

THE UNIVERSITY OF NEW MEXICO
Board of Regents' Finance and Facilities (F&F) Committee
Scholes Hall, Roberts Room
May 9, 2023
Meeting Summary

Committee Members Present:

Regent William Payne, Chair
Regent Paul Blanchard, Vice Chair (Zoom)
Regent Paula Tackett

Non-Voting Committee Members Present:

Kim Sanchez Rael (Zoom)

Executive Administration Present: Garnett Stokes, University President; James Holloway, Provost and EVP for Academic Affairs; and Teresa Costantinidis, EVP for Finance and Administration

ACTION ITEMS:

1. **Call to Order, Confirmation of a Quorum, and Adoption of Agenda.** Regent Payne called the meeting to order at 2:02 p.m. and confirmed that a quorum was established with Regent Blanchard and Regent Tackett. **Regent Tackett moved to adopt the agenda and Regent Payne seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**

COMMENTS:

2. There were no public comments.

ACTION ITEMS (Continued):

3. **Approval of Finance and Facilities Committee Meeting Summary from March 31, 2023.** Regent Tackett moved to approve and Regent Payne seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.
4. **Approval of Disposition of Surplus Property for March 2023.** Bruce Cherrin gave the presentation. Regents' approval was requested for the disposition of surplus property for March 2023. Items listed in the E-Book are either obsolete or beyond repair. The detailed report is in the E-book. **Regent Tackett moved to approve and Regent Payne seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**

INFORMATION ITEMS:

5. **Integrated Campus Plan, Preliminary Findings.** Teresa Costantinidis and Tyler Patrick gave the presentation. Regent Rael requested this presentation be given at the upcoming Regents Retreat. The detailed report is in the E-book.
6. **Information on 3rd Quarter Consolidated Financial Report through March 31, 2023.** Norma Allen, Teresa Costantinidis and Joe Wrobel gave the presentation. The detailed report is in the E-book.

ACTION ITEMS (Continued):

- 7. Regents' approval of the 3rd Quarter Financial Actions report and certification through March 31, 2023.** Norma Allen gave the presentation. Regents' approval of the 3rd Quarter Financial Actions report and certification through March 31, 2023 was requested. The Quarterly Financial Actions Report is a one-page report submitted to the Higher Education Department (HED), comprised of "yes" or "no" questions regarding the University's financial transactions. Answering any question "yes" requires further information to be provided to HED.

There were no budget changes to report and a “no” response was provided for each question because all financial changes have been reflected in the Budget Adjustment Request (BAR). Once the Budget Adjustment Request (BAR) is approved, they will call them the approved revised budgets. The detailed report is in the E-book. **Regent Tackett moved to approve and Regent Blanchard seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**

8. Project Construction Approvals:

- 1. Lobo Welcome Center Re-Approval.** Lisa Marbury gave the presentation. Regents’ reapproval was requested for the Lobo Welcome Center. The total estimated project budget is \$9.8M. The detailed report is in the E-book.
- 2. Mesa Del Sol – HVAC Upgrade.** Lisa Marbury gave the presentation. Regents’ approval was requested for the Mesa Del Sol HVAC upgrade. The total estimated project budget is \$2.8M. Regent Blanchard inquired about the type of HVAC unit being installed and the age of the current unit. Al Sena explained that the HVAC unit was part of the original building and confirmed the new system is a 4-line chilled system. The detailed report is in the E-book.
- 3. Student Health and Counseling – Controls and HX Project.** Lisa Marbury gave the presentation. Regents’ approval was requested for the Student Health and Counseling, controls and HX project. The total estimated project budget is \$800K. The detailed report is in the E-book.
- 4. Domenici Hall – Chiller Replacement.** Lisa Marbury gave the presentation. Regents’ approval was requested for the Domenici Hall chiller replacement. The total estimated project budget is \$700K. The detailed report is in the E-book.
- 5. La Posada – Dishwasher Renovation.** Lisa Marbury gave the presentation. Regents’ approval was requested for the La Posada, dishwasher renovation. The total estimated project budget is \$650K. The detailed report is in the E-book.

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

- 9. Approval of Capital Outlay Request Package for 2023-2024 General Obligation Bonds, Severance Tax Bonds, and General Fund Projects which must be submitted to the Higher Education Department (HED).** Teresa Costantinidis and James Holloway gave the presentation. Regents approval was requested for the Capital Outlay Request Package for 2023-2024 General Obligation Bonds, Severance Tax Bonds, and General Fund Projects which must be submitted to the Higher Education Department (HED) and totals \$213.4 M. With regards to the Humanities and Social Sciences Complex, Regent Rael asked how UNM is aligning the capital requests with the expected future demographics of the student population and workforce needs in New Mexico. Provost Holloway responded by explaining that this particular project is intended to replace the Humanities Building in Ortega Hall. All undergraduate students take courses within the Humanities and Social Sciences College. Regent Rael also asked what capital requests didn't make this list. Lisa Marbury responded by identifying two larger projects that did not make the priorities list, those include the Seidler Natatorium and the Information Technologies refresh. Regent Blanchard asked if the Regents have access to the line item breakdown for these projects. Lisa Marbury stated that these are preliminary estimates, and that once the estimates are final she will share the information with the Regents. **Regent Tackett moved to approve and Regent Blanchard seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**
- 10. Approval of Five-Year Capital Plans, detailing projects which will construct and/or significantly improve and renew numerous facilities on The University of New Mexico Campuses.** Teresa Costantinidis gave the presentation. Regents approval was requested for this item. **Regent Tackett moved to approve and Regent Blanchard seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**
- 11. Approval of the FY23 Budget Adjustment Request (BAR) and FY24 Operating Budget for Main and Branch Campuses.** Jeremy Hamlin gave the presentation. Regents approval was requested for the the FY23 Budget Adjustment Request (BAR) and FY24 Operating Budget for Main and Branch Campuses. The FY 2023 original Operating and Capital Budget was submitted to HED on May 2, 2022 and approved by the Board of Regents on May 10, 2022. The University is required to submit a revised budget to NMHED and then to the Department of Finance and Administration if year-end projections show that actual revenue, transfer, or expenditure levels will exceed those initially budgeted. Budget revisions for the fiscal year ending June 30, 2023 must be submitted to NMHED by May 1, 2023. The primary purpose of the BAR is to ensure actual expenditures do not exceed budget authority by exhibit (4.5.3.10 NMAC).

The budget adjustment drivers for the BAR for Main Campus include changes in revenue and expenditure projections, the use of reserves for one-time expenditures, an increase in restricted grant and contract activity, and other changes in transfers. These updates are summarized and listed below.

Summary of Major Changes for Main Campus current funds (Unrestricted) are listed below:

- \$23.7M net increase in revenues
- (\$14.0M) net transfers out
- \$20.5M net increase in expenses

Summary of Plant Fund changes are listed below:

- \$69.3M net increase in revenues
- \$20.5M net transfers in
- \$19.6M net increase in expenses

Summary of Changes for Main Campus current funds (Restricted) are listed below:

- \$129.9M net increase in revenues
- (\$17.0M) net transfers out
- \$112.9M net increase in expenditures

Summary of Branch Campus changes are listed below:

- Gallup increased \$1.52K
- Los Alamos decreased \$1M
- Taos increased \$1.7M
- Valencia decreased \$1.73K

The detailed report is in the E-book. **Regent Tackett moved to approve and Regent Blanchard seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**

FY24 Operating Budget for Main and Branch Campuses. Regents' approval was requested for the FY24 operating budget for Main and Branch Campuses. Jeremy Hamlin gave the presentation. The University's total consolidated budget is projected to be \$4.07B which is a 9.2% increase over the FY23 budget. The Main Campus' budget for FY24 is \$1.12B which is an increase of 24.4% over FY23's original budget. The primary drivers for these changes include:

- State appropriations increased over the FY23 original budget, due primarily to increases in compensation (6% compensation increase for FY23) as well as a 1% ERB increase and a Group Health Insurance increase of 9.8%
- Student fees increased 3% (in addition to the debt related service fee increase) and the Student Health and Counseling (SHAC) fee increased by \$22 to \$129 per semester.

The Branch Campuses' overall budget is projected to be \$57.2 M which is a 7.8% increase from the FY23 original budget. The primary drivers include:

- Changes in revenue and expenditure projections
- An increase in state appropriations due primarily to a 9.1% (\$2.1 million) increase for I&G funding, categorical funding and Research and Public Service Projects (RPSPs), a 6% compensation increase, a 1% ERB increase and a Group Health Insurance increase of 9.8%.

The detailed report is in the E-book. **Regent Tackett moved to approve Maand Regent Payne seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**

12. Approval of Revisions to Regents' Policy Manual (RPM) Section 7.21: Investment of Operational Funds and Bond Proceeds. Vahid Staples, Jeremy Hamlin and Max Kotary gave the presentation. Regents approval of revisions to Regents' Policy Manual (RPM) Section 7.21: Investment of Operational Funds and Bond Proceed was requested. 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. from AON our Investment Advisor and from Loomis Sayles and SLC Management, our Portfolio Managers are:

- Allow investment in securitized bonds (ABS, MBS, etc.)
- Allow investment in Private Placement (144As)

- Allow investment in bonds rated BBB-
- Increase maximum allocation to corporate bonds (50% →75%)
- Increase maturity limit to 7 years or less
- Remove constraints on “selling at a loss”

Regent Blanchard shared he is strongly in favor of giving managers the ability to make these changes. Regent Payne would like a retrospective look to the 2008 great financial crash to understand if these proposed changes were in effect then, how it would have affected our investments at that time. Vahid, Jeremy, and Max to prepare additional numbers.

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

INFORMATION ITEM RECOMMENDATIONS:

- 13. Recommendations for Information Items for Consent Agenda on Full Board of Regents' Agenda.** Regent Payne recommended items 5 and 6 be placed on the full Board of Regents' consent agenda. **Regent Tackett moved to approve and Regent Payne seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**

ACTION ITEM RECOMENDATIONS:

- 14. Recommendations for Action Items for Consent Agenda on Full Board of Regents' Agenda.** Regent Payne recommended items 7, 8, 10, and 11 (BAR portion only) be placed on the full Board of Regents' consent agenda. **Regent Tackett moved to approve and Regent Payne. The motion passed by unanimous vote with a quorum of committee members present and voting.**

INFORMATION ITEMS CONTINUED:

- 15. Executive Session:** None

Regent Tackett moved to adjourn at 3:32 p.m. and Regent Payne seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.