

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 March 2015 meeting.

SPECIAL MEETING
BOARD OF REGENTS
NEVADA SYSTEM OF HIGHER EDUCATION
System Administration, Las Vegas
4300 South Maryland Parkway, Board Room

Wednesday, October 22, 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. Kevin J. Page, Chairman
Mr. Rick Trachok, Vice Chairman
Dr. Andrea Anderson
Mr. Robert J. Blakely
Mr. Cedric Crear
Dr. Mark W. Doubrava
Dr. Jason Geddes
Mr. Ron Knecht
Mr. James Dean Leavitt
Mr. Kevin C. Melcher
Ms. Allison Stephens
Mr. Michael B. Wixom

Others Present: Mr. Daniel J. Klaich, Chancellor
Ms. Crystal Abba, Vice Chancellor, Academic and Student Affairs
Dr. Constance Brooks, Vice Chancellor, Govt. and Community Affairs
Mr. Larry Eardley, Vice Chancellor, Budget and Finance
Ms. Brooke Nielsen, Vice Chancellor, Legal Affairs
Mr. Vic Redding, Vice Chancellor, Finance and Administration
Dr. Marcia Turner, Vice Chancellor, Health Sciences
Dr. Steven Zink, Vice Chancellor, Information Technology
Mr. Scott G. Wasserman, Chief of Staff and Special Counsel to the Board
Mr. Richard S. Young, Deputy Chief of Staff to the Board
Dr. Michael D. Richards, President, CSN
Dr. Stephen G. Wells, President, DRI
Dr. Mark A. Curtis, President, GBC
Mr. Bart J. Patterson, President, NSC

Others Present: Mr. Donald D. Snyder, President, UNLV
Mr. Chet Burton, President, WNC

Also present were Mr. Tom Judy, Associate Vice President Business & Finance, UNR; Mr. Chuck Price, Faculty Senate Chair, UNR; Dr. Jane A. Nichols, Vice President of Academic Affairs, TMCC; Ms. Susan Priest, Faculty Senate Chair, WNC, Ms. Jean Regan, Senior Associate Dean of Finance UNSOM; Ms. Valerie, Pedroza, Budget Analyst, UNSOM; Ms. Rachel Solemsaas, Vice President of Finance and Administrative Services, TMCC; Mr. Mark Bowers, Director of Human Resources, DRI; Ms. Michele Meador, Chief Human Resources Officer, TMCC; Ms. Elena Bubnova, Executive Director of Institutional Research, TMCC; Ms. Melanie Lever, Assistant Director, BCN Purchasing; Ms. Kathy Schultz, Director, BCN Purchasing; Ms. Sheri Mendez, Controller, UNR; Dr. Kevin R. Carman, Executive Vice President and Provost, UNR, Ms. Marcie Jackson, Vice Chair, SA Faculty Senate; Mr. Dave Duffield, Co-founder and Chairman of the Board, Workday, Inc.; Ms. Peggy Phelps, Regional Sales Manager, Workday, Inc.; Mr. Tim Adams, Business Development, Sierra-Cedar, Inc.; Kevin Francis, Regional Vice President, Workday, Inc.; Mr. Mike Duffield, General Manager Higher Education, Workday, Inc.; Mr. J.C. Scarborough, Associate Vice President and Chief Human Resources Officer, CSN; Ms. Mary Kaye Bailey, Assistant Vice President/Controller of Finance and Budget, CSN; Mr. Kevin Butler, Vice President for Finance and Business Operations, NSC; Ms. Melody Bliss, Project Manager, UNLV; Ms. Elora Merry Paik, Human Resource Systems Manager, UNLV; Ms. Roberta Roth, Director of Information Technology Policy and Planning and Communication, NSHE SCS; Sharon Young, GPSA President, UNLV; K.C. Brekken, Director, Communications & Governmental Affairs, CSN; Mr. Brian Anzalone, Technical Services Manager, NSHE SCS; Ms. Patricia Charlton, Senior Vice President for Finance & Administration, CSN; Mr. Jose Solorio, Chair of Higher Education, Latino Leadership Council; Mr. Alan Glaeser, Vice President of Higher Education, Oracle Corporation; Mr. Gary Somers, Senior Client Executive of Higher Education, Ciber, Mr. Gerry Bomotti, Senior Vice President for Finance and Business, University of Nevada (UNLV); Mr. Omar Saucedo, External Affairs Coordinator, NSHE; Mr. Phillip J. Goldstein, President of Higher Education Management Consultancy, Goldstein & Associates.

Chairman Kevin J. Page called the meeting to order at 10:04 a.m. with all members present except Regent Schofield.

Regent Wixom led the Pledge of Allegiance.

1. Information Only-Public Comment (Agenda Item #1) – Mr. Jose Solorio, Chair of Higher Education, Latino Leadership Council, commended Mr. Jerry Baker, President, Baker and Associates, and Chancellor Daniel J. Klaich for the UNLV presidential search process.

2. Information Only-Board Chairman's Report (Agenda Item #2) – Chairman Page provided information on the background and the current work of the ad hoc Performance Pool Committee. He explained in 2011, Senate Bill 374 created the Legislative Committee to Study the Funding of Higher Education. The Committee agreed conceptually to the creation of a performance funding mechanism for higher education institutions. In addition, the Committee adopted the recommendation of its Performance Pool, Economic and Workforce Development and Research subcommittee providing for implementation of funding tied to performance beginning in Fiscal Year 2015 with an initial five percent carve-out of General Fund appropriations from the base budget of the respective institutions. The Performance Pool would then be fully phased in over four years, incrementally increasing the carve-out by 5 percent each fiscal year for a total of 20 percent in Fiscal Year 2018.

Chairman Page stated the metrics and mechanics of the Performance Pool were referred to the Board of Regents for further consideration and revision. In 2012, then Board of Regents Chairman Jason Geddes appointed individuals to the NSHE Performance Pool Task Force. The NSHE Performance Pool Task Force was tasked with carrying out the charge delegated by the interim legislative committee. The Task Force met twice in 2012, and submitted its report to the full Board, which accepted the report in January 2013.

Chairman Page stated he was establishing the ad hoc Performance Pool Committee to continue implementation of the Performance Pool. The Committee is charged with reviewing the recommendations of the Performance Pool Technical Working Group created by the Chancellor to review the Performance Pool and suggest targets for years 3 and 4 of the Performance Pool and to consider other related matters.

The following members were appointed to the ad hoc Performance Pool Committee: Regent Michael Wixom, Chairman; Senator Ben Kiekheffer; Regent Jason Geddes; Mr. Bart J. Patterson, President, Nevada State College (NSC); Ms. Jackie Bryant, Deputy Chief of Staff, Office of the Governor; Ms. Stephanie Prevost, Student Government Association (SGA), Truckee Meadows Community College (TMCC); Dr. Mark A. Curtis, President, Great Basin College (GBC); Mr. David Sanders, Faculty Senate, UNR; Assemblyman Andy Eisen; and Senator Joyce Woodhouse.

3. Approved-iNtegrate 2 Vendor Selection and Related Handbook Data management Standards Revision (Agenda Item #3) – The Board approved the selection of the vendor Workday, Inc. to implement the iNtegrate 2 project and granted authority to the Chancellor to negotiate the terms and conditions of a contract with Workday, subject to consultation with the Board Chairman. The Board also accepted the first reading of the proposed amendments to the Board of Regents *Handbook*, Title 4, Chapter 21, Section 6, in connection with implementation of iNtegrate 2 to add provisions including addressing proprietary rights to System administrative data; creation of a unified database for System human resources, financial and related transactions; construction of a database schema for reflecting changes in discrete data elements within the database; and maintenance and enforcement of a data dictionary for the unified database (*Ref. BOR-3a, Ref. BOR-3b, Ref. BOR-3c and Ref. BOR-3d and Handout on file in the Board office*).

Mr. Alan Glaeser, Vice President of Higher Education, Oracle Corporation, stated the iNtegrate 1 proposal came in on time and lower than current budget. Oracle put its commitment in writing through 2027, strictly as a commitment to the user, which no other vendor has done. Oracle provided a 15 year analysis without an increase. Further analysis of the options is presented in the reference materials. Mr. Glaeser thanked the Board for their time and consideration.

3. *Approved-iNtegrate 2 Vendor Selection – Continued (Agenda Item #3)*

Mr. Gary Somers, Senior Client Executive of Higher Education, Ciber, stated Ciber is a proposed implementer and partner for the Oracle software. Mr. Somers stated he has worked in higher education for thirty years. Oracle is being used by many organizations and Ciber believes the product has a strong future, with a commitment to product development through 2027. Cost of ownership is \$9.5 million over five years. This provides a significant savings over fifteen years. Higher education will not allow Oracle to pull its existing product. Oracle has PeopleSoft and a new cloud project, which users can move to as they determine appropriate. This project will utilize Switch Communications Group, LLC's, SUPERNAP facility in Las Vegas and therefore contribute to the Nevada economy. Ciber would provide a secure private cloud exclusively for NSHE use as well as all application updates, fixes and upgrades. Ciber would continue to support this product for 10 years at the same cost. Mr. Summers encouraged the Regents to examine this proposal further.

Chancellor Klaich provided the Board with an overview of the iNtegrate 2 vendor selection process, timeline and recommendations, including a proposed data policy.

Mr. Vic Redding, Vice Chancellor, NSHE Finance and Administration, reviewed the iNtegrate 2 Project Timeline (*Ref. BOR-3b on file in the Board office*), the Request for Proposal process and the project analysis of the iNtegrate 2 Screening Committee (*Ref. BOR-3b on file in the Board office*).

Chancellor Klaich stated he met with the three vendors and noted they have been through an exhaustive analysis per the Board's direction. There were five dimensions to the Committee's analysis of options: software capability, services capability, technology, cost and risk. The *iNtegrate 2 Screening Committee Options Analysis* and Goldstein & Associates leaned toward Workday. Workday, Inc. is an on-demand (cloud-based) human capital management and financial management software vendor.

Chancellor Klaich stated the data policy is presented for its first reading today. This is a critical policy. The Board asked for common data base management. The proposed amendments to the *Board of Regents Handbook*, Title 4, Chapter 21, Section 6, adds provisions which include addressing proprietary rights to System administrative data; creation of a unified database for System human resources, financial and related transactions; construction of a database schema for reflecting changes in discrete data elements within the database; and maintenance and enforcement of a data dictionary for the unified database.

Chancellor Klaich introduced Mr. Phillip J. Goldstein, President of Higher Education Management Consultancy, Goldstein & Associates. Mr. Goldstein provided the Board with a broader context. He explained Workday is designed to be used by the customer; it is continual and agile with smaller bytes in more frequent intervals. Workday will operate a single, common version among all its customers. The technology mirrors the NSHE shared services vision. Workday provides a unified, modern administrative solution for higher education. Workday offers global human capital management and financial management solutions delivered in the cloud and uniquely designed for the needs of higher education. The cloud delivery model reduces costs and frees up valuable resources. It delivers a flexible, modern platform that can adapt to changing needs.

3. Approved-iNtegrate 2 Vendor Selection – Continued (Agenda Item #3)

Mr. Goldstein explained Workday provides multi-institution management for administration of faculty, staff, researchers and student workers around the world. Mr. Goldstein provided a list of some of the higher education institutions currently using Workday. He said Workday provides real-time financial and operational insight to both internal and external stakeholders. The software has significant advantages. Beyond individual features of other products, Workday is graded by many as having significant advantage in consistency. It is a flexible work tool and can be configured without significant technological ability. Workday is highly compatible with mobile devices with stronger business processes and a more modern user interface. Data can be updated real time across the multi-institutional NSHE system with an integrated reporting feature able to access data without shifting out of current systems being used.

Mr. Goldstein stated Oracle does have proven technology; however, Oracle is dated and is currently being updated and moving in a different direction. Professional opinion would be if Oracle is chosen it would require the NSHE to have to move to new software at some point in the near future, and it may not be when the system would be able to. The transition would be a major undertaking. A detailed analysis shows there was a difference in short time costs. This complicated the process of analysis between the two vendors. The initial cost difference is significant, but in the long term analysis the difference in cost would substantially narrow over a period of time. Even if there is a higher initial cost for Workday the long-term value would be justified. Mr. Goldstein summarized his remarks by saying Workday appears to provide greater productivity, less risk and a more certain path to the future.

Chancellor Klaich said the recommendations from Vice Chancellor Redding and Dr. Steven Zink, Vice Chancellor, Information Technology, independently agreed with the recommendation from Goldstein & Associates. The Workday product provides flexibility and is better aligned with the NSHE vision. Workday cannot be customized, but it can be configured. Real time data will be easily available to all users including the Board of Regents, the institutional presidents, the Governor and the Nevada State Legislature in a transparent, constant, consistent and user friendly manner. Chancellor Klaich stated he has asked former Vice Chancellor Renee Yackira to manage this project on a day to day basis. As mentioned by Mr. Goldstein, Workday products are implemented across the country by numerous higher education institutions. The Chancellor also listed several corporations currently using Workday, such as Tesla, Bank of America, Google, Hewlett Packard and Yahoo.

Regent Trachok moved approval of selecting Workday as the vendor to implement the iNtegrate 2 project and granting authority to the Chancellor to negotiate the terms and conditions of a contract with the vendor, subject to consultation with the Board Chairman. The motion included acceptance of the first reading of the proposed amendments to the Board of Regents *Handbook*, Title 4, Chapter 21, Section 6. Regent Leavitt seconded.

3. Approved-iNtegrate 2 Vendor Selection – Continued (Agenda Item #3)

Regent Stephens stated Workday is the best approach and is comfortable with the higher initial cost as NSHE will realize benefits and reduced costs over the long-term. She has confidence in all of the individuals that have worked and will continue to work on this effort and fully supports the recommendation.

Regent Knecht stated he understood that technology in this area has advanced aggressively. He asked if a possible technology gain would justify waiting for the next generation from Oracle. He asked if the next generation of Oracle will have features and benefits that may eclipse Workday's products, and if so, would it be better to continue with Oracle. Vice Chancellor Zink stated Oracle has a cloud environment, but it has not been implemented in higher education. Workday has taken advantage of the updates and built their system around a knowledge worker environment putting the emphasis on the worker. In that sense, Workday provides incredible benefits for the System. Workday's end memory processing is huge and it appears the NSHE would have a three year head start by going with Workday.

Chancellor Klaich stated the campuses are not in favor of waiting.

Regent Knecht said he was not suggesting to wait and do nothing. He was suggesting moving forward with the Oracle proposal.

Regent Leavitt asked to hear what the institutional presidents think of the recommendation. Dr. Michael D. Richards, President, College of Southern Nevada (CSN), said he supports the recommendation and said CSN needs this tool for financial and human resources records. Mr. Donald D. Snyder, President, University of Nevada, Las Vegas (UNLV), disclosed he sits on the board of Switch; however, his direct involvement on this project has been very limited. Mr. Gerry Bomotti, Senior Vice President for Finance and Business, University of Nevada (UNLV), stated he represented UNLV's interests on the working group. UNLV was not as comfortable with Workday's finance product. Dr. Stephen G. Wells, President, Desert Research Institute (DRI) stated DRI is fully behind the recommendation. Mr. Bart J. Patterson, President, Nevada State College (NSC), said NSC fully supports the recommendation. Dr. Jane A. Nichols, Vice President of Academic Affairs, Truckee Meadows Community College (TMCC), stated TMCC is very excited about this project and supports the recommendation. Mr. Chet Burton, President, Western Nevada College (WNC), stated his support of the recommendation and said this project is essential for the success of the shared services initiative. Dr. Kevin R. Carman, Executive Vice President and Provost, University of Nevada, Reno (UNR), said UNR fully supports the recommendation. UNR believes the product is very strong on the HR side, although there may be issues that can be addressed on the financial side. UNR also wanted to note there will be substantial costs for backfilling positions. Dr. Mark A. Curtis, President, Great Basin College (GBC), stated GBC fully supports the recommendation.

Regent Crear asked if there is any opportunity to use local workers for the implementation of the project. Mr. Tim Adams, Business Development, Sierra-Cedar, Inc., stated due to certification requirements there may not be opportunity to use a local workforce.

3. Approved-iNtegrate 2 Vendor Selection – Continued (Agenda Item #3)

Chancellor Klaich stated the software is provided by Workday and the implementation and training is provided by Sierra-Cedar. The main contract is with Workday; Sierra-Cedar is a subcontractor under Workday.

Regent Crear stated the Board has worked hard to include a supply chain inclusion policy and asked about procurement, tracking expenditures and if purchase card transactions would be included. He asked about the ability to track minority business enterprises and disadvantaged business enterprises. Vice Chancellor Redding stated the software has the functionality to track details such as these.

Mr. Mike Duffield, General Manager Higher Education, Workday, said the software allows fine grained features to look at specifics for expenditures, purchase orders and vendor tracking. This includes analysis for local, minority based or other vendor types. The software includes purchase card tracking as well.

Chancellor Klaich explained the Workday solutions being discussed today can facilitate the potential for shared services.

Regent Crear requested an analysis on shared services and how much money would be saved if the Workday project is implemented. He also asked if the funds for the iNtegrate2 project have already been set aside. Chancellor Klaich stated initially 21 million dollars were set aside. An additional 20 million dollars have also been set aside for this project. System staff will be reporting back to the Board with a more detailed breakdown in costs, including backfill and training.

Regent Wixom asked about the project timeline and delivery schedule. Vice Chancellor Zink said the project is expected to be completed in two-and-a-half years.

Regent Wixom asked if all relevant request for proposal processes were followed. Ms. Brooke Nielsen, Vice Chancellor, Legal Affairs, affirmed all processes have been conducted in accordance with competitive bidding as outlined in *Board of Regents Procedures and Guidelines Manual* Chapter 6.

Regent Wixom stated when the Board started this process in 2006, there was great importance placed on provision of real time data in connection with reports given to the Nevada State Legislature. He asked at what point in time the NSHE would be able to provide real time data. Vice Chancellor Zink said certainly for the 2017 Legislative Session. Regent Wixom stated this is an important success story, iNtegrate 1 has been completed on time and under budget. The Legislature and the Governor should be informed about the progress on this project. As members of the Board, it is important the Board listens to the consultant and the campuses because of their understanding of this process. The Board needs to remember this is part of the business process discussion begun 10 years ago.

3. Approved-iNtegrate 2 Vendor Selection – Continued (Agenda Item #3)

Regent Geddes noted the wide range of personnel and implementation costs and asked if the intention is to assist the campuses with those costs. Chancellor Klaich stated that is correct. Regent Geddes asked if the NSHE ever revisited the projected costs of iNtegrate 1, and determined where those numbers ended up. Chancellor Klaich stated the project was delivered on time and under budget. With the iNtegrate 1 project, the NSHE did not provide budget for campus or system staff and that has been one of the most significant things learned in this process.

Regent Geddes stated the “for example sentence” in paragraph 3, of the administrative data policy should be removed.

Motion carried. Regents Anderson, Blakely, Crear, Doubrava, Geddes, Knecht, Leavitt, Melcher, Page, Stephens, Trachok and Wixom voted yes. Regent Schofield was absent.

Regent Blakely left the meeting.

Mr. Dave Duffield, Co-founder and Chairman of Workday, Inc., provided his background and general information about Workday. He stated all Workday customers are on the same version of the system and receive two updates a year. Workday has been identified as the best company to work for in the San Francisco Bay Area for the past three years. Workday was just recently identified as the number one technology company to work for in the country. In an effort to train locally, Workday at College is an initiative to work with the campuses in the System to train students in the Workday systems. He said Workday looks forward to meeting further with the Chancellor and campuses on this effort. Mr. Duffield stated he has offered to be the direct executive sponsor for the iNtegrate 2 Workday project and he has only done this three times over the life of his company.

Regent Knecht referenced handout (*BOR 3c on file in the Board office*) and stated concerns about the use and upload of spreadsheets. Vice Chancellor Redding stated because the budgeting format and schema is predetermined by the state of Nevada for approximately half of the NSHE’s funding there is no perfect fit available from any vendor for the needs of the individual campuses at this time. There has been and will continue to be robust discussion about consistency and the best path towards implementation.

Regent Knecht asked about populating historic data. Vice Chancellor Zink said anytime you change systems, there is always a question as to how much of the data you will populate to the new system and how you will accomplish the task. The most important issue is ensuring the data is entered correctly.

Regent Knecht asked about security in the cloud versus the servers. Vice Chancellor Zink said in reality all major vendors have greater ability to secure data than the client does.

4. Approved-Appointment to the Nevada State Board of Education (Agenda Item #4) – The Board approved the reappointment of Regent Melcher as a representative of the Nevada System of Higher Education to serve on the State Board of Education as a non-voting member for a term of one year, commencing January 6, 2015. *Nevada Revised Statutes (NRS) 385.021* provides that the State Board of Education includes one nonvoting member appointed by the Governor who represents the Nevada System of Higher Education, who is nominated by the Board of Regents (*Ref. BOR-4 on file in the Board office*).

Regent Trachok moved approval to reappoint Regent Melcher. Regent Wixom seconded. Motion carried. Regents Anderson, Crear, Doubrava, Geddes, Leavitt, Melcher, Page, Stephens, Trachok and Wixom voted yes. Regent Knecht abstained. Regents Blakely and Schofield were absent.

5. Withdrawn-Change of June 11-12, 2015, Board Meeting Location (Agenda Item #5) – The Board discussed a change of location for the June 11-12, 2015, meeting from the TMCC campus to the System Office in Las Vegas, with concurrent committee meetings on the UNLV campus.

Mr. Scott G. Wasserman, Chief of Staff and Special Counsel to the Board, stated the proposed change is a result of the input of the NSHE institutional presidents on the ability of and burdens placed on the institutions to host Board meetings on the institutional campuses. Specifically, a request was made by TMCC President Maria Sheehan that the June 11-12, 2015, meeting not be hosted on the TMCC campus due to the inherent and logistical burdens placed on the campus to host a Board meeting.

Mr. Wasserman stated because of the logistics involved in hosting a Board meeting, it was suggested the NSHE review its invitation to the campuses on hosting Board meetings. Mr. Wasserman said the presidents provided the following feedback on hosting meetings at their campuses. UNR, UNLV, NSC and DRI were able and willing to host Board meetings on their campuses. WNC and CSN do not currently have the space to host Board meetings, but provide other forms of Board meeting support as able. GBC has indicated its facilities are available when needed by the Board. TMCC provided information regarding the challenges related to providing meeting space for Board meetings.

Regent Geddes said he prefers to go to the campuses and be around the faculty, staff and students.

Regent Leavitt said he did not see a need to hold Board meeting on campus. The idea of visiting the campuses sounds good; however, the purpose of Board meetings is to conduct Board business. Everyone is welcome at the System office. The institutions offer a variety of other events the Board can attend on campus.

Mr. Wasserman said the presidents did discuss the many benefits to hosting Board meetings on campus; at the same time, the NSHE does not want to force an institution to host a Board meeting if hosting places logistical and financial commitments on the campus it is unable to meet.

5. Withdrawn-Change of June 11-12, 2015, Board Meeting Location (Agenda Item #5)

Regent Wixom said it is critical to get to the campuses; however, if the proposed change in venue is a one-time request from TMCC he would be supportive.

Chairman Page asked if TMCC would like to withdraw the request that the June 11-12, 2015, meeting not be hosted on the TMCC campus. Dr. Nichols stated TMCC would be happy to host in 2015. Chairman Page stated the Board's original 2015 meeting location schedule would be used.

6. Information Only- New Business (Agenda Item #6) – There was no new business.

7. Information Only-Public Comment (Agenda Item #7) – Regent Melcher announced the dedication of the original University Preparatory School bell today in Elko at 4 p.m. The special ceremony marks the University of Nevada, Reno's 140th birthday in its birthplace of Elko.

Mr. Jose Solorio, Latino Leadership Council, provided the Board with information about the Latino Leadership Council.

The meeting adjourned at 12:12 p.m.

Prepared by: Patricia Rogers
Special Assistant and Coordinator to the Board of Regents

Submitted for approval by: Scott G. Wasserman
Chief of Staff and Special Counsel to the Board of Regents
and
R. Scott Young
Deputy Chief of Staff to the Board of Regents