

THE UNIVERSITY OF NEW MEXICO
Board of Regents' Finance and Facilities Committee (F&F)
May 7, 2019 – Meeting Summary

Committee Members Present: Regent Sandra Begay, Regent Rob Schwartz, and Regent Doug Brown

Non-Voting Members Present: Regent Kim Sanchez-Rael via conference call

Administration Present: Garnett Stokes, University President and Dr. Craig White, Senior Vice President for Finance and Administration

Presenters in Attendance: Bruce Cherrin, Purchasing; Elizabeth Metzger, Financial Services Division; Eddie Nunez, Athletics; Nicole Dopson, Academic Affairs; Norma Allen, Planning, Budget, & Analysis; Vahid Staples, Planning, Budget, & Analysis; Lisa Marbury, Institutional Support Services; Christos Christodoulou, School of Engineering; Kim Kloepfel, Student Health & Counseling; Richard Goshorn, UNM Valencia; Tom Neale, Real Estate; Chris Vallejos, Institutional Support Services; Rich Wood, Academic Affairs; Kenny Stansbury, UNM Foundation; and Henry Nemcik, UNM Foundation.

ACTION ITEMS:

- 1. Call to Order, Confirmation of a Quorum, and Adoption of Agenda.** Regent Begay called the meeting to order at 12:35 p.m. in Scholes Hall, Roberts Room, and confirmed that a quorum was established. **Regent Brown moved to adopt the agenda and Regent Begay seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**
- 2. Approval of Finance and Facilities Committee Meeting Summary from April 2, 2019.** **Regent Brown moved to approve and Regent Begay seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**
- 3. Approval of Disposition of Surplus Property for Main Campus for March & April 2019.** Bruce Cherrin gave the presentation. Regents' approval was requested for the disposition of surplus property for the months of March and April 2019. Items in the E-book are obsolete or beyond repair. **Regent Brown moved to approve and Regent Begay seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**
- 4. Approval of Quarterly Financial Actions Report and Certification through March 31, 2019 and Information on Monthly Consolidated Financial Reports for the Month Ended March 31, 2019.** Elizabeth Metzger gave the presentation. Regents' approval of the Quarterly Financial Actions Report for the third quarter 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. Question 6 was answered "yes."

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.”

By responding “yes” to Question 6, the additional information reported to HED will indicate the enrollment decrease of 7.86% in student credit hours and 7.17% in student headcount for the Fall 2018 semester. Tuition and fees were expected to be under budget by \$9.7M or 5.7%.

Ms. Metzger added that the budget was balanced with one-time funding of \$3M in discretionary central reserves, \$1M of uncommitted prior year BR&R funding, and \$2M of unbudgeted permanent and land income. The remainder of the shortfall was covered by a reduction of expenditures and use of department reserves. The reports are detailed in the E-book. **Regent Brown moved to approve and Regent Begay seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**

Information Item:

Ms. Metzger continued to present the Monthly Consolidated Financial Reports through March 31, 2019. These informational reports describe the University's current and historical revenues and expenses. Discussion on the timing of the use of reserves was held, and Regent Begay requested analysis of the advantages and disadvantages of monthly or quarterly use of reserve funds for cash management purposes. The reports are detailed in the E-Book.

- 5. Approval of Athletics’ Enhanced Fiscal Oversight Program (EFOP) Report and Certification through March 31, 2019 and Information on Athletics’ Report on Revenue, Expenditures, and Compliance through March 31, 2019.** Nicole Dopson and Eddie Nunez gave the presentation. Regents' approval was requested for the third quarter Athletics' Enhanced Fiscal Oversight Program (EFOP) and Certification instituted by HED. Ms. Dopson explained the EFOP report describes the financial standing on resolving Athletics’ budget deficit and is provided to HED along with the Quarterly Financial Actions Report and Certification each quarter. The reports are detailed in the E-book. **Regent Brown moved to approve and Regent Schwartz seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**

Information Item:

Ms. Dopson gave the presentation. The report compares the FY19 budget to quarterly actuals, and FY19 year-to-date (YTD) actuals to prior YTD actuals. The reports are detailed in the E-book.

- 6. Approval of Main and Branch Campuses’ FY 2019-2020 Budget & FY 2018-2019 Budget Adjustment Request (BAR).**

Approval of Main and Branch Campuses’ FY 2019-2020 Budget

Norma Allen gave the presentation. Regents’ approval was requested for the Main and branch campuses’ FY20 budget. The Main Campus budget is \$884.1M. The primary drivers for Main Campus are spending increases on capital projects, state appropriations, compensation, and contributions to group health insurance and employer Educational Retirement Board (ERB).

The branch campuses' budget is \$51.9M, and the primary drivers for the branch campuses are federal contract and grants revenue decreases and state appropriation and compensation increases. The reports are detailed in the E-book. **Regent Brown moved to approve and Regent Schwartz seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**

Approval of FY 2018-2019 Budget Adjustment Request (BAR)

Ms. Allen gave the presentation. Regents' approval was requested for the FY19 Budget Adjustment Request (BAR) for Main Campus and branch campuses. The BAR is required to be submitted to HED by May 1. The reports are detailed in the E-book. **Regent Brown moved to approve and Regent Schwartz seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**

7. Approval of Projects:

Lisa Marbury gave the presentation and provided a flow sheet of the capital outlay process and funding sources.

- a. **Request for Project Construction of the Dana C. Wood Formula Society of Automotive Engineering Racing Lab.** Ms. Marbury and Christos Christodoulou gave the presentation. The estimated project cost is \$1.5M and is funded from private donations. The report is detailed in the E-book. **Regent Schwartz moved to approve and Regent Brown seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**
- b. **Request for Project Construction of the Student Health and Counseling Phase 1 Renovation.** Ms. Marbury and Kim Kloeppe gave the presentation. The estimated project budget is \$2.4M, and \$1.25M is funded in institutional bonds and \$1.2M in department funds. The report is detailed in the E-book. **Regent Schwartz moved to approve and Regent Begay seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**
- c. **Request for Project Construction of Valencia Campus Photovoltaic Solar System Phase 3.** Ms. Marbury and Richard Goshorn gave the presentation. The estimated project budget is \$880K and is funded in full from local general bonds. The report is detailed in the E-book. **Regent Brown moved to approve and Regent Schwartz seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**
- d. **Request for Demolition of the Building Located at 1705 Mesa Vista Rd., NE.** Tom Neale gave the presentation. The estimated project budget is \$155K, and if the project is approved, Real Estate will work with Institutional Support Services to identify the funds to complete the demolition project. The report is detailed in the E-book. **Regent Brown moved to approve and Regent Schwartz seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**

- e. **Request for Tenant Improvements for Sandia National Laboratories' Lease at the Advanced Materials Laboratory at the UNM Science and Technology Park.** Tom Neale gave the presentation. The estimated project cost is \$1.2M. The project funding consists of a contribution of \$245K from Sandia National Labs, \$5K contribution from Real Estate's capital reserve fund, and a \$1M loan from the Lobo Development Corporation. The rental payments received from Sandia National Labs and energy savings from the improvements would be used to repay the loan. The report is detailed in the E-book. **Regent Schwartz moved to approve and Regent Brown seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**

8. Approval of:

a. Capital Funding Requests for FY 2019-2020

Lisa Marbury gave the presentation. Regents' approval was requested for the capital outlay priorities package for FY20. The capital outlay request package for FY20 projects must be submitted to HED by June 3, 2019. The report is detailed in the E-book. **Regent Begay moved to approve and Regent Schwartz seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**

b. Five-Year Capital Plans

Ms. Marbury gave the presentation. Regents' approval was requested for the University's Five-Year Capital Outlay Plan. The report describes projects that will significantly improve and renew designated facilities on the University's campuses. The report is detailed in the E-book. **Regent Brown moved to approve and Regent Schwartz seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.**

9. Discussion and Approval of Regents' Endowment Accounts.

***Rich Wood requested that action item #9 be moved and discussed as an information item.

10. Recommendations for Consent Agenda Items on Full board of Regents' Agenda.

Regent Begay recommended items 3, 4, 5, and 7 be placed on the full Board of Regents' consent agenda.

INFORMATION ITEMS:

***Action item #9 was moved to be discussed as an information item.

Discussion and Approval of Regents' Endowment Accounts.

Rich Wood, Kenny Stansbury, and Henry Nemcik gave the presentation. Mr. Wood explained the presentation was not an action item, and the material presented was for informational purposes. Mr. Stansbury gave an overview of the Winrock Land Sale Endowment, the Regents' Endowment, and the Hugh B. and Helen K. Woodward Endowment. Discussion was held on the management of endowment funds and their dispersion in support of the University's initiatives. Regent Brown commented on the informal process and suggested the

development of measures to prioritize funds in order to help meet the University's needs. Mr. Wood summarized the University's Grand Challenges initiatives. The reports are detailed in the E-book.

COMMENTS:

There were no information items.

EXECUTIVE SESSION:

None

Regent Begay moved to adjourn at 3:14 p.m., and Regent Schwartz seconded. The motion passed by unanimous vote with a quorum of committee members present and voting.