

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 December 2016 meeting.

**BOARD OF REGENTS and its
BUSINESS, FINANCE AND FACILITIES COMMITTEE
NEVADA SYSTEM OF HIGHER EDUCATION**

Joe Crowley Student Union, Milt Glick Ballrooms B & C
University of Nevada, Reno
87 West Stadium Way, Reno
Thursday, September 8, 2016

Video Conference Connection from the Meeting Site to:
System Administration, Las Vegas
4300 S. Maryland Parkway, Board Room
and
Great Basin College, Elko
1500 College Parkway, Berg Hall Conference Room

Members Present: Mr. Kevin J. Page, Chair
 Mr. Robert Davidson, Vice Chair
 Dr. Mark W. Doubrava
 Mr. James Dean Leavitt

Other Regents Present: Mr. Cedric Crear

Others Present: Mr. Vic Redding, Vice Chancellor, Finance
 Mr. Fred Egenberger, Budget Director
 Dr. Mark A. Curtis, President, GBC
 Dr. Len Jessup, President, UNLV

Faculty senate chairs in attendance were Dr. Mark Green, DRI; Mr. Eric March, SA; and Mr. Jeffrey Downs, UNR. Student body presidents in attendance were Ms. Chelsey Fox, SGA President, GBC; Ms. Desiree DeCosta, NSSA President, NSC; Mr. David Turner II, SGA President, TMCC; and Mr. Carlos Fernandez, CSUN President, UNLV.

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

Chair Kevin J. Page called the meeting to order at 9:25 a.m. with all members present except Regent Crear.

1. Information Only – Public Comment – None.

2. Approved – Consent Items – The Committee recommended approval of the consent items as presented except consent item 2c (*Fiscal Year 2015 – 2016 Transfers of Non-State Budget Expenditures to State Budgets after May 1, 2015*) which was pulled from the agenda to be heard at the December 2016 meeting.
 - 2a. Approved – Minutes – The Committee recommended approval of the June 9, 2016, meeting minutes. (*Ref. BFF-2a on file in the Board Office.*)

2. Approved – Consent Items – (Continued)

- 2b. Approved – Fourth Quarter Fiscal Year 2015 – 2016 Budget Transfers – State Supported or Self-Supported Operating Budgets – The Committee recommended approval and acceptance of the Fourth Quarter Fiscal Year 2015 – 2016 Budget Transfers of State Supported or Self-Supporting Operating Budget Funds between Functions. (Ref. BFF-2b(1), Ref. BFF-2b(2) and supplemental material on file in the Board Office.)
- 2d. Approved – Summary of Board of Regents Approved Issuance of Bonds in 2016 – The Committee recommended approval and acceptance of the report summarizing the issuance of University Revenue Bonds for projects at University of Nevada, Reno (UNR) and University of Nevada, Las Vegas (UNLV). (Ref. BFF-2d on file in the Board Office.)
- 2e. Approved – Clark County Land Dedication for Tropicana Project – UNLV – The Committee recommended approval of two land dedications to Clark County totaling 2,457 gross square feet for construction of a bus turnout and right turn lane extension located at the UNLV Paradise Campus and that the Chancellor be granted authority to execute two Temporary Construction Easements with Clark County and one utility easement with the Las Vegas Valley Water District, and any other ancillary documents, including but not limited to, all required agreements, conveyances, easements and rights-of-way, deemed necessary and appropriate to implement the project with approval from the Vice Chancellor of Legal Affairs. (Ref. BFF-2e on file in the Board Office.)

Regent Leavitt moved approval of the consent items as presented. Regent Davidson seconded.

Vice Chancellor Vic Redding removed consent item 2c (*Fiscal Year 2015 – 2016 Transfers of Non-State Budget Expenditures to State Budgets after May 1, 2015*) to be brought back to the Committee at the December 2016 meeting.

Regent Leavitt amended his motion to approve the consent items with the removal of consent item 2c (*Fiscal Year 2015 – 2016 Transfers of Non-State Budget Expenditures to State Budgets after May 1, 2015*) to be brought back to the Committee at the December 2016 meeting. Regent Davidson accepted the amended motion. Motion carried. Regent Crear was absent.

3. Approved – Conveyance of 274 Acres in Nye County From the Bureau of Land Management (BLM) for the Pahrump Campus of Great Basin College (GBC) (Agenda Item 12) – The Committee recommended the Board: (1) accept the conveyance of 274.4 acres in Nye County from the BLM for the benefit of GBC, (2) authorize the Chancellor to accept and record the patent upon the terms and conditions described in the Memorandum of Conveyance and (3) authorize the Chancellor to execute the Memorandum of Agreement with the BLM related to the property. The Committee also recommended that the Board authorize the Chancellor to execute any ancillary documents necessary to effectuate the conveyance of the property on forms approved by the Vice Chancellor for Legal Affairs. (*Ref. BFF-12 and supplemental material on file in the Board Office.*)

President Mark A. Curtis, GBC, reported this is an important conveyance of land for a future campus in Pahrump, Nevada. Many people have worked and continue to work on this project.

Regent Leavitt moved approval for the Board to: (1) accept the conveyance of 274.4 acres in Nye County from the BLM for the benefit of GBC, (2) authorize the Chancellor to accept and record the patent upon the terms and conditions described in the Memorandum of Conveyance and (3) authorize the Chancellor to execute the Memorandum of Agreement with the BLM related to the property. The Committee also recommended that the Board authorize the Chancellor to execute any ancillary documents necessary to effectuate the conveyance of the property on forms approved by the Vice Chancellor for Legal Affairs. Regent Davidson seconded. Motion carried. Regent Crear was absent.

4. Approved – Fiscal Year 2016 – 2017 Nevada System of Higher Education (NSHE) State Supported Operating Budget (Agenda Item 3) – The Committee recommended approval of the Fiscal Year 2016 – 2017 NSHE State Operating Budget. (*Ref. BFF-3a, Ref. BFF-3b and supplemental material on file in the Board Office.*)

Budget Director Fred Egenberger reviewed *Ref. BFF-3a, Ref. BFF-3b* and *supplemental material* highlighting the following:

- Legislative actions regarding professional/classified employees are included.
- Summary schedule of budget revenues by source and appropriation area and expenditures by function and object of expenditure begin on page 17.

Regent Leavitt moved approval of the Fiscal Year 2016 – 2017 NSHE State Operating Budget. Regent Doubrava seconded. Motion carried. Regent Crear was absent.

5. Approved – Fiscal Year 2016 – 2017 NSHE Self-Supporting Budget (Agenda Item 4) – The Committee recommended approval of the Fiscal Year 2016 – 2017 NSHE Self-Supporting Budget. (*Ref. BFF-4a & Ref. BFF-4b on file in the Board Office.*)

Budget Director Egenberger reviewed *Ref. BFF-4a and Ref. BFF-4b* highlighting the following:

- Projected opening account balance for all NSHE self-supporting accounts reported is \$266.3 million.
- Revenues sources of \$600.7 million.
- Expenditures of \$667.3 million.
- Ending balance of \$199.7 million.

Regent Leavitt moved approval of the Fiscal Year 2016 – 2017 NSHE Self-Supporting Budget.
Regent Davidson seconded. Motion carried.
Regent Crear was absent.

6. Information Only – Fourth Quarter Fiscal Year 2015 – 2016 Fiscal Exceptions, Self-Supporting Budgets (Agenda Item 5) - The fourth quarter Fiscal Year 2015-2016 Fiscal Exception Report was presented. The report provides quarterly updates on all self-supporting budgets that experience deficits or negative cash balances. (*Ref. BFF-5a, Ref. BFF-5b and supplemental material on file in the Board Office.*)

Budget Director Egenberger reviewed *Ref. BFF-5a and Ref. BFF-5b* highlighting the following:

- The UNR Fire Science Academy reported a negative cash balance of \$8.6 million.
- The University of Nevada, Reno Intercollegiate Athletics program reported a negative cash balance of \$3 million.
- The University of Nevada, Reno School of Medicine (*UNRSOM*) Practice Plan reported a negative cash balance of \$7.2 million.

Dean Thomas Schwenk, UNRSOM, reported the deficit is not due to operating or management issues, but instead structural and strategic issues. The Practice Plan focuses on uninsured and underinsured patients, which creates a poor reimbursement structure. The Practice Plan also does not benefit from downstream benefits. To this point, there has not been sufficient hospital investment in the Practice Plan. Other issues that feed into the problem: 1) heavily primary care; 2) too small for the fixed overhead; and 3) does not have major hospital integration. Billing services and physician performance have improved. By the end of the fiscal year, the northern Practice Plan will be fully integrated into the Renown network, which will essentially remove clinical operations from the Practice Plan. Renown will take over all the operating deficit of the Practice Plan and the reason is because the Practice Plan has enormous value as a primary care entity to expand its network. The southern Practice Plan is improving while recovering from significant billing difficulties as well as the loss of high margin physicians. Pediatrics continues to be a huge investment and would benefit from hospital investment.

7. Information Only – Biannual Report on Registration Fees and Non-Resident Tuition Fees (Agenda Item 6) – Assembly Bill (AB) 490, Section 8 (2015 Session), requires the NSHE to report registration fees and non-resident tuition fees received by the NSHE institutions beyond the amounts authorized in Section 1 of AB 490, as well as the intended expenditures for any additional student fee revenue. The report is submitted to the Interim Finance Committee on a semi-annual basis. (Ref. BFF-6 on file in the Board Office.)
Vice Chancellor Redding presented the report for information.

8. Approved – Bond Resolution – University Gateway Project Purchase – UNLV (Agenda Item 7) – The Committee recommended approval of the Resolution authorizing revenue bond financing in an amount not to exceed \$14,800,000 and use of Parking Services self-supporting revenues to pay the debt service on the project financing. (Ref. BFF-7 on file in the Board Office.)

Vice President Gerry Bomotti, Finance and Business, stated the annual debt service is estimated at \$973,000, which will be funded from Parking Services self-supporting revenues. This debt service estimate is approximately \$117,000 less annually than the previously approved lease payments for this project. In addition, \$3,858,000 of capital improvement fees previously authorized to fund annual debt service for the land and the Police Services space will be used to fund the purchase of those assets.

Chair Page clarified phase one is the parking garage and phase two is the retail development. He asked if any of the retail space is leased and if UNLV was responsible for it. Vice President Bomotti stated UNLV is not obligated because the agreement with the developer is that he must develop the front area of the property. The developer is finalizing the development of the front area, but it will not affect the parking garage.

Regent Leavitt moved approval of the Resolution authorizing revenue bond financing in an amount not to exceed \$14,800,000 and use of Parking Services self-supporting revenues to pay the debt service on the project financing. Regent Davidson seconded. Motion carried. Regent Crear was absent.

9. Information Only – Contracts (Agenda Item 8) - In response to the follow-up request from the efficiency and effectiveness initiative discussion at the June 2016 meeting of the Business, Finance and Facilities Committee, NSHE staff prepared an analysis of the procurement activity in Fiscal Year 16 for Committee discussion related to potential purchasing collaborations. (Ref. BFF-8 on file in the Board Office.)

Vice Chancellor Redding presented BFF-8 and it included a procurement contract analysis, purpose of analysis, the three procurement centers, contract statistics, Fiscal Year 16 spending statistics, Business Center North top contracts, Business Center south top contracts, College of Southern Nevada top contracts, how the System spends, different ways to spend and Workday.

9. Information Only – Contracts (Agenda Item 8) – (Continued)

Chair Page asked for an explanation as to the logic of having different business centers and what the state utilizes for purchasing. Vice Chancellor Redding reported the state has one purchasing center, although some agencies with specialized purchasing do handle theirs separately. The business centers budgets encompass purchasing, classified personnel, benefits and payroll. Senior Vice President Patty Charlton, Strategic Initiatives and Administration, College of Southern Nevada (CSN), reported the CSN purchasing center was created during the growth of CSN in the 1990s at the request of UNLV.

Chair Page asked what the State of Nevada funds within the business centers. Vice Chancellor Redding responded the two business centers are individual budget accounts in the state budget and CSN funds its purchasing center internally.

Vice President Bomotti stated the purchasing function is mostly a manual process so there is no good way to review the details of the campus data at any given time. All agree that one of the benefits of the Workday product will be additional software that will allow transparency as to what the campuses are purchasing in real time and the ability to review that data. Vice Chancellor Redding added the Workday product will allow the collaboration needed in the purchasing function but clarified that not all contracts work in the same way.

Vice Chair Davidson suggested a study to determine if the System can move to a central business center.

10. Approved – Clear Channel Long-Term Ground Lease at 42-Acre Tropicana Site – UNLV (Agenda Item 9) – The Committee recommended approval: (1) to enter into a ten year long term ground lease with Clear Channel Outdoor Inc. for two existing billboards located on the 42 acre parcel that will be converted from static to digital format; and (2) that the Chancellor be authorized to approve and execute any ancillary documents necessary to the implementation of the lease provided all such documents are approved as to form by the Vice Chancellor for Legal Affairs. In addition, the Committee recommended that the Senior Vice President for Finance and Business for UNLV be granted authority to approve and finalize Exhibit C of the lease in order to conform the description of the Premises following conversion of the billboards to digital format. (Ref. BFF-9 on file in the Board Office.)

President Len Jessup, UNLV, stated there are two existing billboards located on the 42-acre parcel. The billboards will be converted to digital, which will yield more revenue to make payments on the property.

Regent Leavitt moved approval: (1) to enter into a ten year long term ground lease with Clear Channel Outdoor Inc. for two existing billboards located on the 42 acre parcel that will be converted from static to digital format; and (2) that the Chancellor be authorized to approve and execute any ancillary documents necessary to the implementation of the lease provided all such documents are approved as to form by the Vice Chancellor for Legal Affairs.

10. Approved – Clear Channel Long-Term Ground Lease at 42-Acre Tropicana Site – UNLV (Agenda Item 9) – (Continued)

(Motion continued)

In addition, the Senior Vice President for Finance and Business for UNLV be granted authority to approve and finalize Exhibit C of the lease in order to conform the description of the Premises following conversion of the billboards to digital format. Regent Doubrava seconded. Motion carried. Regent Crear was absent.

11. Approved – Pre-Approval for the Sale of Real Property and Delegation of Authority Resolution – UNR (Agenda Item 10) – The Committee recommended approval: (1) to sell the Board's 50 percent interest in 44 of the 121 acres to Hillside Holdings and Inland Capital Management for the appraised value of \$150,175; and (2) to take 100 percent ownership in 77 of the 121 acres, which will serve as a buffer to UNR's Main Field Station Laboratory. In addition, the Committee recommended that the Board authorize the Chancellor or his designee to approve and execute any and all documents necessary to effectuate this transaction provided that all such documents are approved as to form by the Vice Chancellor for Legal Affairs. (Ref. BFF-10 on file in the Board Office.)

Vice President Ron Zurek, for Administration and Finance, UNR, reported the Board currently holds a 50 percent interest in 121 acres of mountainside property known as APN# 021-030-10. Hillside Holdings, LLC owns the remaining 50 percent interest in the property. The property is steep and difficult to develop with little commercial value and the University has been looking for an exit strategy. Proceeds of \$150,175 will result from the sale.

Regent Leavitt moved approval: (1) to sell the Board's 50 percent interest in 44 of the 121 acres to Hillside Holdings and Inland Capital Management for the appraised value of \$150,175; and (2) to take 100 percent ownership in 77 of the 121 acres, which will serve as a buffer to UNR's Main Field Station Laboratory. In addition, the Board authorize the Chancellor or his designee to approve and execute any and all documents necessary to effectuate this transaction provided that all such documents are approved as to form by the Vice Chancellor for Legal Affairs. Regent Davidson seconded. Motion carried. Regent Crear was absent.

12. Approved – Master Wireless Network Agreement and Ground Lease – UNR (Agenda Item 11) – The Committee recommended approval the Board: (1) approve the Master Wireless Network Agreement and Ground Lease with Concourse Communications Group, LLC; and (2) authorize President Johnson or his designee to approve and execute individual site leases for antenna, head-end, and other infrastructure related to the wireless network consistent with the Form of Site Lease attached as Exhibit C to the Master Wireless Network Agreement and Ground Lease. (Ref. BFF-11 on file in the Board Office.)

12. Approved – Master Wireless Network Agreement and Ground Lease – UNR (Agenda Item 11) – (Continued)

Vice President Zurek stated this area of the campus has issues with cellular service and this transaction will provide better service at no cost to the University. The University will receive a \$50,000 one-time payment for each carrier that is added to the antennae. The University will also participate in 25 percent of the revenue that each carrier collects.

Regent Doubrava moved approval for the Board to: (1) approve the Master Wireless Network Agreement and Ground Lease with Concourse Communications Group, LLC; and (2) authorize President Johnson or his designee to approve and execute individual site leases for antenna, head-end, and other infrastructure related to the wireless network consistent with the Form of Site Lease attached as Exhibit C to the Master Wireless Network Agreement and Ground Lease. Regent Leavitt seconded. Motion carried. Regent Crear was absent.

13. Information Only – UNLV Hotel College Academic Building Fundraising – UNLV
President Len Jessup provided an update on fundraising efforts for the UNLV Hotel College academic building. (Ref. BFF-13 on file in the Board Office.)

President Jessup reported pledges and commitments are slightly over the initial commitment of \$24 million. There are still donor prospects in the pipeline.

Dean Stowe Shoemaker, Harrah College of Hotel Administration, UNLV, thanked the Board of Regents and the state for its support of this building. There are ongoing discussions with various founder level gifts, as well as gifts from donors for conference space naming within the building. A kitchen equipment-manufacturing firm has put together a proposal to donate much of the kitchen equipment for the executive kitchen. UNLV is reaching out to a long list of donors and companies outside the state.

President Jessup stated that during this phase of the campaign UNLV is looking for the large leadership gifts, but as those types of gifts wane, UNLV will finish up with the smaller gifts.

Chair Page liked that UNLV was reaching out to donors out-of-state. Chair Page asked where the internal UNLV funds of \$2 million came from. Vice President Bomotti stated a previous President asked UNLV to put aside \$2 million in funds from a special interest income allocation from the System. When that President left, it was decided the allocation would be used to support the Hotel College.

Regent Leavitt offered congratulations.

14. Information Only – New Business – Chair Page suggested a structured policy be brought back related to purchasing.

15. Information only – Public Comment – None.

The meeting adjourned at 10:34 a.m.

Prepared by:

Angela R. Palmer
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Submitted for approval by:

Dean J. Gould
Chief of Staff and Special Counsel
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