

Minutes are intended to note (a) the date, time and place of the meeting; (b) those members of the public body who were present and those who were absent; and (c) the substance of all matters proposed, discussed and/or action was taken on.

Minutes are not intended to be a verbatim report of a meeting. An audiotape recording of the meeting is available for inspection by any member of the public interested in a verbatim report of the meeting. These minutes are not final until approved by the Board of Regents at the June 2014 meeting.

**BOARD OF REGENTS\* and its  
BUSINESS & FINANCE COMMITTEE  
NEVADA SYSTEM OF HIGHER EDUCATION**

Building D, Room 101  
College of Southern Nevada  
6375 West Charleston Boulevard, Las Vegas  
Thursday, March 6, 2014

Video Conference Connection from the Meeting Site to:

System Administration, Reno  
2601 Enterprise Road, Conference Room

and

Great Basin College, Elko  
1500 College Parkway, Berg Hall Conference Room

Members Present: Mr. Michael B. Wixom, Chair  
Mr. Kevin C. Melcher, Vice Chair  
Dr. Andrea Anderson  
Mr. Ron Knecht  
Mr. James Dean Leavitt  
Ms. Allison Stephens

Others Present: Mr. Daniel J. Klaich, Chancellor  
Ms. Crystal Abba, Vice Chancellor, Academic & Student Affairs  
Mr. Larry Eardley, Vice Chancellor, Business & Finance  
Ms. Brooke Nielsen, Vice Chancellor, Legal Affairs  
Mr. Vic Redding, Vice Chancellor, Administration & Finance  
Dr. Marcia Turner, Vice Chancellor, Health Sciences System  
Dr. Steven Zink, Vice Chancellor, Information Technology  
Mr. Scott G. Wasserman, Chief of Staff to the Board of Regents  
Dr. Mark A. Curtis, President, GBC  
Dr. Marc Johnson, President, UNR  
Dr. Maria C. Sheehan, President, TMCC  
Mr. Chester Burton, President, WNC

*For others present please see the attendance roster on file in the Board Office.*

Chair Michael Wixom called the meeting to order at 8:36 a.m. with all members present except Regent Andrea Anderson.

1. Information Only – Public Comment (Agenda Item #1) – None.

2. Approved – Consent Items (Agenda Item #2) – The Committee recommended approval of the Consent Items.
  - 2a. Approved – Minutes – The Committee recommended approval of the December 5, 2013, meeting minutes. (*Ref. BF-2a on file in the Board Office.*)
  - 2b. Approved - 2013 Self-Supporting Summer School/Calendar Year Budgets, Budget to Actual Comparison (Agenda Item #2b) – The Committee recommended approval and acceptance of the 2013 Self-Supporting Summer School and Calendar Year Budgets, Budget to Actual Comparison Report, for the NSHE. (*Ref. BF-2b(1) & Ref. BF-2b(2) on file in the Board Office.*)
  - 2c. Approved – Mid-Year Fiscal Year 2013-2014 Self-Supporting Budgets & 2014 Summer School/Calendar Year Budgets (Agenda Item #2c) – The Committee recommended approval and acceptance of the NSHE Mid-Year Self-Supporting Budgets for Fiscal Year 2013-2014 and the Self-Supporting Summer School/Calendar Budgets for Calendar Year 2014. (*Ref. BF-2c(1) & Ref. BF-2c(2) on file in the Board Office.*)
  - 2d. Approved – Second Quarter Fiscal Year 2013-2014 NSHE All Funds Report (Agenda Item #2d) – The Committee recommended approval and acceptance of the Second Quarter Fiscal Year 2013-2014 All Funds Report for the NSHE. (*Ref. BF-2d(1) & Ref. BF-2d(2) on file in the Board Office.*)
  - 2e. Approved – Second Quarter Fiscal Year 2013-2014 Budget Transfers – State Supported or Self-Supporting Operating Budgets (Agenda Item #2e) – The Committee recommended approval and acceptance of the Second Quarter Fiscal Year 2013-2014 Budget Transfers of State Supported or Self-Supporting Operating Budget Funds Between Functions. (*Ref. BF-2e(1) & Ref. BF-2e(2) on file in the Board Office.*)
  - 2f. Approved – Transfer of State Appropriated Funds Between Appropriation Budgets, System Administration and UNR Statewide Programs (Agenda Item #2f) – The Committee recommended approval to seek Interim Finance Committee approval pursuant to Section 55 of Assembly Bill 507 (*Chapter 446, Statutes of Nevada 2013*) to transfer appropriated state funds for Nevada Industry Excellence for Fiscal Year 2015 in the amount of \$334,885 from the System Administration budget account to Statewide Programs budget account at UNR. (*Ref. BF-2f on file in the Board Office.*)

Regent Allison Stephens moved approval of the Consent Items. Regent Ron Knecht seconded. Motion carried. Regent Anderson was absent.

3. Information Only – Second Quarter Fiscal Year 2013-2014 Fiscal Exceptions and Status of State Appropriations (Agenda Item #3) - The Second Quarter Fiscal Year 2013-2014 Report of Fiscal Exceptions of Self-Supporting Accounts and the Status of State Supported Operating Budget Revenues was presented. (*Ref. BF-3a & Ref. BF-3b on file in the Board Office.*)

Mr. Larry Eardley, Vice Chancellor, Business and Finance, reviewed *Ref. BF-3a* and *Ref. BF-3b* highlighting the following:

Regent Anderson entered the meeting.

3. Information Only – Second Quarter Fiscal Year 2013-2014 Fiscal Exceptions and Status of State Appropriations (Agenda Item #3) – (Continued)

- The University of Nevada, Reno (*UNR*) Fire Science Academy (*FSA*) operating and construction accounts reported a combined cash deficit of <\$11.9> million for the second quarter of Fiscal Year (*FY*) 2014.
- The UNR Intercollegiate Athletics (*ICA*) program reported a cash deficit of <\$11.2> million through the second quarter of FY 2014.
- The University of Nevada School of Medicine (*UNSOM*) Reno Practice Plan accounts are experiencing cash flow issues. The accounts are monitored daily and at operating meetings. Since December 31, 2013, \$548,210 has been paid and an additional \$279,301 is anticipated to be paid in February.
- College of Southern Nevada (*CSN*) reported a cash deficit of <\$118,156> for its Occupational Safety and Health Administration (*OSHA*) account for the second quarter of FY 2013-14
- The University of Nevada, Las Vegas (*UNLV*) ICA program reported a cash deficit of <\$16,067> through the second quarter of fiscal year 2013-14.
- The UNSOM Hospital Accounts Receivable Aging Schedule as of December 31, 2013, has been updated to reflect that the 30 to 60 days outstanding balances on the Division of Children and Family Services account (*DHHS-ACF/NV-DHHS-DCFS*), the Healthy Minds Inc. account, and the Washoe County account have been paid after the quarter end report. The current receivable for the Veterans Administration-LV account (*DOVA-VHA LV*) was paid down by \$193,285 on January 15, 2014. Both the Northern & Southern Nevada Mental Health Services accounts (*NNAMHS & SNAMHS*) have been paid current after the quarter end report except for the 120 plus day outstanding amounts which are pending approval of payment from the State's Stale Claims account for the prior fiscal year expenditures. The University Medical Center's account was brought current (*90 days*) with a \$1.878 million payment received on January 6, 2014. The financial agreement negotiations between the Reno Regional Medical Center (*Renown*) and the UNSOM have been completed and payment is scheduled as soon as the signed agreement is submitted to Renown which should be completed by the end of January.

Chair Wixom asked if there were long or short term issues with the operating plan in northern Nevada. Dr. Thomas Schwenk, School of Medicine Dean, reported when he assumed the position there were shorter term operational issues. Fixing those helped in the subsequent fiscal year. The deeper structural issue relates to faculty practices not being able to compete at certain levels with private physicians. The only practice plans that thrive are those with a multispecialty spectrum with an emphasis on high margin procedural services. The southern Practice Plan has some of that and for that reason is more successful. Historically, the northern Practice Plan has never had that. The northern Practice Plan has always been primary care only. If you review other Practice Plans across the county and carved out the primary care disciplines there are not many that would be sustainable, because primary care does not reimburse well and there is no ability to cross subsidize. UNR has a fundamental structural issue in addition to rectifying some superficial clinical operational issues. Dean Schwenk believed they

3. Information Only – Second Quarter Fiscal Year 2013-2014 Fiscal Exceptions and Status of State Appropriations (Agenda Item #3) – (Continued)

would be done exploring new approaches in how this new primary care group will integrate with the other groups by the end of the fiscal year. The group does have value because primary care is in a shortage and in great demand.

Chair Wixom was happy to see the accounts receivables in Las Vegas progressing. He asked what the Board could do from a policy perspective to assist the UNSOM. He understood the timing was critical and he just wanted to see if the Board could be helpful. Dean Schwenk pointed out they always have to remember they are there to educate, not run a clinical practice for the sake of running a clinical practice. The solution will come from public/private partnerships that will require the Board's guidance.

Chair Wixom asked if the training program issue at CSN has been resolved, with Ms. Patty Charlton, Senior Vice President, Finance and Administration, CSN, answering yes.

Regent Knecht clarified UNR ICA is currently at an \$11.2 million deficit but by the end of the year it will be a \$3.2 million deficit because payouts will happen in the last quarter. He asked what progress had been made since the last report. Dr. Marc Johnson, President, UNR, stated ICA was looking to break even and not add to the deficit. President Johnson stated they have a much more active fundraising campaign, ticket sales have increased and they are anticipating an additional \$1 million from the Mountain West Conference due to a reorganization of the schools. Mr. Bruce Shively, Associate Vice President, Planning, Budget and Analysis, UNR, reported he meets with athletic leadership monthly, and their most recent conversations indicated revenues are on track and they fully expect fundraising efforts to meet projections.

Regent Knecht asked if football and basketball revenues, as well as advance sales, are sensitive to the team record for the year. Mr. Shively stated season ticket sales have a one year lag based on the team record. Football gate receipts lagged as the season progressed because of losses. Basketball is typically the same. Both revenue streams combined are as projected.

4. Approved – Transfer of State Appropriated Performance Pool Funds Between NSHE Appropriation Budgets (Agenda Item #4) – The Committee recommended approval to seek Interim Finance Committee (IFC) approval, pursuant to Section 59 of Assembly Bill 507 (Chapter 446, Statutes of Nevada 2013) to transfer sums, appropriated to the Performance Funding Pool account, to the respective formula-funded budget accounts of the NSHE in Fiscal Year 2014-2015. (Ref. BF-4)

Mr. Larry Eardley reviewed *Ref. BF-4* requesting IFC approval to transfer the following:

- UNLV - \$6.5 million.
- UNR - \$4.6 million.
- NSC - \$620,000.
- CSN - \$4.2 million.
- GBC - \$600,000.
- TMCC - \$1.5 million.
- WNC - \$680 million.

4. Approved – Transfer of State Appropriated Performance Pool Funds Between NSHE Appropriation Budgets (Agenda Item #4) – (Continued)

Chair Wixom believed this was the next step to a fundamental change in how the System does business.

Regent Anderson moved approval to seek IFC approval, pursuant to Section 59 of Assembly Bill 507 (Chapter 446, *Statutes of Nevada 2013*) to transfer sums, appropriated to the Performance Funding Pool account, to the respective formula-funded budget accounts of the NSHE in FY 2014-2015. Regent Stephens seconded. Motion carried.

5. Approved – Resolution, Expense Reimbursement From Proceeds of Tax Exempt Securities, E.L. Wiegand Fitness Center (Agenda Item #5) – The Committee recommended approval of a resolution that would permit the reimbursement from the proceeds of tax-exempt securities for certain up-front construction related expenses associated with the new E.L. Wiegand Fitness Center. (Ref. BF-5 on file in the Board Office.)

President Johnson reported UNR will bring forward a financial plan and seek approval for the financial instruments at the June Board of Regents' meeting.

Regent Stephens moved approval of a resolution to permit the reimbursement from the proceeds of tax-exempt securities for certain up-front construction related expenses associated with the new E.L. Wiegand Fitness Center. Regent James Dean Leavitt seconded.

Regent Knecht was concerned there was no specific limit on this item and wanted to be sure what he was approving. Chair Wixom asked for a general range of what would be spent. Mr. Ron Zurek, Vice President, Administration and Finance, UNR, anticipated the total would be less than \$500,000 in terms of the costs. Mr. Zurek pointed out Ms. Kendra Follette, Bond Counsel, stated the resolution has a legal maximum limit of \$30 million, but the University does not have that level of reserves. Ms. Brooke Nielsen, Vice Chancellor, Legal Affairs, stated if there is no specific amount itemized, then the Committee will be relying on representations from the University.

Chair Wixom offered a friendly amendment for UNR to provide an itemized list of expenses at the June Business and Finance meeting.

Regent Stephens and Regent Leavitt accepted the friendly amendment.

Mr. Eardley clarified they were asking for an itemization at the June meeting.

Motion carried.

6. Information Only – University of Nevada, Reno Fire Science Academy Site Restoration Project (Agenda Item #6) - UNR President Marc Johnson presented a report summarizing the final results of the University of Nevada, Reno Fire Science Academy Site Restoration Project. (*Ref. BF-6 on file in the Board Office.*)

Ms. Denise Baclawski, Senior Director of Facilities and Maintenance, and former Executive Director of the Fire Science Academy, reviewed *Ref. BF-6* highlighting the Site Restoration Project Plan, Scope of Work, Three Operating Areas, Project Budget, Critical Path Timeline, Fuel Storage Removal, Prop Field Demolition, Treatment Tank Removal, Ponds and Pump Removal, Positive Project Variance, Funds Available for Deficit Reduction, Project Impact on Deficit Balances, Project Manager George Quick, and Restoration and Close Our Project Plan.

Vice Chair Kevin Melcher congratulated Ms. Baclawski and Mr. Quick on their fine job.

Regent Leavitt stated there was never a question as to Ms. Baclawski's dedication and passion associated with the Fire Science Academy.

Regent Stephens offered Ms. Baclawski congratulations on her fiscal management.

Regent Knecht thanked Ms. Baclawski and Mr. Quick for their good work.

Regent Anderson stated it was amazing to see the pictures of what was there and what it is now.

Chair Wixom stated there was an ongoing deficit of \$9 million and it was his understanding the deficit would be reduced on an ongoing and opportunistic basis. Mr. Zurek stated that was correct.

7. Information Only – New Business (Agenda Item #7) – None.
8. Information Only – Public Comment (Agenda Item #8) – None.

The meeting adjourned at 9:28 a.m.

Prepared by:

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Submitted for approval by:

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