

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 2016 meeting.

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

Rogers Student Center, Ballroom
Nevada State College
1021 East Paradise Hills Drive, Henderson
Thursday, March 3, 2016

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. Robert Davidson, Vice Chair
Mr. Cedric Crear
Dr. Mark W. Doubrava
Mr. James Dean Leavitt

Members Absent: Mr. Kevin J. Page, Chair

Other Regents Present: Mr. Michael B. Wixom, Vice Chairman

Others Present: Mr. Daniel J. Klaich, Chancellor
Dr. Constance Brooks, Vice Chancellor, Government and Community Affairs
Mr. Vic Redding, Vice Chancellor, Finance & Administration
Dr. Marcia Turner, Vice Chancellor, Health Sciences
Mr. Larry Eardley, Associate Vice Chancellor, Business & Finance
Mr. Dean J. Gould, Chief of Staff & Special Counsel to the Board of Regents
Mr. Nicholas Vaskov, System Counsel and Director, Real Estate Planning
Mr. Frank R. Woodbeck, Executive Director, Nevada College Collaborative
Dr. Stephen G. Wells, President, DRI
Dr. J. Kyle Dalpe, President, TMCC
Dr. Len Jessup, President, UNLV
Dr. Marc Johnson, President, UNR
Mr. Chet Burton, President, WNC

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

Vice Chair Robert Davidson called the meeting to order at 9:07 a.m. with all members present except Chair Kevin J. Page.

1. Information Only – Public Comment – None.

2. Approved – Consent Items – The Committee recommended approval of the Consent Items.
 - 2a. Approved – Minutes – The Committee recommended approval of the December 3, 2015, meeting minutes. (Ref. BF-2a on file in the Board Office.)
 - 2b. Approved – 2015 Self-Supporting Summer School/Calendar Year Budgets, Budget to Actual Comparison - The Committee recommended approval and acceptance of the 2015 Self-Supporting Summer School and Calendar Year Budgets, Budget to Actual Comparison Report, for the Nevada System of Higher Education (NSHE). (Ref. BFF-2b(1) & Ref. BFF-2b(2) on file in the Board Office.)
 - 2c. Approved – Mid-Year Fiscal Year 2015-2016 Self-Supporting Budgets & 2016 Summer School/Calendar Year Budgets - The Committee recommended approval and acceptance of the NSHE Mid-Year Self-Supporting Budgets for Fiscal Year (FY) 2015-2016 and the Self-Supporting Summer School/Calendar Budgets for Calendar Year 2016. (Ref. BFF-2c(1) & Ref. BFF-2c(2) on file in the Board Office.)
 - 2d. Approved – Second Quarter Fiscal Year 2015-2016 NSHE All Funds Report - The Committee recommended approval and acceptance of the NSHE Second Quarter FY 2015-2016 All Funds Report. (Ref. BFF-2d(1) & Ref. BFF-2d(2) on file in the Board Office.)
 - 2e. Approved – Second Quarter Fiscal Year 2015-2016 Budget Transfers – State-Supported or Self-Supporting Operating Budgets – The Committee recommended approval and acceptance of the Second Quarter FY 2015-2016 Budget Transfers of State Supported or Self-Supporting Operating Budget Funds Between Functions. (Ref. BFF-2e(1) & Ref. BFF-2e(2) on file in the Board Office.)
 - 2f. Approved – University of Nevada School of Medicine Fourth Amendment to Extend Lease at 5380 South Rainbow Boulevard, Las Vegas – UNR – The Committee recommended approval to amend and extend the University of Nevada School of Medicine’s (UNSOM) existing lease for 5380 South Rainbow Boulevard, Las Vegas, Nevada through July 31, 2017, with an annual rent expense of approximately \$92,000. (Ref. BFF-2f on file in the Board Office.)
 - 2h. Approved – Authorization to Accept and Pre-Approval to Sell Gift of Real Property Located at 536 Smithridge Park, Reno, Nevada – University of Nevada, Reno – The Committee recommended approval to accept the gift donation of a residential townhouse located at 536 Smithridge Park, Reno, Nevada, and to allow the Chancellor or his designee to sell the property at or above the current appraised value and sign all required gift acceptance and sale related documents, after consultation with and review by the Vice Chancellor for Legal Affairs. The proceeds from the sale of the property will be applied to a scholarship fund. (Ref. BFF-2h on file in the Board Office.)
 - 2i. Approved – Transfer of Real Property at 839/845 North Center Street, Reno, Nevada from the University of Nevada, Reno Foundation to the Nevada System of Higher Education – UNR – The Committee recommended approval of the deed transfer of 839/845 North Center Street from the University of Nevada, Reno (UNR) Foundation to the NSHE on behalf of UNR. (Ref. BFF-2i on file in the Board Office.)

2. Approved – Consent Items – (Continued)

2j. Approved – Powerline Easement on Nevada State College, Nevada State College – The Committee recommended approval of the Nevada State College (NSC) Electrical Transmission Easement Agreement. (Ref. BFF-2j on file in the Board Office.)

2k. Approved – Transfer of State Appropriated Performance Pool Funds Between NSHE Appropriation Budgets (Agenda Item 2) – The Committee recommended approval to seek Interim Finance Committee (IFC) approval, pursuant to Section 70 of Senate Bill 514 (Chapter 534, Statutes of Nevada 2015), to transfer sums appropriated to the Performance Funding Pool Account, to the respective formula-funded budget accounts of the NSHE in FY 2016-2017. (Ref. BFF-2k on file in the Board Office.)

Regent Cedric Crear moved approval of the Consent Items. Regent James Dean Leavitt seconded. Motion carried. Regent Page was absent.

3. Approved – Consent Item 2g (Agenda Item #2) – (considered separately)

2g. Approved – University of Nevada School of Medicine Fourth Amendment to Lease for 1703/1707 West Charleston Boulevard, Las Vegas – UNR – The Committee recommended approval to amend UNSOM’s existing lease for 1703/1707 West Charleston Boulevard allowing for the extension and assignment of the lease through May 31, 2021, with an annual rent expense of approximately \$878,460. (Ref. BFF-2g on file in the Board Office.)

Regent Mark W. Doubrava asked for a brief update. President Marc Johnson, UNR, reported the property has been identified as a primary location to continue using. Both medical schools desire to keep the property so a longer term lease, with an option to purchase, is being requested.

Regent Doubrava moved approval to amend UNSOM’s existing lease for 1703/1707 West Charleston Boulevard allowing for the extension and assignment of the lease through May 31, 2021. Regent Crear seconded. Motion carried. Regent Page was absent.

4. Approved – Fiscal Year 2017 Cloud Seeding Program, DRI (Agenda Item 3) – The Committee recommended approval to seek IFC authorization in the amount of \$899,904 for the Desert Research Institute’s (DRI) FY 2017 Nevada Cloud Seeding Program. (Ref. BFF-3 on file in the Board Office.)

President Stephen G. Wells, DRI, reported the FY 2017 Nevada Cloud Seeding Program will address new water supply for several severe drought impacted rivers that serve Nevada. In order to prepare for cloud seeding operations during the winter of 2016-17, the funds requested must be approved by the IFC during its April 2017 meeting.

Regent Crear moved approval to seek IFC authorization in the amount of \$899,904 for the DRI’s FY 2017 Nevada Cloud Seeding Program. Regent Doubrava seconded. Motion carried. Regent Page was absent.

5. Approved – Nevada System of Higher Education 2016B & 2016C Taxable Certificates of Participation Financing Resolution – UNLV (Agenda Item 4) – The Committee recommended approval of a Financing Resolution and Installment Purchase Agreement authorizing the NSHE, on behalf of the University of Nevada, Las Vegas (UNLV), to issue fixed rate Certificates of Participation in an amount not to exceed \$51,500,000 for the purpose of refinancing the 2015B promissory note. (Ref. BFF-4 on file in the Board Office.)

President Len Jessup, UNLV, reported this is the follow-up information as requested. Mr. John Peterson, JNA Consulting Group, reported interest rates are at historically low levels and UNLV has an opportunity to take advantage of those rates. The bonds will be priced next week locking in the interest rate, financing will be closed in late March, and the interim financing, with Wells Fargo, will be paid April 1, 2016.

Regent Doubrava moved approval of a Financing Resolution and Installment Purchase Agreement authorizing the NSHE, on behalf of UNLV, to issue fixed rate Certificates of Participation in an amount not to exceed \$51,500,000 for the purpose of refinancing the 2015B promissory note. Regent Leavitt seconded. Motion carried. Regent Page was absent.

6. Approved – Pennington Medical Education Building, 2016A Refunding Note Resolution – UNR (Agenda Item 5) – The Committee recommended approval of a Resolution to issue a fixed rate tax-exempt note to refinance the existing 2009A note in an amount not to exceed \$7,600,000. (Ref. BFF-5 on file in the Board Office.)

Vice Chair Davidson asked what the savings would be used for. Vice President Ronald Zurek, Administration and Finance, UNR, stated there was a longer pledge period than UNR was able to get a loan for. The loan is due and is now being refinanced. Savings have not been earmarked for a specific project. Debt capacity for the University will be increased.

6. Approved – Pennington Medical Education Building, 2016A Refunding Note Resolution – UNR (Agenda Item 5) – (Continued)

Chancellor Daniel J. Klaich asked if all pledges are on track and being paid. Vice President Zurek stated all pledges have been satisfied, with only the Foundation loan remaining.

Regent Doubrava moved approval of a Resolution to issue a fixed rate tax-exempt note to refinance the existing 2009A note in an amount not to exceed \$7,600,000. Regent Leavitt seconded. Motion carried. Regent Page was absent.

7. Nevada System of Higher Education 2016A Refunding Bond Resolution – System Administration (Agenda Item 6) – The Committee recommended approval of a Resolution to allow the NSHE on behalf of the UNLV and the UNR to issue fixed rate tax-exempt revenue bonds to refinance the 2008A and 2009A series revenue bonds for interest savings subject to established Board approved debt management guidelines. (Ref. BFF-6 on file in the Board Office.)

Vice Chancellor Vic Redding, Finance & Administration, NSHE, reported the refinancing is estimated to generate present value savings (net of cost) of approximately \$5.7 million, with no extension of the repayment term. President Johnson stated UNR's savings will be directed towards further lab renovations on-campus. President Jessup stated UNLV's savings will be reinvested in parking and athletics.

Vice Chairman Michael B. Wixom observed the financing structure of this item is an example of the importance of the System operating together. By using this approach the System is able to aggregate the debt with more favorable terms while reducing the overall costs for the System.

Regent Leavitt moved approval of a Resolution to allow the NSHE on behalf of the UNLV and the UNR to issue fixed rate tax-exempt revenue bonds to refinance the 2008A and 2009A series revenue bonds for interest savings subject to established Board approved debt management guidelines. Regent Crear seconded. Motion carried. Regent Page was absent.

8. Information Only – Second Quarter Fiscal Year 2015-2016 Fiscal Exceptions and Status of State Appropriations (Agenda Item 7) – The Second Quarter FY 2015-2016 Report of Fiscal Exceptions of Self-Supporting Accounts and the Status of State Supported Operating Budget Revenues were presented. (Ref. BFF-7a & Ref. BFF-7b on file in the Board Office.)

Associate Vice Chancellor Larry Eardley reviewed *Ref. BFF-7a and Ref. BFF-7b* highlighting the following accounts requiring reporting:

- The UNR Fire Science Academy (FSA) reported a cash deficit of \$8.65 million.
- The UNR Intercollegiate Athletics (ICA) program reported a cash deficit of \$7.53 million.

8. Information Only – Second Quarter Fiscal Year 2015-2016 Fiscal Exceptions and Status of State Appropriations (Agenda Item 7) – (Continued)

- The UNSOM Practice Plan accounts are experiencing cash flow issues. The Reno Practice Plan accounts reported a cash deficit of \$6.5 million. The Las Vegas Practice accounts reported a cash deficit of \$1.6 million.
- The UNSOM Hospital Accounts Receivable Aging Schedule reported outstanding balances for Aurora Diagnostics, Southern Nevada Mental Health, Sunrise Hospital and Washoe County School District.

President Johnson reported an additional payment of \$250,000 has been made towards the UNR Fire Science Academy deficit which will appear on the next quarterly report.

Regent Crear asked when UNR anticipated the Fire Science Academy debt to be paid. President Johnson reported there is no estimated date. UNR has property in Stead for sale and plans on using a portion of the proceeds to reduce the deficit.

9. Approved – New School of the Arts Fine Arts Building Finance Plan/Promissory Note – UNR (Agenda Item 8) – The Committee recommended approval of the UNR financing plan for a new School of the Arts Fine Arts Building project and the approval of a promissory note from the UNR Foundation to the Board of Regents of the NSHE/UNR. (Ref. BFF-8 on file in the Board Office.)

Vice President Zurek reviewed *Ref. BFF-8* and reported the estimated project cost is \$20 million which consist of four sources of funding as follows:

- \$5.6 million cash gifts in hand.
- \$5.0 million UNR Foundation promissory note.
- \$7.4 million bank loan.
- \$2.0 million School of the Arts funding contribution.

Vice President Zurek added this is a 100 percent donor-financed project.

Chancellor Klaich asked President Johnson to provide the schedule for the building. President Johnson reported the Request for Quotation (RFQ) for the design of the building is out with a deadline to deliver the building June 2018.

Regent Crear moved approval of the UNR financing plan for a new School of the Arts Fine Arts Building project and the approval of a promissory note from the UNR Foundation to the Board of Regents of the NSHE/UNR. Regent Doubrava seconded. Motion carried. Regent Page was absent.

10. Deferred - NSHE Efficiency and Effectiveness Initiatives (Agenda Item 9) – The Committee deferred discussion on the Committee Bylaws change (item 10h on the Main Board Consent Agenda) and specifically the Committee’s role in reviewing and making recommendations to the Board regarding the Efficiency and Effectiveness Initiative to June 2016.

Regent Crear moved to defer discussion on the Committee Bylaws change (item 10h on the Main Board Consent Agenda) and specifically the Committee’s role in reviewing and making recommendations to the Board regarding the Efficiency and Effectiveness Initiative to June 2016. Regent Leavitt seconded.

Regent Leavitt questioned whether the Efficiency and Effectiveness Initiative should lie with the Chairman and Vice Chairman of the Board or with this Committee.

Motion carried. Regent Page was absent.

11. Information Only – Status of Capital Projects – TMCC (Agenda Item 10) – TMCC President J. Kyle Dalpe and Vice President Rachel Solemsaas, Finance and Administrative Service, presented an updated summary of recent and ongoing capital improvement projects at the College and sought feedback for the concept of a new arts center (Black Box Theater to replace rented facility) and student life space enhancements at the Dandini Campus. (*Ref. BFF-10 on file in the Board Office.*)

Vice President Solemsaas reviewed TMCC’s presentation, Investing in Student Success; An Update on Capital Projects. The presentation included TMCC capital planning, investing in student success, arts center and student life spaces, arts center/student life expansion, need for new performing arts space and student learning spaces, performing arts pathways, possible financing, federal new market tax credit, sample institutions using new market tax credit, rendering of proposed arts center, renderings of indoor student learning spaces, renderings of outdoor student learning spaces, the current condition of Redfield Performing Arts Center at Keystone, and the current condition of the Nell J. Redfield Performing Arts Center. The TMCC Dandini campus is located in a severely distressed area.

Vice Chair Davidson asked whether they had surveyed the Institutional Advisory Committee (IAC) and the community in regards to priorities when investing this amount of money. Vice President Solemsaas noted the IAC is in support. Briefing meetings have also been held with the Redfield Foundation.

12. Approved – Nevada Department of Transportation Acquisition of Land and Temporary Construction Easement for Project Neon, Shadow Lane Campus – UNLV (Agenda Item 11) – The Committee recommended approval of a grant to the Nevada Department of Transportation (NDOT) of a license/temporary right of entry over the area of the Shadow Lane Campus necessary for Project Neon while UNLV finalizes negotiations with NDOT on the value of the land, temporary easement and other damages. The Committee also recommended that the Chancellor be authorized to finalize, approve, and execute any documents necessary to the approvals the Board grants herein provided such documents

12. Approved – Nevada Department of Transportation Acquisition of Land and Temporary Construction Easement for Project Neon, Shadow Lane Campus – UNLV (Agenda Item 11) – (Continued)

are first approved as to form by the Vice Chancellor for Legal Affairs. (Ref. BFF-11 on file in the Board Office.)

President Jessup reported this is an approximate .50 acre of land owned on the Shadow Lane Campus where the UNLV Dental School is located, as well, as where the first building of the UNLV Medical School is intended to be located. NDOT needs a portion of the land for a construction easement. UNLV is asking for a temporary right of entry while the final value of the property is being determined.

Vice President Gerry Bomotti, Finance and Administration, clarified UNLV has received different levels of appraisals for the property. UNLV hired an appraiser to perform a review of the most recent appraisal, as well as an estimate of the market value. The appraiser did find a \$75,000 error in the NDOT appraisal to the benefit of UNLV. Differences are being worked out, but in the meantime, UNLV does want to hold up the project.

Regent Leavitt asked what would happen if the temporary easement was granted and negotiations did not work out. Mr. Bomotti responded there is a legal process in place to follow if negotiations are not successful. Chancellor Klaich clarified UNLV is being a good neighbor.

Regent Leavitt moved approval of a grant to NDOT of a license/temporary right of entry over the area of the Shadow Lane Campus necessary for Project Neon while UNLV finalizes negotiations with NDOT on the value of the land, temporary easement and other damages. The Committee also recommended that the Chancellor be authorized to finalize, approve, and execute any documents necessary to the approvals the Board grants herein provided such documents are first approved as to form by the Vice Chancellor for Legal Affairs. Regent Crear seconded. Motion carried. Regent Page was absent.

13. Information Only – New Business (Agenda Item 12) – None.
14. Information Only – Public Comment (Agenda Item 13) – None.

The meeting adjourned at 10:14 a.m.

Prepared by:

Angela R. Palmer
Special Assistant and Coordinator
to the Board of Regents

Submitted for approval by:

Dean J. Gould
Chief of Staff and Special Counsel
to the Board of Regents