

BOARD OF REGENTS
BRIEFING PAPER

1. **AGENDA ITEM TITLE:** Authorization for Legislation increasing NSHE Revenue Bond Authority

MEETING DATE: December 1-2, 2016

2. BACKGROUND & POLICY CONTEXT OF ISSUE:

A primary method for financing capital improvements by the Nevada System of Higher is through the issuance of revenue bonds. By Statute, the Legislature approves the authority to issue revenue bonds, however the Board of Regents approves the actual issuance of such bonds as need arises. Issuance of these types of bonds is limited to dollar amount authorization provided by the Legislature as well as other affordability metrics including statutory limitations on debt coverage. Other types of NSHE debt including bank loans and Certificates of Participation are not subject to statutory authorization.

Existing Statutory Authority is shown below. This authority was provided under prior legislation and is available upon campus request and Board approval for the projects as noted (as of 10/31/16):

Campus/Project	Principal	Expiration of Authorization
UNR/ Student Housing, Dining, Library, Parking Facilities and/or other master plan facilities (AB 478, 2011)	\$2,790,000	01/2029
UNLV/ Student Housing, Dining Facilities and/or other master plan facilities (AB 401, 2009)	\$142,440,000	01/2029
CSN Student Service Facilities, Classrooms, and Parking Facilities (SB 455, 2007)	\$45,000,000	06/2022
NSC Student Housing & Parking Facilities (SB 455, 2007)	\$20,000,000	06/2022
WNC Residence Hall (SB 455, 2007)	\$20,000,000	06/2022

TOTAL **\$230,230,000**

Request for additional authority from the 2017 Legislature:

University of Nevada, Reno:

UNR is considering two upcoming projects which may utilize university revenue bonds to partially finance construction. The projects are a new engineering building (\$21.5M financed) and a new residence hall (\$40M financed).

The engineering building is the top new CIP funding request by NSHE from the 2017 legislature. The request for \$58.71M (which reflects the new projects net of existing authority) of additional revenue bond legislative authorization will be a component of UNR's capital funding plan for these upcoming projects.

College of Southern Nevada:

CSN is working with students in finalizing the planning and development of student unions for each of the main campuses, Charleston, Henderson, and the North Las Vegas locations. These unions which may utilize revenue bonds to finance construction are anticipated to cost in the range of \$20M-\$27M each, including infrastructure, construction, and equipment.

This request includes an increase of bond authority of \$36M for a total authority of \$81M. This would accommodate the projects noted above.

Truckee Meadows Community College:

TMCC is proposing development of a fitness complex to provide health, fitness and athletic opportunities to students. The complex will include a soccer field, track, parking, and a building for storage and restrooms. NSHE revenue bonds in the amount of \$22M may be used to finance the project. The revenue stream to support the bond payment is a proposed increase in student fees.

3. SPECIFIC ACTIONS BEING RECOMMENDED OR REQUESTED:

Board authorization is requested for Chancellor White, UNR President Marc Johnson, CSN President Mike Richards, and TMCC President Karin Hilgersom to request legislation enabling additional revenue bond authority for UNR, CSN, and TMCC from the 2017 legislature.

4. IMPETUS (WHY NOW?):

The 3 campuses do not currently have sufficient revenue bond authorization to finance these upcoming projects. While other financing options exist, revenue bonds may be the most attractive and cost effective option at the time of issuance. If revenue bonds are to be an option, additional authorization from the legislature is required.

5. BULLET POINTS TO SUPPORT REQUEST/RECOMMENDATION:

- Additional revenue bonds will support implementation of the campus master plans approved by the Board of Regents.
- UNR, CSN, and TMCC have identified funding sources to repay the proposed obligations, which will be approved by the Board in the financing plans.
- Revenue bonds can provide NSHE institutions with their lowest cost source of self-funded financing.
- This request is for authority only – the Board of Regents will approve a debt resolution and financing plan at the time the institutions come forward with the specific projects.

6. POTENTIAL ARGUMENTS AGAINST THE REQUEST/RECOMMENDATION:

- None noted as this is a request for authority only – the individual project cost/benefit and financing plans will be approved by the Board at the time the campus is ready to move forward.

7. ALTERNATIVE(S) TO WHAT IS BEING REQUESTED/RECOMMENDED:

NSHE may utilize alternative methods such as public private partnerships, additional donor support, State funding, or NSHE certificates of participation to finance the acquisition of these capital facilities. The financing analysis will be completed when the institution is ready to move forward, but these alternatives may increase the annual debt service cost to the institution, delay the projects’ completion, or result in less control over the proposed projects than the authorized revenue bonds.

8. COMPLIANCE WITH BOARD POLICY:

- Consistent With Current Board Policy: Title #_____ Chapter #_____ Section #_____
- Amends Current Board Policy: Title #_____ Chapter #_____ Section #_____
- Amends Current Procedures & Guidelines Manual: Chapter #_____ Section #_____
- Other: _____
- Fiscal Impact: Yes_____ No X____
Explain: _____