entertain a motion to approve the new

policy without a better understanding of what a board of seven regents needs to hire a professional university-type administrator for with an assistant to advise regents. He requested the item not be forwarded to the entire Board for a vote before getting more input from the University, as well as AGB in order to clarify what problems exist that this would solve.

Regent Tackett responded that she had attended the Governance Committee meeting, but not in a voting capacity, so she had heard the discussion and didn't mind the concept. Having worked with the Legislature which made similar requests for support from time to time, she understood the need for perhaps a Board of Regents staff office, which might be viewed separately from the President's office. She agreed with Regent Payne that some time was needed to ask the questions: what do Regents need an office to do and what kind of staff support is needed to carry that out?

Regent Tackett proposed alternative new policy language that would leave out specifics about the staff title but would "create a Board of Regents staff office to perform such functions and provide such services necessary to meet the operational and policy needs of the Board as determined by the Board of Regents, in consultation with the University President". She clarified that the proposed policy establishes the office but allows time to figure out exactly what Regents need, what Regents need done, and who needs to do it. Regent Tackett reiterated that a lot more discussion was needed.

[ATTACHMENT B]

Regent Rael clarified that the discussion was in no way an indictment of the work of the current board office staff. She noted that there is no current Regents' Policy that references the Board of Regents' Office, and it was noted by the Governance Committee that since it was an existing practice, there should be a policy for such practice.

Regent Randy Ko explained that the policy proposal passed unanimously in Governance Committee and the impetus for it stemmed from an effort to follow best practices. Regent Ko noted that one of the purposes of the Governance Committee is to review the policy manual and this particular policy proposal is brief so that the specifics can be worked through in the future. He noted that while the current office staff is excellent, he saw the need to elevate the duties and responsibilities to include for example organizing also the committee meetings, have more involvement in regent orientations, and facilitate board self-assessments. Regent Ko said the board professional would carry out the work instead of one of the board members who is volunteering an excruciating amount of time. The board professional would also assist in ensuring committee work plans are carried out. He reiterated that it's ultimately a best practice and it would better the entirety of the institution.

Regent Schwartz said he appreciated the comments from Regents Payne and Tackett, and the alternative policy language that Regent Tackett proposed, but he urged approval of the proposal that was unanimously approved by the Governance Committee. He reiterated Regent Ko's concerns that Regents' committee meetings need more consistency and standardized procedures and the Regents' Policies are substantially out of date and needing review, thus the need for a professional who is an independent expert on the ways of governing boards. Regent Schwartz explained that that person would help Regents figure out what their role as regents might be and assist in drafting independent policies so that the Regents can serve that underlying function. Additionally, the board professional would assist with retreat planning and

provide research assistance on structural issues and on the relationship between the Board of Regents and the President of the University. He emphasized that he didn't want to suggest that there isn't a good relationship with the administration and that the Regents don't have tremendous respect for the value of the administration; however, if boards of regents are working properly, like the boards of any non-profit, there's going to be some tension between the board and the administration sometimes, and having a professional as a staff member selected by the Board of Regents is the way that that's generally done. Regent Schwartz reiterated his support for the originally proposed new policy language.

Regent Fortner said he didn't see much difference between the two policy proposals, but he preferred the idea of having flexibility, and the flexibility of Regent Tackett's proposed language didn't prevent the Regents from hiring a secretary to the board if the board decided to do so. He asked Regent Schwartz if the secretary to the board would be someone with qualifications in the form of a master's or doctorate level and a person who had worked in the university setting, to which Regent Schwartz concurred adding that it would be a person with substantial education and experience in policy-making work, working for a board, a governing board of either a university or a non-profit that deals with universities.

Regent Tackett agreed the topic warranted more discussion and about how the Board would move forward, and she urged her colleagues to vote for the proposed language that provided more flexibility and also to consider an additional option of moving the discussion to the regents' retreat.

Regent Rael agreed that Regent Tackett's substitute language did give a great deal of flexibility and she was understanding of Regent Payne's wish to postpone any decision on a new hire. Regent Rael asked Regent Payne if he would support a substitute motion with the understanding that any new board office staff job description would be further addressed by the Board later.

Regent Payne said he would support a substitute motion. He voiced his concerns about the scope of the original proposal, which seemed to expand as far as what a secretary to the board would do. "We're a board of seven members and I would be very uncomfortable hiring someone that's supposed to advise me on university policy and what we should be doing vis-a-vis the administration." He stated concerns about the potential need to hire an additional person in the office to do the day-to-day operations and communications, and also that there would be potential conflict if the proposed secretary didn't relate well with the administration, or vice versa.

Regent Fortner moved to amend the motion to instead substitute the draft policy created by Regent Tackett proposed as follows: "There is created a Board of Regents' staff office to perform such functions and provide such services necessary to meet the operational and policy need of the Board as determined by the Board of Regents, in consultation with the University President." He asked if the members who made the first motion and second would accept a friendly amendment to their motion.

There was discussion and a point of parliamentary inquiry to which it was determined that Regent Fortner's motion was a substitute motion that required a second. Regent Tackett seconded the motion. There was further discussion.

Regent Ko talked about why he thought it was important to include language about a staff member title in the originally proposed policy, adding that minor changes to

Regents' policy can be made with respect to job titles. He stated that including an official job title in Regents' policy would attract really great candidates, and he clarified that the central mission of the proposed role of a board professional is to support the best possible relationship between the Board and the President and the administration and everything that they do. He talked about why he was not in favor of leaving out an official job title from the policy, adding that the Board needs to further understand its expectations and common goals, vision and mission for the institution that can be carried out through effective and efficient committee meetings.

There was further discussion.

Regent Ko said that establishing the board office by policy was a good step, but he had concerns about how the discussion on hiring a board professional would be elevated and he asked to hear about the process for doing that.

Regent Rael responded that the policy states the Board of Regents would determine the scope of the board office, adding that it also offered flexibility to address the valid interests that were raised at the meeting. She stated that it was not the objective to create policy conflicts, but best practices around governance and policy. She clarified that the Board still has the flexibility about job description and title and the Regents retain all of that authority in the wording of the substitute amendment.

Regent Schwartz stated his concerns, "this is where we were a year ago and that we are once again kicking this ball down the field to sometime into the future". He said that hiring somebody at this level is a difficult task and he didn't want to delay, especially going into the legislative session without this position. Regent Rael responded that if a job description was ready, this could be an agenda item on the upcoming special meeting. There was query to EVP Costantinidis about the status of a job description, to which Ms. Costantinidis responded that her office, with HR, had been working very hard on the job description, having utilized input from Regent Ko, and she assured that a draft job description would be shared before the special meeting.

Regent Rael called the question on the motion on the table:

- **The motion to approve new regents' policy RPM 1.9 "Board of Regents' Office" [Paula Tackett's proposal] passed with a vote of 6 to 1; Regents Fortner, Blanchard, Payne, Rael, Tackett, and Ko voted for; Regent Schwartz voted against (1st Fortner; 2nd Tackett).**

New Regents' Policy, RPM 2.16 "University Counsel"

Regent Rob Schwartz introduced the item and stated that this is a relatively simple change to Regents' Policy 2.16, that most of it is a matter of cleanup of a somewhat outdated and difficult policy. The substantive change is that it looks at the general counsel position unlike other positions at the University - it reports both to the Board of Regents and to the President. Regent Schwartz explained that this is what is common and standard practice across most of the country, adding that there are differences at universities, sometimes the general counsel reports only to the Board of Regents and there are a couple of cases where the board of regents and the university president each have independent counsel. The general counsel reports to the Regents and to the President, and where there is a conflict, which happens in extraordinary circumstances, the general counsel reports to the Regents, not to the President. Regent Schwartz further explained there are times when that kind of a conflict is inevitable, for example, in negotiating the President's contract, the university counsel

represents the Board of Regents in a negotiation with the President. He further explained that in addition to the current norm with the university counsel appointed by the President, now that position uniquely must be confirmed by the Regents. Regent Schwartz said that it's unusual that there is very little conflict, almost no conflict, between the Board and the administration and added that this is the moment to actually plan for the time when in the future there might be conflict. He summed up that the revisions maintain the appointing authority in the President, but now allow for the confirmation by the Regents. Regent Schwartz added that this had been discussed over the course of the last year and was vetted in the Governance Committee, and this will in the future work really well. He explained that now is the moment for this appropriate change, while there isn't conflict, and everyone is getting along.

Regent Schwartz motioned approval of the proposed revisions to RPM 2.16; Regent Fortner seconded. There was discussion.

[ATTACHMENT C]

Regent Blanchard asked if this gave the Board basically an option to not select the general counsel if the Board didn't feel like it was a good choice. Regent Schwartz responded that, yes, this would require that the appointment by the President would be confirmed by the Regents, adding that it's a relatively common practice at other state universities. He explained that General Counsel Martinez was involved in helping draft the revision, but from a neutral point of view as far as substance goes. "The assumption would be then that the Regents would probably at least have a chance to meet with the candidate before that confirmation. I doubt that it would ever get so far that the Regents would vote down someone who was up for confirmation, but that's theoretically possible too."

Regent Payne said he didn't agree with doing this, regardless of what other states do or how they are organized, given the New Mexico Constitutional mandate to specifically hire the President of the University to undertake management of the day-to-day activities. Further, General Counsel does represent the Board when it's sued on behalf of the University; the General Counsel represents the Board of Regents on all legal issues already. Regent Payne outlined the dual role and potential issues that could arise with a mandate that the counsel would represent the Regents, versus another internal constituent, in certain situations, when the counsel regularly already represents those constituents. "As a management practice, I would think the conflict for the general counsel to represent all the deans and all the faculty and all the students, as they're legal advisor too, to say, if there's a conflict, they represent us and against those interests, I think you'd almost have to recuse the general counsel from being our general counsel. I don't know how you'd create a Chinese firewall between the university and regents when it comes to one of the employees, ie, the President, if we have a dispute with the President, she's an employee of the regents. I don't need a general counsel to come around and work for me against the day-to-day boss. It just seems to me this is needlessly confusing, and I don't think it's been an issue...I can see where the University of California's system with ten branch campuses, each bigger than the University of New Mexico, might have a different structure, and it might be necessary for a lot of reasons." But for The University of New Mexico, "we're a fairly small entity, we have a fairly tight board and we have a working relationship such that I haven't found where the General Counsel has not been 100% responsive to anything we've asked." Regent Payne clarified that with regard to contract negotiations, that was an entirely different thing. "Obviously, if you want to hire your own attorney to represent your interests in a contract negotiation, there's nothing in the university

administration or the constitution or anything that prevents you from doing that already.”

Regent Schwartz clarified that the proposed language is no different from current practice. “That’s the way it is now. The university counsel now, if there’s a conflict, represents the Regents. This is what has worked very well. We are not intending to change that. The only substantive change would be our involvement in approving the hiring of the counsel, who will represent us. So that’s the only substantive change. As to the conflict, the rule remains the same as it has been before.” He added that Ms. Martinez, who has been a very thoughtful legal counsel might be able to add some insight into the way legal counsels generally operate as to that issue, the relationship between representing the president and representing the regents when there’s a conflict, as a general matter, historically here and elsewhere.

Regent Tackett pointed out that the discussion in committee focused on the dual reporting, which she agreed was a good idea and fine to put in policy. She explained that she had a problem with language in the proposal that had not been discussed – “hiring is one thing, but firing is another and that’s there too. And cutting salary and doing all that, and I I’m not comfortable with that....to me, this is setting up a situation where you can have a political nightmare. Where ... there’s some problem, and the President tries to do their job in terms of taking care of it, and some of us get in and go, no, no, no...The dual reporting I love, and I think that’s great and appropriate. I have trouble with the board messing with the... hiring and firing decisions that get made by the President, because it’s the President that’s doing the hiring.”

Regent Blanchard clarified that the reason he asked his prior question was because everyone is familiar with the confirmation process, and there are no conflicts with that process. “If you’re not changing what’s there already, and it’s just a confirmation, I don’t see that as some intrusion into anyone’s business. I don’t see a problem with having the Board of Regents confirm what is in fact a good hire. And we do this all the time throughout state government and frankly through a lot of organizations, you have a confirmation process.”

Regent Tackett clarified that she did not have a problem with the confirmation of appointment, but the part she had a problem with was, “the President may dismiss, set compensation, amend or not renew the contract of the General Counsel, but any such action must be confirmed by the Board of Regents”.

Regent Payne asserted that “confirmation is one thing, but I think even that’s a slippery slope. But the firing process, the veto over a presidential decision on hiring seems to me pretty dangerous. And any of you Deans out there and anybody else like that can see that maybe next year the Governance Committee might say, ‘You know, these deans are important people, they control hundreds of millions of dollars...maybe we ought to have a say on firing them too,’ and maybe we won’t. We’re not the regents that are going to be here forever, but [regents could say], ‘well, the precedent has been set. We have one staff member, and we decided that it is so important to the university that the regents can veto a presidential decision.’ Where would that end? I’m not sure that’s best practices either. So confirmation, I think *consultation* would be better than confirmation. I think it’s appropriate to discuss hiring at this level with the board and explain the rationale, but I’m not sure we should have a veto power as far as our constitutional obligations.”

Regent Ko said he agreed with Regent Blanchard, and he explained that, “the way this is put together, the President still makes all the autonomous decisions. We’re just

providing oversight. Ultimately, our legal counsel identifies and manages legal risks for us, offers legal advice and to inform decision-making, represents contracts, agreements, governance and policy development, ultimately. And I think it's common practice at public universities, and we just want to, it's just an oversight really because at the end of day one of our fiduciary duties is human capital along with all the other things at the institution, and when you delegate day-to-day responsibilities to somebody, I think a collaborative way of doing that ultimately leads to a better decision."

Regent Rael said that in the Governance Committee meeting, she was actually surprised that the dual reporting structure didn't already exist in policy, and she stressed the importance of what is just a baseline best practice, to never be disintermediated from counsel in performing fiduciary duties. Regent Rael reiterated that she did support the language proposed by the committee and continued to support it. She reminded the Board of the motion and second on the table and said she would call the question if everyone had made all of their comments.

Regent Tackett requested to table the item for further discussion. She reiterated that she had no problem with the confirmation but thought the dual reporting would be clearer, but it was more confusing than she had originally thought. Regent Tackett emphasized that this could be worked out with more time. She clarified that she could just vote 'no' but requested it be tabled for further discussion at the retreat or the special meeting.

Regent Fortner clarified that with regard to parliamentary procedure, no one had officially called the question, and Regent Tackett said she suggested something, but she didn't make a motion. Regent Fortner said he was ready to vote if the Chair called the question.

Regent Tackett moved that the item be tabled for further discussion at the special meeting; Regent Payne seconded the motion; Regent Chair Rael asked if there was discussion.

There was discussion about parliamentary rules.

Regent Rael stated that there was a motion to table that was seconded, and she called a vote on the motion. The vote was 2 for (Regents Payne and Tackett) and 5 against (Regents Fortner, Blanchard, Ko, Rael, and Schwartz) tabling.

Regent Rael announced that the discussion was back onto the underlying motion and she called the question on the motion.

- **The motion to approve the revisions to RPM 2.16 passed with a vote of 5 to 2; Regents Schwartz, Ko, Blanchard, Fortner, and Rael voted yes; Regents Tackett and Payne voted no (1st Schwartz; 2nd Fortner).**

STUDENT SUCCESS, TEACHING, AND RESEARCH COMMITTEE (SSTAR)

2023 Spring Degree Candidates

Finnie Coleman presented the item. He presented 1,964 undergraduate degrees for approval and more than 3,500 different degrees and certificates that will be award. Dr. Coleman reported that this is one of the largest graduations that the University has had in a long time, and it is looking like there will be record participation by faculty in

graduation ceremonies. He commended the University Secretary for doing a great job of letting people know about what's going to happen at graduation.

- **The motion to approve the Spring Degree Candidates passed unanimously (1st Fortner; 2nd Schwartz).**

FINANCE AND FACILITIES COMMITTEE (F&F)

Regent Bill Payne introduced the information items that were presented in committee and clarified they were placed on the agenda for information only and would not be presented. Regent Payne clarified that the Budget Adjustment Requests (BAR) for Main Campus, the Branches, and for Health Sciences, all of which were taken off the consent docket, would be presented together as the last F&F action items.

Regents' Policy Revision to RPM Section 7.21 "Investment of Operational Funds and Bond Proceeds"

Jeremy Hamlin introduced Vahid Staples, Associate Director in the Office of Planning, Budget and Analysis, and Max Kotary, University Investment Consultant from AON Investments. The proposed change to Regents' Policy 7.21 deals with the investment of operational funds and bond proceeds. The changes would allow for certain investment categories that are currently prohibited by policy with the aim to increase average maturity of investments in UNM portfolios. It is believed the proposed changes will provide attractive relative value opportunities and enhance yield while minimally impacting investment risk. Ultimately, the changes will provide the portfolio managers, Loomis Sayles and SLC management, additional flexibility to better manage UNM operating assets. Included in the recommendation is removal of a few sentences that detail day-to-day administrative duties and responsibilities that university administrative policy is better suited to address. Mr. Hamlin stated that if Regents approve the changes proposed, similar changes to University Administrative Policy 7610: Investment Management, will be proposed to bring both policies into alignment.

As background, this policy was originally adopted in 2005 and the last revision date is 2010. The policy governs the investment of operational funds and bond proceeds, but it does not apply to the endowments which are invested in accordance with the Foundation's Consolidated Investment Fund Endowment Investment Management Policy. As of the end of February, investment balances total just over \$372 million. Each of the accounts is managed in a manner that correlates to the three tenets of public funds, in order of priority: 1) preservation of capital (safety); 2) liquidity, and 3) yield or return.

Mr. Hamlin discussed the process that led to the recommendations. Vahid Staples and Mr. Kotary discussed in more detail the recommendations. Specifically, the recommendations are: 1) allow investment in private placements; 2) allow investment in securitized assets; 3) increase maturity limit or neutralize duration of the portfolio. There was discussion.

Regent Rael inquired the current maturity limit. Mr. Staples responded that it is currently three years.

Mr. Hamlin addressed concerns that were raised in committee. The University and the Investment Advisory Committee have oversight and responsibility over establishing a system of internal controls designed to prevent and control losses of university investment assets. The University has a very low tolerance for investment risk, and investment managers will consider this risk tolerance and take appropriate steps to control risk by adhering to the University's desired asset class ranges and maximum

limits. The Debt Investment Advisory Committee ultimately establishes preferred ranges and maximum limits that portfolio managers must adhere to, and lastly, most residual mortgage-backed securities are backed by the Government National Mortgage Association (Ginnie Mae), US government agency or the Federal National Mortgage Association (Fannie Mae), as well as Freddie Mac, a US Government sponsored enterprises.

Regent Jack Fortner inquired the appropriate time factor that should be used to measure the effectiveness of this change and which if any other market factors needed to be considered. Mr. Kotary responded that short-term comparisons are difficult and three-year or five-year periods are better. He said it would be best to look at this from a benchmark relative perspective and explained that the changes will effectively allow the managers to have leeway relative to the chosen benchmarks to govern their risks. To date, the managers have been able to incrementally beat the benchmarks over time.

Regent Paul Blanchard inquired the return on investment for the corpus in 2019. Mr. Staples responded that over the last 5-year period, the return had been roughly 2.5%. There was further discussion about interest rates and bond market activity. In recent years, portfolios comprised of relatively shorter-term (3-yr and 5-yr) bond maturities were not hit as hard as longer-term portfolios. There was confirmation of the importance of balancing risk with the potential for gains. Regent Blanchard noted that there are stringent quality restrictions on the portfolio set at investment-grade only. Regent Payne requested the Regents receive periodic updates on this topic.

[ATTACHMENT D]

EVP Costantinidis said that the new treasurer, Kenny Stansbury, could present at the next F&F meeting an overarching perspective on all the different portfolios, including the endowments.

- **The motion to adopt revisions to Regents' Policy RPM 7.21 "Investment of Operational Funds and Bond Proceeds" passed unanimously (1st Blanchard; 2nd Tackett).**

FY24 Operating Budget for Main and Branch Campuses

Jeremy Hamlin presented the item, first reviewing the budget process and budget assumptions. On the revenue side, state appropriations increased from the prior year primarily due to a 6% compensation increase, as well as a total 3.3% increase for Instruction and General (I&G) funding, categorical funding, and RPSPs (Research and Public Service Projects). At the April 10 meeting, the Regents approved no base tuition increase; however, tuition simplification is part of the plan, as well as some student fees that were approved in April. On the expense side, the biggest driver is the compensation at 6% in addition to the state mandated 1% increase to the ERB employer contribution, as well as some health insurance increases and overall non-labor inflationary costs included. The overall consolidated budget is just over \$4 billion, with 71% of the budget residing with UNM Health and Health Sciences at \$2.4 billion. This is just over a 9% increase from the prior year's budget. The Main Campus budget totals \$1.1 billion and the Branch Campus budgets total \$57.2 million.

For Main Campus sources of funding, roughly half of the budget is comprised of state appropriations (\$274 million), tuition and fees (\$201 million), and the use of reserve balances (\$77 million). Grants and Contracts make up 26.8% at \$299 million. On the expense side, I&G comprises 35% of expenditures at \$392 million, with Student Aid

making up 20% (\$225 million) and Plant Funds being the third largest part comprising 17% at \$189 million. Mr. Hamlin discussed further details comparing restricted funds, unrestricted funds and plant funds with prior years. The restricted budget increased by 57% due to incorporating the NM Opportunity Scholarship into the FY24 budget – it was not included in the original FY23 budget due to uncertainties at the time. For the \$650 million unrestricted budget, the bulk is I&G, comprising almost 60% at \$388 million.

[ATTACHMENT E]

The Branch Campuses budget, consolidated for all Branches, is \$57.2 million and roughly half of the revenue sources are state appropriations, \$27 million (47.6%). The Branches also receive 18% from contract and grant funding and roughly 17% from local government appropriations. On the expenditure side, I&G represents about 76% with public services comprising roughly 19%. Overall, there is a 7.8% increase from the FY2013 original budget, the increase is largely driven by the compensation increase of 6%, as well as the 1% ERB contribution increase.

There was a brief discussion before a vote on the motion to approve the budget.

- **The motion to approve the FY24 operating budget for Main and Branch Campuses passed unanimously (1st Blanchard; 2nd Tackett).**

Main and Branch Campuses FY23 Budget Adjustment Request (BAR)

Jeremy Hamlin presented the item. This request is for the current year budget. The University is required to submit a revised budget to HED based upon year-end projections, ensuring actual expenditures will not exceed budget authority by exhibit, in compliance with NMAC 5.3.4.10. Budget revisions must be submitted by the May 1 budget deadline. The HED does allow a post-May 1 approval. Mr. Hamlin noted that budget to actuals are monitored all year through monthly reconciliations, quarterly reporting and a mid-year review. Budget adjustment drivers are primarily changes in revenue and expenditure projections, use of reserves for one-time expenditures, increases in restricted grant and contract activity, and or other changes in transfers. The bottom line change to the FY23 original budget is a 17% increase, \$153 million, due to changes in unrestricted, restricted and plant fund pieces of the budget. Mr. Hamlin presented a summary of the changes, the largest single piece being the \$80 million impact to both revenues and expenditures from the Opportunity Scholarship, student financial aid, that was not in the original budget. Mr. Hamlin also reviewed the Branch Campus budget adjustments. [ATTACHMENT F]

- **The motion to approve the FY23 Budget Adjustment Request (BAR) for Main and Branch Campuses passed unanimously (1st Rael; 2nd Tackett).**

Health Sciences FY23 Budget Adjustment Request (BAR)

Joe Wrobel presented the item and explained that the URPEDA Corporations, SRMC and the UNM Medical Group, are not required to submit BARs. Adjustments to the Health Sciences Academic unit are impacted by an increase of \$11.2 million for unrestricted revenues and a \$14.2 million increase in unrestricted expenses, including transfers out. Adjustments to the Hospital included a \$22.1 million net decrease in revenue due to less than anticipated patient and other revenues. On the expense side, there was an \$18 million increase due to high contract labor costs. Mr. Wrobel discussed details of the changes. [ATTACHMENT G]

- **The motion to approve the FY23 Budget Adjustment Request (BAR) for Health Sciences passed unanimously (1st Rael; 2nd Tackett).**

HEALTH SCIENCES CENTER COMMITTEE (HSCC)

Health and Health Sciences FY24 Budget

Joe Wrobel presented the item. The UNM Health Sciences encompasses the academic programs, (School of Medicine, College of Nursing, College of Pharmacy and College of Population Health) as well as the Library and Informatics Center, Research, Project ECHO and the Administration unit. UNM Health is comprised of the UNM Hospitals (UNM Hospital, Children’s Hospital, Carrie Tingley, the Adult Psychiatric Center, Children’s Psychiatric Center, and the clinical operations of the Comprehensive Cancer Center), along with the UNM Medical Group, and Sandoval Regional Medical Center. Mr. Wrobel reviewed system-wide budgetary challenges and the key budget assumptions for each area. Total budgeted revenues are \$2.9 billion with UNM Hospitals comprising 52%, \$1.5 billion, and the School of Medicine comprising 23.8% at \$688 million. Mr. Wrobel reviewed details of revenues and expenditures, budgeted staffing numbers, and he provided a comparative analysis for each of the units, comparing the FY24 budget to current FY23 revised projections and FY22 actuals. He also provided a breakdown of the FY24 state and capital appropriations. [ATTACHMENT H]

- **The motion to approve the Health and Health Sciences FY24 Budget passed unanimously (1st Rael; 2nd Fortner).**

ADVISORS COMMENTS

Ian May, ASUNM President, introduced Krystah Pacheco, ASUNM President for the 2023-24 year.

Amie Ortiz, Staff Council President, introduced Grace Faustino, the Council’s president for the new year.

Finnie Coleman, Faculty Senate President, introduced Cris Elder, who would be taking over as President after his 4-year tenure of service. He thanked many people who had inspired him before and during his tenure as president, including former President, Pamela Pyle, who inspired him with her courage to speak the truth. Dr. Coleman said it was a privilege to serve on the Regents’ SSTAR Committee (Student Success, Teaching, and Research), formerly name ASAR (Academic & Student Affairs and Research Committee), and he stressed that strong shared governance and strong faculty governance are not the same thing.

Amy Miller, Alumni Association President, spoke about recent and upcoming alumni events, and thanked the board for a great year.

Alfred Mathewson, Retiree Association President, announced that the Association has over 600 members and recently recognized its 20th anniversary. The Association holds events for retirees, distributes scholarships, and serves its members by providing pertinent retirement information and having a presence in Santa Fe, staying abreast of ERB legislation. Mr. Mathewson introduced his replacement, Leslie McFadden, as the President for the coming year.

The Regents thanked the Advisors for their service and commitment to the success of the University.

VOTE TO CLOSE THE MEETING AND PROCEED IN EXECUTIVE SESSION (Roll Call Vote)

Regent Fortner motioned to close the meeting; Student Regent Ko seconded; all Regents voted in favor; the meeting closed at 12:31 PM.

The Regents proceeded to the Cherry Silver Room on 3rd Floor of the SUB for:

1. Discussions subject to attorney-client privilege pertaining to threatened or pending litigation as permitted by Section 10-15-1.H(7), NMSA (1978);
2. Discussion of strategic and long-range business plans of public hospitals pursuant to Section 10-15-1H(9), NMSA (1978);
3. Discussions of bargaining strategy preliminary to collective bargaining and collective bargaining between a policymaking body and an employee bargaining unit, as permitted by Section 10-15-1.H(5), NMSA (1978);
4. Discussions of limited personnel matters as defined in and permitted by Section 10-15-1.H(2), NMSA (1978); and
5. Discussion of the purchase, acquisition or disposal of real property as permitted by Section 10-15-1.H.(8), NMSA (1978).

VOTE TO RE-OPEN THE MEETING AND CERTIFICATION THAT ONLY THOSE MATTERS DESCRIBED IN THE EXECUTIVE SESSION AGENDA WERE DISCUSSED IN THE CLOSED SESSION

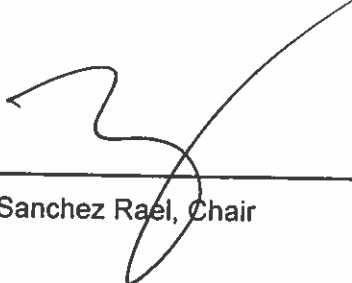
The meeting re-opened at 1:44 PM (1st Schwartz; 2nd Ko); the doors to the Cherry Silver Room were opened. Regent Rael certified the closed session discussions were limited to the executive session agenda and she confirmed there were no items requiring ratification in open session.

ADJOURN

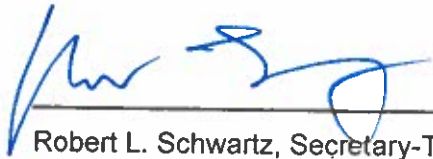
There being no further business, Regent Rael asked for a motion to adjourn the meeting; Regent Schwartz motioned; Regent Ko seconded; all were in favor; the meeting adjourned at 1:45 PM.

Approved:

Attest:



Kim Sanchez Rael, Chair



Robert L. Schwartz, Secretary-Treasurer

ATTACHMENT A

(Attachment to the Minutes of the May 11, 2023 BOR)

Regents' Policy Manual - Section 1.9: Board of Regents' Office

Adopted Date:

Policy

The Board of Regents, in consultation with the University President, shall appoint a Secretary to the Board of Regents to lead the Board of Regents' Office. The Secretary to the Board of Regents shall provide for such additional support as is necessary to serve the needs of the Board of Regents.

ATTACHMENT B

(Attachment to the Minutes of the May 11, 2023 BOR)

Regents' Policy Manual - Section 1.9: Board of Regents' Office

Adopted Date:

Policy

There is created a Board of Regents' Staff Office to perform such functions and provide such services to meet the operational and policy needs of the Board as determined by the Board of Regents, in consultation with the University President.

ATTACHMENT C

(Attachment to the Minutes of the May 11, 2023 BOR)

Regents' Policy Manual - Section 2.16: ~~University Counsel~~Legal Services for the University

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Adopted Date: 09-12-1996

Amended: 12-14-2004

Amended: 01-06-2007

Amended: 01-09-2007

Amended: 12-14-2010

Amended: 03-14-2016

Amended: 03-09-2023

Applicability

~~This policy applies to the Office of University Counsel, the use of outside legal counsel by the University and requests for legal advice concerning University business from members of the University community. This policy also applies to the initiation of, joinder or intervention in litigation or other forms of legal proceedings in the name of the Regents or for or on behalf of the University.~~

Policy

~~The General Counsel shall be appointed by the President of the University, with the advice and confirmation of the Board of Regents, to direct a legal office for the University. The President may dismiss, set compensation, amend or not renew the contract of the General Counsel, but any such action must be confirmed by the Board of Regents. shall, consistent with RPM 3.3, appoint a University Counsel who shall be a member of the New Mexico Bar and shall serve as the chief legal officer to the University. The General Counsel is responsible for advising the Board of Regents and the President on all legal issues relevant to their respective duties, and shall report to both the Board of Regents and the University President. In extraordinary circumstances where there is or may be a conflict of interest between the Board of Regents and the President, the General Counsel shall represent the Board of Regents and the President shall be authorized to hire outside counsel.~~

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~~University Counsel reports directly to the President of the University and may when appropriate provide advice on legal issues to the Board of Regents. The function of the University Counsel's Office shall be to help the University carry out its mission of teaching, research, and service in compliance with federal and state law and University policies and procedures. The Office shall emphasize preventative strategies for avoiding legal difficulties. The Office shall also defend, or arrange for defense, of the University and, in appropriate cases, its officers and employees, in legal proceedings. The Office shall also defend or arrange for the defense of students against any legal proceedings commenced against them arising from their good faith participation in official University investigations or grievance or disciplinary proceedings, or in official positions, boards or committees (other than as officers or members of chartered student organizations).~~

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Regents' Policy Manual - Section 2.16: Legal Services for the University

Adopted Date: 09-12-1996

Amended: 12-14-2004

Amended: 01-06-2007

Amended: 01-09-2007

Amended: 12-14-2010

Amended: 03-14-2016

Amended: 03-09-2023

Policy

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The General Counsel, in consultation with the President, is authorized to initiate, join and intervene in legal proceedings in the name of the Regents of the University of New Mexico in routine matters which do not raise policy issues.

No component of the University may retain or employ outside counsel except with the prior approval of the President of the University, the Board of Regents, or their designee. The term “component of the University” includes the University, any unit, department or office of the University and any University-affiliated organization of which the University is the sole member or in which the University holds, directly or indirectly, a majority voting interest. The retention, employment and supervision of such outside counsel shall be in accordance with guidelines promulgated by General Counsel and pursuant to a contract for legal services approved by the Board of Regents or the President of the University.

References

Appointment and Termination of Key Administrators, [RPM 3.3](#) ; Student Government, [RPM 4.1](#); Signature Authority for Contracts, [RPM 7.8](#).

ATTACHMENT D

(Attachment to the Minutes of the May 11, 2023 BOR)



May 9, 2023

TO: UNM Board of Regents' Finance and Facilities Committee

THROUGH: Teresa Costantinidis, Executive Vice President for Finance and Administration and Chair of the University Debt and Investment Advisory Committee (DIAC)

FROM: Office of Planning, Budget & Analysis

SUBJECT: Action Item for Board of Regents' Finance and Facilities Committee –
*AUTHORIZATION FOR REVISIONS TO REGENTS' POLICY MANUAL (RPM) –
SECTION 7.21: INVESTMENT OF OPERATIONAL FUNDS AND BOND PROCEEDS*

Executive Summary

The Office of Planning, Budget & Analysis, on behalf of the University Debt and Investment Advisory Committee (DIAC), is seeking The University of New Mexico Board of Regents' approval of edits to the *Regents' Policy Manual – Section 7.21: Investment of Operational Funds and Bond Proceeds* that will permit certain investment categories that are currently prohibited and increase the average maturity of investments. These changes will provide attractive relative value opportunities, and enhance yield while minimally impacting investment risk, providing additional flexibility to move when markets move and allow investment decisions to be made in real time.

We are also recommending minor edits related to changes in position titles and removal of three sentences under Reporting and Accountability section that detail day-to-day administrative roles and responsibilities, which we believe is more appropriate in University Administrative Policy (UAP) 7610: Investment Management, under 3. Investment Responsibilities. The proposed changes to Regent policy as outlined above align with recommendations received from both of our investment managers, Loomis Sayles and SLC Management, and deemed to be reasonable requests from our investment consultant, Aon Investments. A redline version of the policy is shown as ATTACHMENT 1. A summary of the investment manager recommendations and Aon review is shown as ATTACHMENT 2.

Background

Originally adopted in 2005, and not having been revised since 2010, the Regents' Policy Manual – Section 7.21: Investment of Operational Funds and Bond Proceeds governs the investment of operational funds and bond proceeds of the University of New Mexico. It does not apply to endowments held by the University and the UNM Foundation, which are invested in accordance with the Foundation's Consolidated Investment Fund Endowment Investment Management Policy.

Each of our accounts is managed in a manner that correlates to the three tenets of public funds that are, in order of priority:

- Preservation of Capital (Safety)
- Liquidity
- Yield or Return

Due to the nature of the funds we are always obligated to ensure the safety of our portfolios by seeking out high credit quality investment opportunities, and we like to have an optimal mix of higher yield, less liquid investments and lower yield, highly liquid opportunities.

The University seeks market rates of return on its investments, consistent with its liquidity requirements and quality and duration/maturity constraints, in relation to the Fund's benchmark. In addition, the University tries to acquire securities with suitable characteristics correlated to Operating Fund cash flows, and to hold those assets until such time as market conditions or other factors create clear opportunities for increased returns.

As discussed in the April 10, 2023 Board of Regents meeting, it is important that we continue to seek alternative revenue sources to support the University's mission. Given the size of our investment balances with Loomis Sayles and SLC Management (\$254.6 million and \$117.4 million managed, respectively, as of February 28, 2023), we believe this is a great opportunity to diversify and expand this source of investment income, while minimally impacting investment risk because these balances represent operational funds that must be preserved for operational needs and intended long-term uses. In addition, this proposal aligns with the UNM 2040 Strategic Planning Framework Goal of Sustainability by ensuring the necessary financial resources to achieve our aspirations and mission.

Since December 2022, we've met separately with both investment managers, SLC Management and Loomis Sayles, to get a sense of what changes or recommendations they'd propose to allow more flexibility in managing our investment portfolios. We've also met with our investment consultant, Aon Investments, as well as Dr. Reilly White, Associate Professor of Finance at UNM's Anderson School of Management and faculty advisor for the \$4.0 million student-run Regents' Portfolio. These discussions centered around the proposed changes and the reasonableness of these recommendations while still upholding our top two tenants with investing operational funds of safety (preservation of capital) and liquidity. On March 2, 2023 the DIAC met to discuss the investment recommendations and proposed changes to investment policy. The changes were voted on by the Committee and approved to move forward.

Manager Recommendations and Related Policy Changes

Allow investment in private placements (144As)

- By removing "Private placements" from the Prohibited Investments section, we would be able to take advantage of privately placed securities, giving our investment managers a greater supply of bonds to invest in.
- Rule 144A allows privately placed securities to be sold and traded to Qualified Institutional Buyers without SEC registration. The primary benefit of buying 144A securities is access to a greater supply of bonds. A white paper explaining the case for expanding 144A limits and additional background on what 144A securities are is shown as ATTACHMENT 3.

Allow investment in securitized assets (asset-backed securities, mortgage-backed securities, etc.)

- By removing "Mortgages—backed debt and pass-through securities or obligations", "Residual Tranche collateralized mortgage obligations", and "Collateralized mortgage obligations (CMOs) and other mortgage-backed securities..." from the Prohibited Investments section, we would be able to take advantage of higher yields that would come from allowing investments in securitized assets.
- Both of our investment managers recommend adding in the option to invest in securitized assets. Allocations within securitized assets (of which 90% comes to market as 144A) would provide attractive relative value opportunities and higher yields. Mortgage-backed securities (MBS) allow investors to benefit from mortgage business (i.e. principal and interest payments passed through) without the need to directly buy or sell home loans. We believe that existing investment guidelines

in our policy that call for an average quality of A1/A+ or better helps to mitigate any risk in investing in MBS, as low-quality MBS would not be considered. We can also manage our low tolerance for investment risk by implementing a preferred range and maximum percentage allowed of investment funds within this asset class in University Administrative Policy 7610.

Increase maturity limit or neutralize duration of the portfolio.

- Duration represents the weighted average term of maturity of bonds in a fixed-income portfolio. Portfolios with a shorter duration will typically be less affected by interest rate changes than a portfolio with a longer duration. However, when interest rates are expected to stabilize or stay low, longer duration bonds are a better choice, as bond prices move in the opposite direction of interest rates. While the portfolios have benefited recently from the short duration posture, this is essentially an interest rate bet. Should rates stabilize or decrease, there is a significant risk to the portfolio's performance.
- We acknowledge that our short duration posture that currently exists within RPM 7.21 opens our portfolio to risk in the event interest rates stabilize or decrease. We propose increasing *average* maturity from three years or less to five years or less. Refer to red line edit under the Investment Guidelines section that changes average maturity from three years or less to five years or less.

Align University Administrative Policy with Regents Policy Manual changes

If the Regents approve of the changes proposed, we will also put forward similar changes to University Administrative Policy 7610: Investment Management to bring both policies into alignment.

ATTACHMENT 1

Regents' Policy Manual – Section 7.21: Investment of Operational Funds and Bond Proceeds
DRAFT of 05/11/23 (Redline Copy)

ATTACHMENT 2

Aon Investments - Review of Fixed Income Manager Recommendations (January 2023)

ATTACHMENT 3

AAM White Paper on 144A Securities (August 2019)

ATTACHMENT 1
(Attachment to May 9 memo)

Regents' Policy Manual - Section 7.21: Investment of Operational Funds and Bond Proceeds



Adopted Date: 12-13-2005

Amended: 05-11-2010

Applicability

This policy governs the investment of operational funds and bond proceeds of the University of New Mexico. It does not apply to endowments held by the University and the UNM Foundation, which are invested in accordance with the Foundation's Consolidated Investment Fund Endowment Investment Management Policy.

Policy

The University shall manage its cash flow in a manner which will maximize funds available for investments. The primary objective for investments of operational funds and bond proceeds of the University is capital preservation. In addition, available funds shall be invested with the following objectives:

1. Conformance with applicable laws and regulations, bond resolutions and indentures, and other pertinent legal restrictions.
2. Sufficient liquidity to ensure the University can quickly respond to cash demands and meet funding and operations requirements and emergency expenditures.
3. Recognition of differing objectives and needs of various operating funds and bond proceeds.
4. Maximization of investment returns.

The Board recognizes that in order to meet these investment objectives it may be advantageous to engage the services of investment consultants and managers who have appropriate training and expertise and who have access to specialized

information and analysis or analytical tools and systems. Investment consultants and managers must be registered investment advisors with the Securities and Exchange Commission (SEC) and must have a minimum of \$500 million of assets under management. Such contracts must be approved by the Board of Regents. All persons or entities, including investment managers and consultants, that have responsibility for investment of University funds shall be bound by this and other University policies, including conflict of interest policies RPM 1.8 and RPM 6.4, and federal and state laws and regulations.

Investment Guidelines

The scope of authority for the types of investments that may be made with University funds is statutorily defined in NMSA 1978, Sections 6-8 and 6-10. University assets may be invested in any securities permitted by law, subject to the provisions of this investment policy. Individuals responsible for investment decisions shall exercise judgment, care, skill, and caution to invest and manage funds as a prudent investor would, by considering the objectives, terms, and distribution requirements while preserving capital. Operational funds and bond proceeds are primarily invested in high quality, relatively short-term fixed income securities not exposed to significant market risk. Investments should have an average duration of ~~three~~ five years or less, an average credit quality of A1/A+ or better, no use of leverage, and security ratings of investment grade.

Prohibited Investments

Notwithstanding authority granted by law and elsewhere in this document, in order to mitigate exposure to interest rate risk, market risk, and liquidity risk, the following investments and investment practices are prohibited. Prohibited investments include, but are not limited to the following:

- Domestic or international equity securities (i.e. stocks)
- Commodities and futures contracts
- Options
- Speculative securities
- ~~Mortgages-backed debt and pass-through securities or obligations~~
- Non-government fixed income mutual funds
- ~~Private placements~~
- Limited partnerships
- Real estate properties

- Principal-only (PO) securities
- Interest-only (IOs) securities
- Planned amortization class (PACs)
- ~~Residual Tranche collateralized mortgage obligations~~
- Venture-capital investments
- Derivatives, except when utilized to protect the Global Fixed Income Portfolio
- ~~Collateralized mortgage obligations (CMOs) and other mortgage-backed securities, inverse floaters, leveraged floaters, capped and rate floaters, dual index floaters, and floating rate notes whose index is tied to a long-term interest rate or lagging index, e.g. Cost of Funds Index (COFI)~~
- Investment purchase on margin or short sales
- Leveraging the portfolio, lending securities with an agreement to buy them back after a stated period of time (reverse repurchase agreements from the perspective of the Operating Fund)
- Repurchase agreements are prohibited for operating funds, but are allowable for bond proceeds
- GICs are prohibited for operating funds, but are allowable for bond proceeds

Reporting and Accountability

The University Debt and Investment Advisory Committee is responsible for ensuring University investments are managed in accordance with University policy and applicable laws and regulations. The Committee is also responsible for oversight of the investment process and distribution of investment income, monitoring investment activities, and reporting the results of investment activity annually to the Board of Regents. The Committee is chaired by the Executive Vice President for ~~Finance and Administration/CFO/COO~~ and is composed of representatives from Financial Services, the Office of Planning, Budget and Analysis, and other members designated by the Executive Vice President for ~~Finance and Administration/CFO/COO~~.

~~The Associate Vice President Director for Planning, Budget, and Analysis under the supervision of the Executive Vice President for Finance and Administration/CFO/COO is responsible for the day-to-day investment activities concerning University operational funds and bond proceeds. The associate vice presidents University Controller and the Chief Budget and Facilities Officer for Financial Services are responsible for ensuring proper internal controls are in place. The UNMH Administrative Chief Financial Officer is responsible for the day-to-day investment activities concerning UNM Hospital operational funds and bond proceeds and for ensuring proper internal controls are in place.~~ All investment transactions require prior authorization from two University administrators with signature authority on the University's depository account. All individuals delegated authority to make investment decisions must be bonded in accordance with NMSA 6-8-5.

References

NMSA 1978, §§ 6-8 and 6-10; Uniform Prudent Investor Act, NMSA 45-7 (601-612); Internal Revenue Code IRC §148, Arbitrage; [RPM 1.8](#) " Regent Code of Conduct and Conflicts of Interest Policy," [RPM 6.4](#)"Employee Code of Conduct and Conflicts of Interest Policy," [UBPPM 3715](#) "Code of Conduct," [UBPPM 3720](#) "Conflicts of Interest," [UBPPM 7610](#) "Investment Management."

ATTACHMENT E

(Attachment to the Minutes of the May 11, 2023 BOR)

Main Campus and Plant Fund Budget Adjustments

	Submitted on 5/2/22	Seeking Approval	
	FY23 Original Budget	FY23 Revised Budget (BAR)	% Change
Unrestricted	\$591,641,324	\$612,143,712	3.5%
Restricted	\$176,826,226	\$289,721,226	63.8%
Plant Funds	\$129,703,924	\$149,341,681	15.1%
TOTAL	898,171,474	1,051,206,619	17.0%

Summary of Major Changes for Main Campus Current Funds (Unrestricted)

\$23.7 million net increase in revenues, due primarily to:

- Net increase of \$10.8 million in I&G revenues, largely due to tuition and fees from undergraduate enrollment increases and increases to state land income from the State Land Office
- Net increase of \$7.7 million in Public Service revenues, largely attributed to unbudgeted state appropriations for endowed positions in Native American Studies (transferred to Endowments)
- Net increase of \$1.9 million in Auxiliary Enterprises revenues, largely due to increases in housing dorm rentals

(\$14.0 million) net transfers out, due primarily to:

- Transfers to Plant for department capital projects
- Transfers to Internal Services to support Utilities due to utility cost increases
- Transfer to Endowments related to HB2 appropriation for endowed positions in Native American Studies program

\$20.5 million net increase in expenses, due primarily to:

- Net Increase of \$7.0 million in Research expenses driven largely by increases in salaries and fringe, research costs, supply costs, travel costs, and other research operating expenditures
- Net Increase of \$5.4 million in Internal Services due to increases in salaries and fringe, general liability insurance, repairs and maintenance costs, and increases in utility costs
- Net Increase of \$1.8 million in Public Service expenses due to scholarships, student awards, salaries, and other operating costs



Summary of Plant Fund Changes

\$69.3 million net increase in revenues, due primarily to:

- New Bond Issuance – The sale of new bonds constitutes, and is booked, as revenue and increased revenue significantly in FY23. The bond sale was approved by the Higher Education Department (HED) as well as the State Board of Finance (SBF).

\$20.5 million net transfers in*, due primarily to:

- \$894,164 from HSC - Health Care Simulations
- \$2,971,353 from HSC – UX CON COPH project
- \$315,938 from HSC - College of Pharmacy Building Planning
- \$400,000 from HSC – Cancer Center Various Project
- \$5,381,511 from HSC – Various Minor Capital Improvement Projects
- \$650,000 from Housing and Dining Services – La Posada Infrastructure Replacement
- \$4,530,132 from Auxiliaries – Multiple Projects
- \$1,116,853 from Taos – South Parking Lot
- \$868,750 from Taos – Infrastructure Improvements
- \$582,905 from ORE – AML Tenant Improvement Renovation

\$19.6 million net increase in expenses, due primarily to:

- College of Nursing and College of Population Health Building. When the budget was submitted last year, the construction start date was unclear. This project is now in construction and expenses have been increased to align with the project.
- Additional funds added to the Lobo Welcome Center Project.

* All projects have or will go through all necessary project approvals



Summary of Changes for Main Campus Current Funds (Restricted)

\$129.9 million net increase in revenues, due primarily to:

- \$80 million increase in Student Financial Aid related to the Opportunity Scholarship (unbudgeted in Original budget)
- \$27.8 million increase in Public Service due primarily to a \$17,000,000 faculty endowment received from HED for UNM Educator Preparation and increases in other public service contract and grant awards received
- \$22.1 million increase in Research contract and grant awards received in FY23

(\$17,000,000) – Net Transfers Out due to:

- \$17.0 million Transfer Out to Endowments to set up UNM Educator Preparation faculty endowment (received from HED)

\$112,895,000 – Net Increase in Expenditures due primarily to:

- \$80 million Increase in scholarships disbursed for the NM Opportunity Scholarship
- \$10.8 million increase in Public Service contract and grant expenditure activity
- \$22.1 million Increase in Research contract and grant expenditure activity

Branch Campus Budget Adjustments

Submitted on 5/2/22

Seeking Approval

	FY23 Original Budget	FY23 Revised Budget (BAR)	% Change
Gallup	\$17,572,052	\$17,724,320	0.9%
Los Alamos	\$7,419,348	\$6,406,161	-13.7%
Taos	\$12,495,338	\$14,165,261	13.4%
Valencia	\$15,593,223	\$15,420,477	-1.1%
TOTAL	53,079,961	53,716,219	1.2%

Summary of Branch Campus Changes

Gallup \$152K increase, 0.9%, primarily due to:

- Increases in Student, Social & Cultural Activities related to equipment purchases
- Increases in Public Service budget for reviving the DWI program and increased gifts received

Los Alamos \$1.0 million decrease, -13.7%, primarily due to:

- Decreases in restricted I&G federal and state grants and contracts

Taos \$1.7 million increase, 13.4%, primarily due to:

- Increase in restricted Public Service for increased grant activity

Valencia \$173K decrease, -1.1%, primarily due to:

- Decrease in expenditures related to restricted Public Service Contracts & Grant programs

** Changes above are for Unrestricted and Restricted Expenditures*



ATTACHMENT F

(Attachment to the Minutes of the May 11, 2023 BOR)

UNM Health Sciences Budget Adjustment Request (BAR)

- The FY 2023 Original Operating and Capital Budget was submitted to HED on May 1, 2022.
- The University is required to submit a Final Revised Budget to the HED by May 1, 2023.
- Primary purpose of the final BAR: To ensure actual expenditures will not exceed budget authority by exhibit --- 5.3.4.10 NMAC
- Health Science Academic and UNM Hospitals are required by HED to submit a revised budget – SRMC and UNM MG are not

Note: Your ebook materials include the detailed FY23 BAR

UNM Health Sciences Academic Year-End Changes

- **\$11.2M Net Increase** in Unrestricted Revenue
 - Revenue increases of \$19.6 million in clinical and other sales and services, \$1.5 million in Indirect Cost Recovery from Contracts and Grants and \$1.3 million in Student Financial Aid offset by decreases of \$10 million for a School of Public Health appropriation that was moved to Restricted, \$1.1M in tuition and fees, and \$100,000 for a GPSA student aid appropriation that was re-assigned from Health Sciences to Main Campus Student Aid
 - **\$11.2 million** represents 1.5% of the \$735.6 million Total Unrestricted Revenue Budget
- **\$14.2M Net Increase** in Unrestricted Expenses and Transfers Out for FY23.
 - Expenses increased \$7.2 million in service contract and supply costs \$1.8 million in student aid costs but decreased \$6.6 million for a School of Public Health appropriation that moved to Restricted
 - Transfers out increased \$11.8 million due to transfers to plant for buildings and renovation projects, transfers to the Endowment Fund and transfers for Contracts and Grants cost share commitments
 - **\$14.2M** represents 1.9% of the \$747.4M Total Unrestricted Expense Budget

UNM Hospitals Year-End Changes

- **\$22.1M Net decrease** in Revenue due to less than anticipated patient and other revenues
 - This represents 1.5% of the \$1.49 billion original total budgeted revenue
- **\$18.0M Net increase** in Expense due to high contract labor costs
 - This represents 1.2% of the \$1.48 billion original total budgeted expense

ATTACHMENT G

(Attachment to the Minutes of the May 11, 2023 BOR)

UNM Consolidated Expenditures

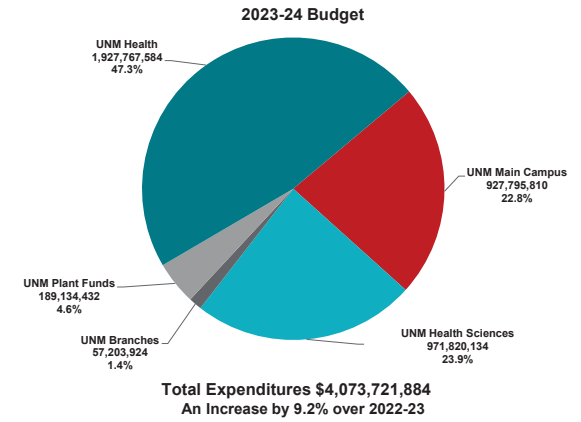
UNM Main Campus Key Budget Assumptions

Revenues

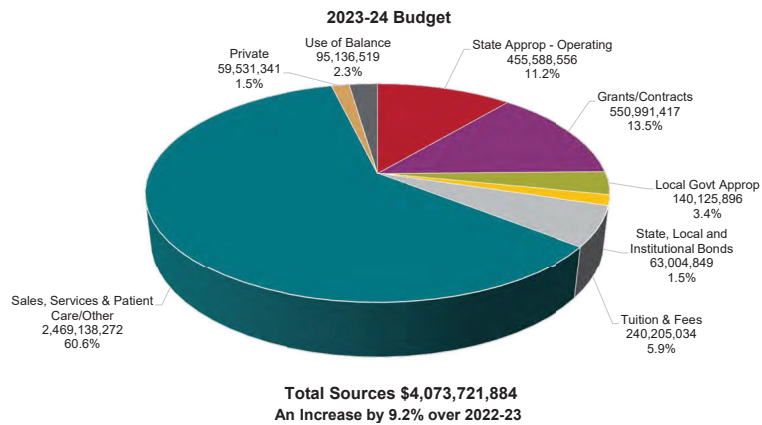
- State appropriations increased over FY 23 original budget, due primarily to a 6% increase in compensation and a 3.3% increase for I&G funding, categorical funding, and Research and Public Service Projects (RPSPs).
- Tuition
 - No Tuition Increase
 - Tuition Simplification – Align undergraduate non-resident block to 15+ credit hours per semester. Align Accelerated Online Programs (AOPs) with the 15+ credit hour block for undergraduates and 12+ credit hour block for graduates
- Student Fees
 - Mandatory student activity fees increase of 3% (in addition to the related debt service fee increase)
 - Increase Student Health and Counseling (SHAC) fee by \$22 to \$129 per semester

Expenses

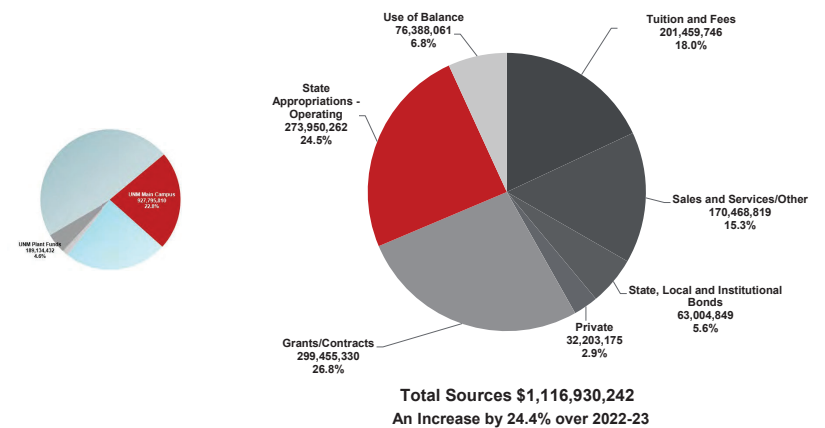
- Compensation – 6% increase, partially funded through state appropriation increase
- Employer ERB 1% increase, partially funded through state appropriation increase
- Group Health Insurance increase of 9.8%



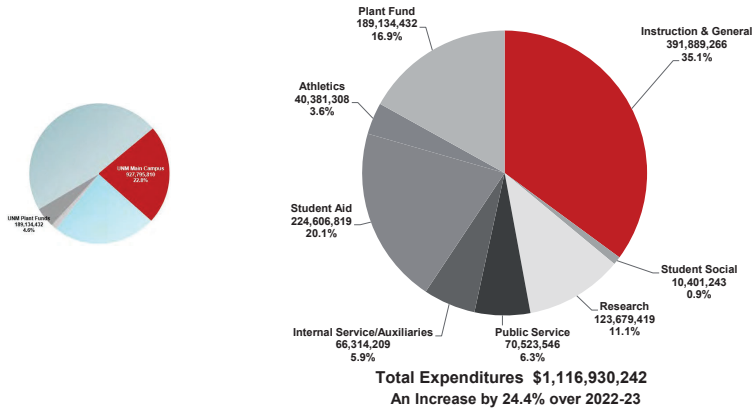
UNM Consolidated Revenue/Sources



UNM Main Campus Sources



UNM Main Campus Expenditures



UNM Main Campus Expenditures

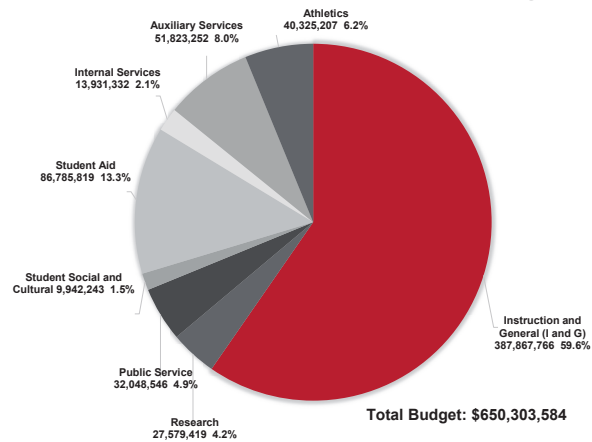
Comparative Analysis: Prior Year - Current Year - Next Year

	FY 2022 Actuals	FY 2023 Original Budget	FY 2023 Revised Budget	FY 2024 Original Budget	% Change (FY24 Orig-FY23 Rev)	% Change (FY24 Orig-FY23 Orig)
Unrestricted	\$500,719,124	\$591,641,324	\$612,143,712	\$650,303,584	6.2%	9.9%
Restricted	\$171,841,370	\$176,826,226	\$289,721,226	\$277,492,226	-4.2%	56.9%
Plant Funds	\$116,049,244	\$129,703,924	\$149,341,681	\$189,134,432	26.6%	45.8%
TOTAL	\$788,609,738	\$898,171,474	\$1,051,206,619	\$1,116,930,242	6.3%	24.4%

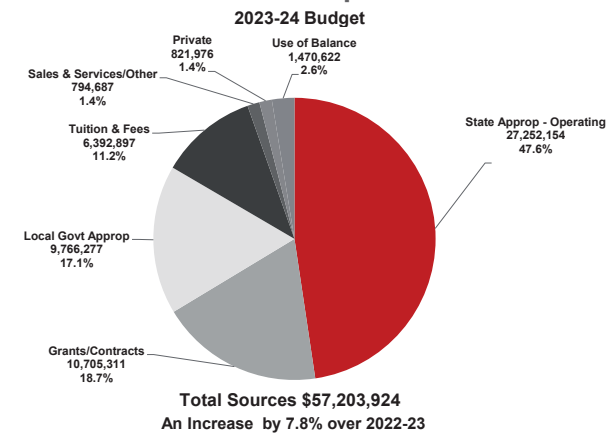
- FY24 Unrestricted Expenses increase due primarily to 6% compensation increase, 1% ERB employer contribution increase, group health insurance increase, and inflationary increases in non-salary costs and utilities
- FY24 Restricted Expenses projected to increase significantly from FY23 Original Budget due primarily to NM Opportunity Scholarship (not budgeted in FY23 Original Budget) and increases in Research and Public Service expenditure activity in FY24
- FY24 Plant Fund Expenditures projected to increase due to capital project activity and planned capital outlay for Center for Collaborative Arts & Technology, Welcome Center, College of Nursing/College of Population Health and other large-scale capital projects



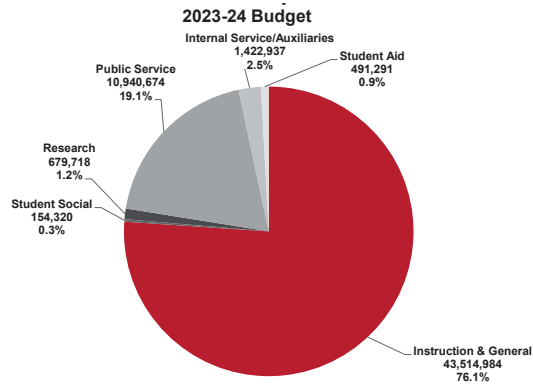
UNM Main Campus Unrestricted Budget by Exhibit



UNM Branch Campus Sources



UNM Branch Campus Expenditures



Total Expenditures \$57,203,924
An Increase by 7.8% over 2022-23



UNM Branch Campus Expenditures

Comparative Analysis: Prior Year - Current Year - Next Year

	FY 2022 Actuals	FY 2023 Original Budget	FY 2023 Revised Budget	FY 2024 Original Budget	% Change (FY24 Orig- FY23 Rev)	% Change (FY24 Orig- FY23 Orig)
Gallup	\$14,710,897	\$17,572,052	\$17,724,320	\$18,643,051	5.2%	6.1%
Los Alamos	\$4,502,489	\$7,419,348	\$6,406,161	\$6,989,339	9.1%	-5.8%
Taos	\$10,944,385	\$12,495,338	\$14,165,261	\$14,965,467	5.6%	19.8%
Valencia	\$13,178,047	\$15,593,223	\$15,420,477	\$16,606,067	7.7%	6.5%
TOTAL	\$43,335,818	\$53,079,961	\$53,716,219	\$57,203,924	6.5%	7.8%



FY24 Budget – Branch Campuses

Branch Campuses Total Budget - \$57.2 million

- 7.8% Increase over FY23 Original Budget
- 6.5% Increase over FY23 Revised Budget

Key Planning Assumptions:

Revenues

- State appropriations - For Branch campuses HB2 included a 9.1% (\$2.1 million) increase for I&G funding, Categorical funding, and Research and Public Service Projects (RPSPs)
 - 2.5% increase for I&G
- No Tuition Increases

Expenses

- Compensation – 6% increase, partially funded through state appropriation increase
- Employer ERB 1% increase, partially funded through state appropriation increase
- Group Health Insurance increase of 9.8%



ATTACHMENT H

(Attachment to the Minutes of the May 11, 2023 BOR)

UNM HEALTH AND HEALTH SCIENCES Budgetary Challenges System-wide

Overall

- Economic pressures on the Health System impact the Health Science budget
- Market pressure on already low Faculty and Staff compensation
- Faculty and Staff retirements (which will coincide with simultaneous faculty new hires and compounding start-up packages)
- Facility needs for growing programs and expanding research

UNM Health

- Continued high demand for clinical services (e.g. Contract Nurses)
- Cuts in reimbursement as the public health order ends
- Disenrollment of up to 10% of Medicaid MCO covered lives
- Workforce Compensation and shortages
- Material and Supply cost increases

UNM Health Sciences

- SOM and Health System integration driving budgetary challenges
 - I&G SOM State funding not increasing
- College of Pharmacy - experiencing a declining enrollment trend
- College of Nursing - lack of clinical placements to meet current projections for expansion
- College of Population Health - Non recurring State funding
- Research - Facility limitations and outdated equipment



UNM HEALTH SCIENCES FY 2024 Key Budget Assumptions

Net Margin

- Balanced budget from recurring operations
 - Strategic use of reserves
 - School of Medicine budget utilizes \$20M increased distribution of UNMMG revenues

Revenues

- Tuition
 - No Tuition Increase
 - Tuition Simplification – Align undergraduate non-resident block to 15+ credit hours per semester
- Student Fees
 - Mandatory student activity fees increase 3% (in addition to the related debt service fee increase)
 - Increase Student Health and Counseling fee by \$22 to \$129 per semester
- F&A revenue increase 1.7% - expected growth in awards
- Health Sciences I&G appropriation 1% increase, \$749,400
- HSC RPSP Appropriations targeted increases, \$5,786,900
- State Comp & Fringe funding, \$11,265,300 (includes \$1,160,500 for ERB and \$1M for SOM Faculty)

Expenses

- Compensation 6% increase, \$3.1M non State funded expense
 - All eligible, non-bargaining unit employees receive a 6% increase (except for School of Medicine faculty, \$1M appropriation dedicated for targeted increases)
 - Departments are authorized provide increases above 6%, but not to exceed 9% to address equity, performance, retention, or salary compression.
 - Increases for employees in union-represented titles will be stipulated via an agreement between the University and the respective bargaining unit.
- Employer ERB 1% increase, \$3.9M non State funded expense
- Group Health Insurance 9.8 % increase
- Utilities 3% increase



UNM HOSPITALS FY 2024 Key Budget Assumptions

Revenues

- Inpatient access
 - Inpatient volumes to remain at capacity
 - Discharges expected to stay flat as LOS has come down in FY23
 - Case Mix Index conservatively budgeted
- Ambulatory access
 - Clinic visits are budgeted to increase
 - Primary Care initiative around patient access to care
 - Specialty Visits increases primarily in neurosciences and women's services
- Surgeries are expected to increase slightly

Expenses

- Compensation and Benefits
 - FTEs in alignment with volume & programmatic changes
 - Health Insurance increases in line with prior year
 - Reductions in Contract Labor in FY24 based on rate reductions
- Housestaff
 - Expansion of programs and residents in pediatrics, family planning, infectious disease, physical medicine & rehabilitation, dermatology, plastic surgery & cardiac electrophysiology
- Supplies
 - 3% inflation for supplies & pharmaceuticals
 - 2% reduction for process improvement initiatives
- Equipment
 - Ongoing renovations & repairs of existing facilities



UNM MEDICAL GROUP FY 2024 Key Budget Assumptions

Revenues

- 3% increase in provider productivity from FY23 resulting in a 4.3% increase in patient services revenue
- Decline in Medicaid professional services
- Lovelace UNM Rehabilitation Hospital Joint Venture –continuing to support the mission

Expenses

- 3% Cost of Living increase for non-executive UNMMG employees
- 6% Cost of Living increase for UNM employees working for the Medical Group, excluding faculty
- Reduction of Management Company costs from 12.8% of revenue in FY23 to 12.2% of revenue in FY24
- Distributions to School of Medicine to fund on-going operations



UNM SANDOVAL REGIONAL MEDICAL CENTER FY 2024 Key Budget Assumptions

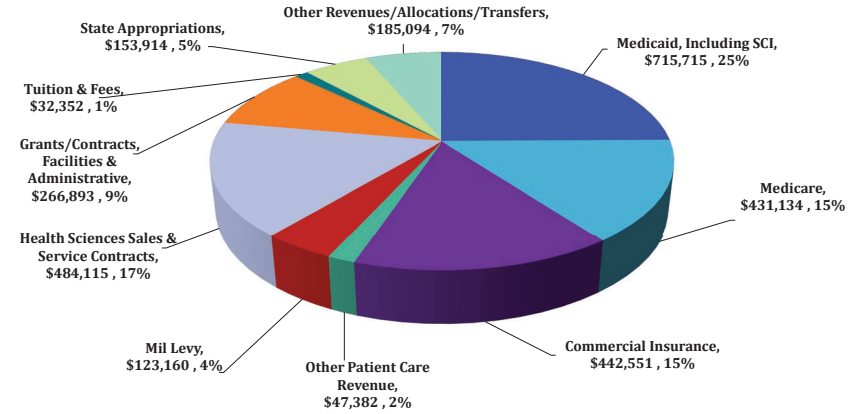
Revenues

- Inpatient access and throughput
 - Overall inpatient census flat
 - ALOS 4.6 and CMI 1.7 flat
 - 5% increase in ED volumes
- Ambulatory volume increase - Cardiology, Derm, ENT, General Surgery, Bariatrics, Family Practice
- Increase surgical volumes
 - General Surgery and Bariatric new provider hires
 - OB/GYN and ENT
- Hospital Licensing change - revenue in 2nd half of the year

Expenses

- Compensation and Benefits
 - FTE in alignment with programmatic changes and volume
 - Decrease in shift bonuses and OT dollars
 - Contract labor decrease for usage and rates
 - Benefit increase for claims experience rate
- Outside Medical Services decrease for contract termination
- Supplies and Pharmaceuticals increase for CPI and 5% reduction in usage
- Occupancy increase for property insurance (rebate in FY23)
- Depreciation decrease for capital purchases
- Gross receipt taxes for increased revenue

UNM Health & Health Sciences All Components FY 2024 Budgeted Revenues (In thousands)

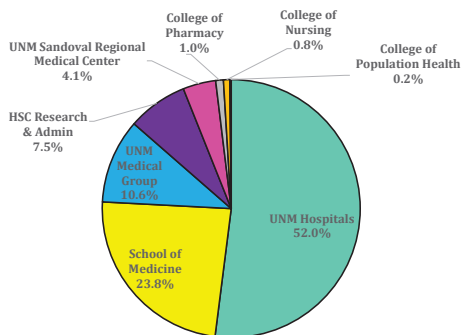


Total Budgeted Revenues \$2,882,310

3.6% Increase over FY 2023 Original Budget

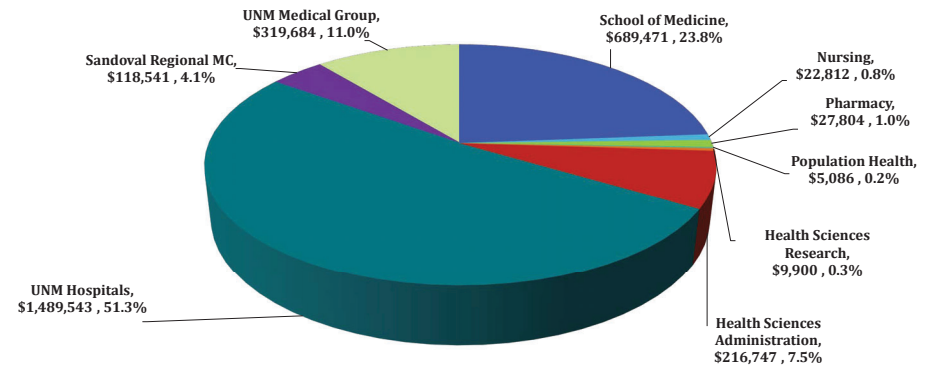
UNM Health & Health Sciences FY 2024 Budgeted Revenue

Total UNM Health & Health Sciences Revenue by Unit



Unit	FY 2024 Budgeted Revenue Dollars
UNM Hospitals	\$1,497,974,549
School of Medicine	\$688,189,901
UNM Medical Group	\$304,910,432
HSC Research & Admin	\$217,038,277
UNM Sandoval Regional Medical Center	\$118,544,217
College of Pharmacy	\$27,820,338
College of Nursing	\$22,798,177
College of Population Health	\$5,033,992
Total FY 2024 Budgeted Revenue	\$2,882,309,883

UNM Health & Health Sciences All Components FY 2024 Budgeted Expenditures (In thousands)



Total Budgeted Expenditures \$2,899,588

4.3% Increase over FY 2023 Original Budget

UNM Health & Health Sciences

Budgeted Staffing FY 2024

UNM Health and Health Sciences	Budgeted Staffing FY 2024	Percent of Total
UNM Health Sciences - Faculty	1,111	9.1%
UNM Health Sciences - Staff & Other	3,035	24.9%
UNM Medical Group	695	5.7%
UNM Hospitals	6,737	55.3%
UNM SRMC	594	5.0%
Total UNM Health and Health Sciences	12,172	100.0%



UNM Health Sciences

Comparative Analysis: Prior Year - Current Year - Next Year
(In thousands)

Total UNM Health Sciences	FY 2022 Actuals	FY 2023 Revised Budget	FY 2024 Original Budget	Percent Change 2023-24
Revenues	\$859,152	\$926,911	\$960,881	3.7%
Expenses	\$791,467	\$939,885	\$971,820	3.4%
Net Margin	\$67,685	(\$12,974)	(\$10,939)	

- FY22 Project ECHO \$25M Gift and closeout of AHRQ grant
- FY23 Compensation increase of 7.12% and 2% Employer ERB expense increase.
 - Project ECHO \$8.0M, SOM \$2.9M, COP \$1.0M and Research \$800k use of reserves
- FY24 Compensation increase of 6.0% for eligible staff and Non-SOM faculty. School of Medicine faculty were appropriated \$1M for faculty compensation.
 - Project ECHO and Research is budgeting another use of reserves.

UNM Health Sciences

FY 2024 Budget
(In thousands)

	School of Medicine	College of Nursing	College of Pharmacy	College of Population Health	Project ECHO	Research	Library & Admin.	UNM Health Sciences FY 2024 Total
Revenues	\$688,191	\$22,798	\$27,820	\$5,034	\$95,771	\$20,646	\$100,621	\$960,881
Expenses	\$689,471	\$22,812	\$27,804	\$5,086	\$103,854	\$24,414	\$98,379	\$971,820
Net Margin	(\$1,280)	(\$14)	\$16	(\$52)	(\$8,083)	(\$3,768)	\$2,242	(\$10,939)

• SOM Budget utilizes \$20M of UNMMG revenues. These funds are being used to replace cuts in reimbursement as the public health order ends and we return to the licensed bed capacity; decrease in Medicaid enrollment and reductions in hospital support related to their financial pressures.

• CoPH \$10M Appropriation in FY23 to spend over 2 years

UNM Health and Health Sciences

FY 2024 State Appropriations (see additional detail in Appendix A)

PROGRAM	Total HB2 w Comp & Benefits	HB2 Specials & Supplementals	FY24 SB192 Junior Bill	Tobacco Settlement	Total
HSC I&G	\$ 82,735,700			\$ 581,500	\$ 83,317,200
Research & Special Projects, Continuing	\$ 59,578,300	\$ 2,300,000	\$ 550,000	\$ 2,277,600	\$ 64,705,900
Research & Special Projects, NEW					
Accelerated BSN	\$ 1,174,100				\$ 1,174,100
Anesthesia Program	\$ -		\$ 200,000		\$ 200,000
Cerebral Cavernous Angioma Initiative	\$ -		\$ 305,000		\$ 305,000
Create Pharmacist Practice Guidelines	\$ -		\$ 200,000		\$ 200,000
Neurosurgery Equip & Lab Support	\$ -		\$ 100,000		\$ 100,000
Rural and Urban Underserved Program	\$ 200,000		\$ 75,000		\$ 275,000
Totals	\$ 143,688,100	\$ 2,300,000	\$ 1,430,000	\$ 2,859,100	\$ 150,277,200

UNM Health Sciences FY 2024 Capital Appropriations

Comprehensive Cancer Center	\$ 5,000,000
Interprofessional Healthcare Simulation Center	\$ 5,000,000
Research Center, includes eight hundred thousand dollars (\$800,000) for Neurosurgery equipment	\$ 3,200,000
Health Sciences Library	\$ 2,850,000
Public Health	\$ 1,550,000
Dermatology	\$ 575,000
Brain Therapy Equipment	\$ 215,000
HSRR IT Equipment	\$ 90,000
Nursing and Pharmacy Building	\$ 75,000
Physical Therapy	\$ 50,000
Total	\$ 18,605,000

UNM Hospitals

Comparative Analysis: Prior Year - Current Year - Next Year
(In thousands)

	FY 2022 Actuals	FY 2023 Revised Budget	FY 2024 Original Budget	Percent Change 2023-24
Revenues	\$1,534,865	\$1,465,223	\$1,497,975	2.2%
Expenses	\$1,529,155	\$1,502,303	\$1,489,543	-0.8%
Net Margin	\$5,710	(\$37,080)	\$8,432	

- FY 24 salaries and benefits are expected to decrease due to a decrease in rates paid for contract labor and program initiatives focusing on efficiencies
- FY 24 non-operating expenses will increase by \$3.8M over FY 2023 due to mortgage interest expense that will be incurred for the new critical care tower

UNM Medical Group

Comparative Analysis: Prior Year - Current Year - Next Year
(In thousands)

	FY 2022 Actuals	FY 2023 Revised Budget	FY 2024 Original Budget	Percent Change 2023-24
Revenues	\$305,501	\$298,007	\$304,910	2.3%
Expenses	\$285,076	\$299,329	\$319,684	6.8%
Net Margin	\$20,425	(\$1,322)	(\$14,774)	

- FY24 Original Budget includes the use of \$20M distribution to support the School of Medicine

UNM Sandoval Regional Medical Center

Comparative Analysis: Prior Year - Current Year - Next Year
(In thousands)

	FY 2022 Actuals	FY 2023 Revised Budget	FY 2024 Original Budget	Percent Change 2023-24
Revenues	\$110,956	\$112,540	\$118,544	5.3%
Expenses	\$110,329	\$117,816	\$118,541	0.6%
Net Margin	\$627	(\$5,276)	\$3	

- FY 24 Revenue budgeted to increase by 5% as a result of increased OP volumes and increased surgical volumes and SRMC hospital licensure consolidation with UNMH.
- FY 24 salaries and benefits are expected to decrease due to a decrease in rates paid for contract labor and program initiatives focusing on efficiencies.

UNM Health

FY 2024 Budget
(In thousands)

	UNM Hospitals	UNM Medical Group	UNM Sandoval Regional Medical Center	UNM Health Total
Revenues	\$1,497,975	\$304,910	\$118,544	\$1,921,429
Expenses	\$1,489,543	\$319,684	\$118,541	\$1,927,768
Net Margin	\$8,432	(\$14,774)	\$3	(\$6,339)

- FY24 UNM Medical Group Budget includes a \$20M distribution to support the School of Medicine.

UNM Health and Health Sciences

FY 2024 Budget
(In thousands)

	UMM Health Sciences	UNM Health	UNM Health and Health Sciences
Revenues	\$960,881	\$1,921,429	\$2,882,310
Expenses	\$971,820	\$1,927,768	\$2,899,588
Net Margin	(\$10,939)	(\$6,339)	(\$17,278)