

THE UNIVERSITY OF NEW MEXICO
Board of Regents' Finance and Facilities Committee (F&F)
May 8, 2018 – Meeting Summary

Committee Members Present: Regent Marron Lee, Regent Tom Clifford, and Regent Rob Doughty

Administration Present: Garnett Stokes, President and David W. Harris, EVP for Administration

Presenters in Attendance: Chris Vallejos, AVP, ISS; Lisa Marbury, Executive Director, ISS; Elizabeth Metzger, University Controller; Vahid Staples, Budget Officer, OPBA; Bruce Cherrin, Chief Procurement Officer, Purchasing; Robert Robinson, CFO, Athletics; Eddie Nuñez, Director, Athletics; Nicole Dopson, Director, Financial Operations; Elizabeth Kuuttilla, President & CEO, STC.UNM; Andrew Jacobson, Deputy Cabinet Secretary, NMHED; Gerald Hoehne, NMHED; Patrick Hart; Associate, University Counsel; Duane Arruti, CIO, IT; Kevin McCabe, Chief of Police, UNM PD

ACTION ITEMS:

1. **Call to Order, Confirmation of a Quorum, and Adoption of Agenda.** Regent Lee called the meeting to order at 12:33 p.m. in Scholes Hall, Roberts Room and confirmed that a quorum was established. **Regent Clifford moved to adopt the agenda and Regent Doughty seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**
2. **Finance and Facilities Committee Meeting Summary from April 10, 2018.** **Regent Clifford moved to approve and Regent Doughty seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**
3. **Approval of Quarterly Financial Actions Report and Certification through March 31, 2018 and Monthly Consolidated Financial Reports through March 31, 2018.** Liz Metzger gave the presentation. Regent Clifford called Andrew Jacobson to the table. All the questions for the 3rd quarter were answered “No,” with a note on question 6 that BARs for FY 18 were submitted to HED on May 1, 2018.

Question 6 states: “Relative to the original fiscal year budget, experience any significant actual or anticipated financial changes that are not reflected in a submitted Budget Adjustment Request (BAR). Significant financial changes refers to fiscal activity that will result in a substantially reduced year-end fund balance or any increase in a fund balance deficit.”

Andrew Jacobson explained the rationale for the Quarterly Financial Actions Report for institutions on an EFOP; the BAR, which UNM has historically submitted on May 1 each year, is a normal part of the process.

Liz Metzger gave an overview of the Consolidated Financial Report. The report covers current fund operations for the University, including Main Campus, Branch Campuses, and HSC Campus. The details of the report can be found in the E-Book.

Regent Clifford moved to approve and Regent Doughty seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.

Liz Metzger continued with the Monthly Consolidated Financial Reports through March 31, 2018. The reports describe the University's current and historical revenues and expenses. The reports are available in the E-Book. **Regent Clifford requested a detailed break-down of student aid transfers to offset the loss in state funding through the lottery scholarship.**

4. Approval of Athletics' Enhanced Fiscal Oversight Program Report and Certification through March 31, 2018

a) Line-by-Line Revenue and Expense Report on each Sport. Rob Robinson, Eddie Nuñez, Andrew Jacobson, Vahid Staples, and Nicole Dopson gave the presentation. Regents' approval was requested for the quarterly report of the EFOP from January 1, 2018 through March 31, 2018. **Regent Clifford requested a supplementary schedule of trends, including a projection of the 4th quarter, to accompany the report and that the summary and detailed report be flagged for any deviations from the planned budget.**

Regent Clifford moved to approve and Regent Doughty seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.

Vahid Staples presented revenues in Schedule A, which projects the full year for salaries and fringes, and the Expense Report by Sport in Schedule B. All reports presented are available in the E-Book. Per Regent Doughty's request, Vahid Staples explained the break-down of revenues included in the Media Rights line item:

- \$525K from Licensing
- \$800K from Commissions
- \$200K from Naming Rights

Regent Doughty requested information on what Lobo Club has done for fundraising outside of ticket sales. Regent Clifford requested a comparison of FY 18 projected actuals to the original FY 18 budget.

Nicole Dopson reviewed expenses on Schedule C from the FY 18 revised budget and projected actuals, which were reflected in the BAR approved by the Board of Regents on April 17, 2018. The current accounting structure was centralized; the line-by-line report by sport required decentralizing the accounts. Regarding payroll, Athletics pays directly for their own fringe benefits whereas other units do not because fringe benefits are pooled under the budget of the Office of the EVP for Administration for units whose employees' salaries are paid by I&G funding. Per Regent Lee's request, Rob Robinson explained that NCAA distributions are a large payment received for all sports; starting in FY 19, each sport will have its own budget, and revenues will be prorated. **Regent Doughty requested the pooled grant-in-aid be divided by sport. Regent Lee requested a line item be added to the Schedule B report detailing what was transferred out for sports**

enhancements to see where the deduction in expenses came from. Regent Clifford noted for the record that Utilities is a line item reflected in the Athletics' budget that is not reflected in the budgets of I&G departments. This is because non-I&G units cover the cost of their own utilities.

5. **Approval of Disposition of Surplus Property for Main Campus for April 2018.** Bruce Cherrin gave the presentation. Regents' approval was requested for the disposition of surplus property for April 2018. All items listed in the E-Book are obsolete or beyond repair. **Regent Doughty moved to approve and Regent Clifford seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**

6. **Approval of Appointment to the STC.UNM Board of Directors.** Elizabeth Kuutila made the presentation. Regents' approval was requested for David W. Gibson's appointment to the STC Board of Directors. David W. Gibson was recommended by the STC Board Nominations Committee on April 27, 2018. He is recommended to serve from July 1, 2018 to June 30, 2022. David W. Gibson holds a BS and MBA from UNM. **Regent Doughty moved to approve and Regent Clifford seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**

7. **Approval of Projects:**
 - a) **Construction Approval for UNM – Los Alamos Campus HVAC Renewal.**
 - b) **Construction Approval for UNM – Valencia Campus Infrastructure Replacement – New Fiber to Buildings CAT 6 to Stations.**
 - c) **Construction Approval for UNM – Valencia Campus Electrical Renewal – Building Upgrades & Code Corrections.**
 - d) **Construction Approval for UNM – Valencia Campus Mechanical Boiler and Air Handler Units Replacement Project.**
 - e) **Construction Approval for UNM – Valencia Campus Restroom Renewal Renovations.** Chris Vallejos, Lisa Marbury, Vahid Staples, Bruce Cherrin, Andrew Jacobson, and Patrick Hart made the presentation. EVP Harris gave an introduction to the proceedings. Starting in January 2018, HED requested that maintenance repairs be brought to them for approval. HED received a letter explaining that UNM would begin following the two-step approval process in September. These maintenance projects had previously received Regents' approval and had gone through the approval process through HED; funds for some of these projects have already been expended. Patrick Hart explained that, from a legal background, regulation requiring a second approval before reimbursement refers to construction and alteration of buildings only.

Andrew Jacobson referred to New Mexico Administrative Code 5.3.10 (NMHED) – Capital Projects Approval by Commission on Higher Education and explained that general obligation and severance tax bonds are on a reimbursement basis. Andrew Jacobson agreed to take another look at the requirements from a legal perspective. Patrick Hart and Chris Vallejos noted that a Supreme Court case cites that maintenance and repair cases do not need to go to the State for approval. **Regent Clifford requested a copy of the case cited.** Lisa Marbury noted that the case cited was a 1986 Supreme Court case regarding UNM. Regent Lee stated that a legal discussion is necessary; at this time, HED will not reimburse Branch Campuses without UNM complying with the two-step process. University Counsel can send a legal analysis on this matter to HED. With a \$300K

threshold, there would currently be 25 more projects that would need to go through the approval process. Andrew Jacobson explained that HED has consulted with DFA and SBOF who agree that UNM should comply with the request from HED.

Regent Doughty moved to approve and Regent Clifford seconded. Regent Lee opposed. The motion passed with a majority vote of 2-1 with a quorum of committee members present and voting.

- 8. Approval of Capital Outlay Request Package for 2019-20 Projects for Submission to the Higher Education Department (Action). Five-Year Capital Plans (Information).** Lisa Marbury, Duane Arruti, and Kevin McCabe made the presentation. Regents' approval was requested for the Capital Outlay priorities package for 2019-20. According to a training on April 12, 2018, HED requested that campuses address their infrastructure and safety needs. 2019 is a severance tax bonds year, not a general obligation bonds year, and a request is being made for \$11M for the Learning Environments, Critical Safety and Technology Upgrades in next year's legislative session. **Regent Clifford requested more information and for the forms being submitted to HED to be updated.** Lisa Marbury explained that the priorities form is an HED form that is filled out accordingly. The most recent Facilities Condition Index, assessed about a year and a half ago, scored at 30%, which is poor to critical. **Regent Clifford requested a more detailed report with a current Facility Condition Index to be presented in June.** The Five-Year Capital Plans were not presented. **Regent Clifford moved to approve and Regent Doughty seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**
- 9. Recommendations for Consent Agenda Items on full Board of Regents' Agenda.** Regent Lee recommended action items 3, 5, and 6 to be placed on the full Board of Regents' consent agenda.

INFORMATION ITEMS

- 10. Capital Projects and NMHED Review and Approval.** Andrew Jacobson and Gerald Hoehne made the presentation. The presentation described the process the prioritized projects go through with HED. All institutions are expected to have a Master Campus Plan for Infrastructure. The five-year Capital Projects plan is required annually, due to HED by June 1 every year reflecting priorities.

COMMENTS:

No comments were made.

EXECUTIVE SESSION:

No executive session was held.

Regent Doughty moved to adjourn at 2:32 p.m. and Regent Clifford seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.