

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 2017 meeting.

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

Student Union, Ballrooms B & C
University of Nevada, Las Vegas
4505 S. Maryland Parkway, Las Vegas
Thursday, December 1, 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. Kevin J. Page, Chair
 Mr. Robert Davidson, Vice Chair
 Mr. Cedric Crear
 Dr. Mark W. Doubrava
 Mr. James Dean Leavitt

Others Present: Dr. Constance Brooks, Vice Chancellor, Government and Community Affairs
 Mr. Vic Redding, Vice Chancellor, Finance
 Mr. Nicholas Vaskov, Vice Chancellor, Legal Affairs
 Mr. Fred Egenberger, Budget Director
 Mr. Dean J. Gould, Chief of Staff and Special Counsel to the Board
 Mr. Frank R. Woodbeck, Executive Director, Nevada College Collaborative
 Dr. Michael D. Richards, President, CSN
 Dr. Robert Gagosian, President, DRI
 Mr. Bart Patterson, President, NSC
 Dr. Karin A. Hilgersom, President, TMCC
 Dr. Marc A. Johnson, President, UNR
 Mr. Chet O. Burton, President, WNC
 Dr. Len Jessup, President, UNLV

Faculty senate chairs in attendance were Mr. Alok Pandey, CSN; Dr. Mark Green, DRI; and Mr. Eric March, SA. Student body presidents in attendance were Ms. Jill Robinson, ASCSN President, CSN; Ms. Augustina Fernandez, SGA President, GBC; Ms. Desiree DeCosta, NSSA President, NSC; Mr. David Turner II, SGA President, TMCC; Mr. Carlos Fernandez, CSUN President, UNLV; Ms. Meghan Pierce, GPSA President, UNLV; Mr. Brandon Boone, ASUN President, UNR; and Mr. Sandesh Kannan, GSA President, UNR.

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

Chair Kevin J. Page called the meeting to order at 9:23 a.m. with all members present except Regent Crear.

1. Information Only – Public Comment – Mayor Pro Tem Steve Ross spoke in support of the College of Southern Nevada (CSN) multi-campus study and the development agreement between CSN and the City of Las Vegas for the Centennial Hills campus.
2. Approved – Consent Items – The Committee recommended approval of the consent items.
 - 2a. Approved – Minutes – The Committee recommended approval of the September 8, 2016, meeting minutes. (Ref. BFF-2a on file in the Board Office.)
 - 2b. Approved – Fiscal Year 2015 – 2016 NSHE State Operating Budget to Actual Comparison – The Committee recommended approval and acceptance of the report of the Fiscal Year 2015 – 2016 State Operating Budget to Actual Comparison for the Nevada System of Higher Education (NSHE). (Ref. BFF-2b(1) & Ref. BFF-2b(2) on file in the Board Office.)
 - 2c. Approved – Fiscal Year 2015 – 2016 Transfers of Non-State Budget Expenditures to State Budgets After May 1st – The Committee recommended approval and acceptance of the report of transfers of expenses from non-state budgets to state budgets that occurred after May 1, 2016, for Fiscal Year 2015 – 2016. (Ref. BFF-2c(1) & Ref. BFF-2c(2) on file in the Board Office.)
 - 2d. Approved – Student Association Reports – The Committee recommended approval and acceptance of the NSHE Student Association reports for Fiscal Year 2015 – 2016. Title 4, Chapter 20, B, Section 2(4) of the Regents *Handbook* requires each student association to annually report to the Board by December the association revenues, expenditures and ending account balances for the preceding fiscal year. (Ref. BFF-2d(1) & Ref. BFF-2d(2) on file in the Board Office.)
 - 2e. Approved – Fiscal Year 2016 – 2017 State Accountability Report – The Committee recommended approval and acceptance of the report of the Fiscal Year 2016 – 2017 State Accountability Report. The System is required to submit to the State Executive Budget Office and Legislative Counsel Bureau (LCB) for their acceptance an accountability report reconciling the Legislative approved budget to the Board of Regents' approved budget. (Ref. BFF-2e(1) & Ref. BFF-2e(2) on file in the Board Office.)
 - 2f. Approved – Fiscal Year 2015 – 2016 NSHE Self-Supporting Budget to Actual Comparison – The Committee recommended approval and acceptance of the report of the Fiscal Year 2015 – 2016 Self-Supporting Budget to Actual Comparison for the NSHE. (Ref. BFF-2f(1) & Ref. BFF-2f(2) on file in the Board Office.)
 - 2g. Approved – First Quarter Fiscal Year 2016 – 2017 Budget Transfers, State-supported or Self-Supporting Operating Budgets – The Committee recommended approval and acceptance of the report of the first quarter Fiscal Year 2016 – 2017 budget transfers of State Supported or Self-Supporting Operating Budget funds between functions. (Ref. BFF-2g(1) & Ref. BFF-2g(2) on file in the Board Office.)
 - 2h. Approved – First Quarter Fiscal Year 2016 – 2017 NSHE All Funds Report – The Committee recommended approval and acceptance of the first quarter Fiscal Year 2016 – 2017 All Funds Report for the NSHE. (Ref. BFF-2h(1) & Ref. BFF-2h(2) on file in the Board Office.)

2. Approved – Consent Items – (Continued)

2i. Approved – UNLVSOM Transfer Agreement with Clark County – 9 Acres – The Committee recommended approval of a First Amendment to the Transfer Agreement with Clark County and a First Amendment to Preliminary Affiliation Agreement with University Medical Center (UMC). The amendments extend the closing date for transfer of the 9-acre property to July 1, 2017, in order to accommodate the schedule for demolition of the existing structures on the site (replacing the original December 31, 2016, closing date). (Ref. BFF-2i on file in the Board Office.)

Regent Doubrava moved approval of the consent items. Regent Leavitt seconded. Motion carried. Regent Crear was absent.

Regent Crear entered the meeting.

3. Information Only – First Quarter Fiscal Year 2016 – 2017 Fiscal Exceptions and Status of State Appropriations – The first quarter Fiscal Year 2016 – 2017 report of fiscal exceptions of Self Supporting accounts and status of State Supported Operating Budget appropriations were presented. (Ref. BFF-3a & Ref. BFF-3b on file in the Board Office.)

Budget Director Fred Egenberger reviewed *Ref. BFF-3a and Ref. BFF-3b* highlighting the following accounts requiring reporting:

- The CSN Dental Faculty Practice Plan has a negative balance of approximately \$200,000. An action plan has been created to address the deficit.
- The University of Nevada, Reno (UNR) Fire Science Academy (FSA) reported a cash deficit of approximately \$8.6 million. The deficit will continue to be reduced over time by the receipt of additional future extraordinary funds.
- The UNR Intercollegiate Athletics (ICA) program reported a cash deficit of \$6.1 million. Additional funds exceeding budget estimates will be used to reduce the deficit. The athletic director has also requested \$400,000 of student fee revenue be earmarked for ICA and held in reserve for debt reduction.
- The University of Nevada, Reno School of Medicine (UNR Med) Reno Practice Plan accounts are experiencing cash flow issues with a negative cash balance increasing by \$3.5 million. Accounts are monitored daily and operation meetings are focused on cash flow issues.
- The UNSOM Hospital Receivable Aging Schedule is included. A \$1.9 million payment was received that is not included in the schedule.

Dean Thomas Schwenk, UNSOM, reported by July 1, 2017, when the Practice Plan transitions to the University of Nevada, Las Vegas (UNLV) it will be near break even or slightly positive. UMC has come forward with new support for the Orthopedic Surgery program. The majority of the operating deficit is in the north because of small primary care practices. On June 30, 2017, there is an estimate of \$13 million in long-term debt, mostly accrued from the north. Ten million in assets have been identified for repayment. The department chairs, operations staff and Practice Plan staff have worked extraordinarily hard to get to this point during very difficult times to achieve some stability. Work will continue towards a joint transition so it continues to function well and thrive.

3. Information Only – First Quarter Fiscal Year 2016 – 2017 Fiscal Exceptions and Status of State Appropriations – (Continued)

Regent Leavitt clarified the chairs are actively meeting to discuss these issues. Regent Leavitt reiterated the southern Practice Plan is breaking even at this time. Dean Schwenk added it is the goal to turn over the most stable situation to UNLV.

In response to a question from Regent Doubrava, Dean Schwenk stated faculty work productivity is very productive but the reimbursement is poor for significant parts of the patient population. UNR and UNLV need to continue to work closely with UMC about resident reimbursement. Resident education is costly. Operating expenses have been reduced and the staff is working at a high level.

Chair Page asked if there have been any salary reductions for those not meeting their revenue plans. Dean Schwenk stated there have been salary reductions and the salary reduction practice will continue. A productivity-driven salary structure takes time to implement.

4. Approved – Conveyance of 42.82 Acres in Northwest Las Vegas From the Bureau of Land Management for a Campus for the College of Southern Nevada, and Approval of the Cooperative Campus Development Agreement (Agenda Item 5) – The Committee recommended approval that the Board: 1) accept the conveyance of 42.82 acres in northwest Las Vegas from the BLM for the benefit of the College of Southern Nevada; 2) authorize the Chancellor to accept and record the patent upon the terms and conditions described in the Memorandum of Conveyance (attached as Exhibit D); 3) approve the Cooperative Campus Development Agreement with the City of Las Vegas setting forth the process for the future development of the campus; 4) authorize the Chancellor to execute the Memorandum of Agreement with the BLM; and 5) 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-5 on file in the Board Office.)

General Counsel Richard Hinckley provided an overview of the project and the agreement.

Regent Wixom asked how CSN intends to develop the property, whether the development will include public-private partnerships and how the deed restrictions will be addressed. General Counsel Hinckley stated a characteristic of the agreement is the focus on educational function and support functions. He believed this will be a college bound activity with typical support functions and there has been no precedence found that it would violate the restrictions. In response to a question from Regent Wixom, General Counsel Hinckley stated there is a 12-year start requirement on the property for a first building, but under the cooperative agreement with the City of Las Vegas, there is an 8-year start requirement.

President Michael D. Richards stated they are moving forward with conversations with public partners to build the first facility.

4. Approved – Conveyance of 42.82 Acres in Northwest Las Vegas From the Bureau of Land Management for a Campus for the College of Southern Nevada, and Approval of the Cooperative Campus Development Agreement (Agenda Item 5) – (Continued)

Regent Leavitt moved approval that the Board: 1) accept the conveyance of 42.82 acres in northwest Las Vegas from the BLM for the benefit of the College of Southern Nevada; 2) authorize the Chancellor to accept and record the patent upon the terms and conditions described in the Memorandum of Conveyance (*attached as Exhibit D*); 3) approve the Cooperative Campus Development Agreement with the City of Las Vegas setting forth the process for the future development of the campus; 4) authorize the Chancellor to execute the Memorandum of Agreement with the BLM; and 5) 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 Crear seconded. Motion carried.

5. Information Only – DRI Maryland Parkway Parcel Lease – Progress Update (Agenda Item 6) – Assistant Vice President Peter Ross, Desert Research Institute (DRI) Campus Planning, presented a brief progress report on site cleanup and offer for lease of the DRI property located at 4590 S. Maryland Parkway, Las Vegas. (Ref. BFF-6 on file in the Board Office.)

Assistant Vice President Peter Ross, DRI Campus Planning, provided a progress report on the property. The site has been cleaned and the fuel tanks are in the last stages of removal. DRI will proceed with the Request for Proposal (*RFP*) to re-lease the property with the results to be given at the June 2017 meeting.

Regent Wixom complimented DRI for addressing the ownership issues of this property because it is in a key location.

In response to a question from Regent Wixom, Vice Chancellor Nicholas Vaskov stated the covenants, conditions and restrictions (*CC&Rs*) have been recorded against the property.

Chair Page asked if DRI had engaged in conversations with UNLV as to whether it had an interest in the property. Mr. Ross stated it was DRI's sense that it was more advantageous to lease the property.

6. Approved – University Gateway Project Phase 2 Lease/Purchase of Office Space (Agenda Item 7) – The Committee recommended approval of the implementing agreements for the project which include: 1) Office Lease and associated Purchase Agreement; 2) Declaration of Gateway Condominium and Bylaws of the Gateway Condominium Association; and 3) First Amendment to the Reciprocal Easement Agreement. (*Ref. BFF-7 on file in the Board Office.*)

Vice President Gerry Bomotti, Finance and Business, and Mr. Frank Marretti, G2 Capital, provided a report on the University Gateway Project and the implementing agreements.

Chair Page asked if there were any agreements with companies wanting to lease space in the project. Mr. Marretti reported there are multiple companies interested including the Bonanno Group that is in the process of signing leases on two spaces.

In response to a question from Regent Wixom, Vice Chancellor Vaskov stated that condominium documents are all available, including the bylaws.

Regent Doubrava moved approval of the implementing agreements for this project which include: 1) Office Lease and associated Purchase Agreement; 2) Declaration of Gateway Condominium and Bylaws of the Gateway Condominium Association; and 3) First Amendment to the Reciprocal Easement Agreement. Vice Chair Davidson seconded. Motion carried.

7. Information Only – NSHE Deferred Maintenance Update (Agenda Item 9) – Vice Chancellor for Finance Vic Redding provided an update to the NSHE Deferred Maintenance Capital Improvement Project Request, as requested during the September 2016 Board of Regents Meeting, categorizing NSHE's request within the State Public Works Board (SPWB) priority order. Vice Chancellor Redding also updated the Committee on the status of the HECC/SHECC funding for deferred maintenance as well as SPWB actions in this area. (*Ref. BFF-9 on file in the Board Office.*)

Chair Page and Regent Wixom both felt there should be a replacement reserve for all new NSHE buildings since there will never be enough deferred maintenance from the state.

President Marc A. Johnson reported when UNR sells an asset that is not being used some of the proceeds from the sale are generally placed in a building renovation account for future deferred maintenance needs.

8. Approved – Sale of Real Property (Nelson Building) Located at 401 W. Second Street, Reno (Agenda Item 10) – The Committee recommended: 1) Approval to sole-source the sale of APN 011-026-04, 011-023-02 & 0110-023-01, located in Reno, Nevada to Secundo Vita, LLC for \$7,000,000.00; 2) Approval of the Purchase and Sale agreement; and 3) Approval of a resolution to authorize the Chancellor or his designee to approve and execute all associated documents for the sale of the Nelson Building after consultation with and review by the Vice Chancellor for Legal Affairs. (Ref. BFF-10 on file in the Board Office.)

Vice President Ron Zurek, UNR Administration and Finance, reported the Nelson Building and accompanying parcels were transferred to UNR in 1994 by Old College Law School, subject to restrictions imposed through a grant from the U. S. Economic Development Agency (EDA). The restrictions limited the use of the building to educational purposes and required EDA approval for UNR to sell or transfer the property, or else repay the EDA the entire amount of the \$1.2 million grant. The restrictions have now been lifted and a buyer is interested in the property. The property has been appraised at \$3.7 million and the Purchase and Sale Agreement has been set at \$7 million.

In response to a question from Regent Crear, Vice President Zurek stated the \$7 million would be a net profit for the institution with proceeds directed at multiple purposes such as the previously discussed deferred maintenance. President Johnson added some of the funds might go towards creating spaces for the current occupants to move.

Vice Chair Davidson moved: 1) Approval to sole-source the sale of APN 011-026-04, 011-023-02 & 0110-023-01, located in Reno, Nevada to Secundo Vita, LLC for \$7,000,000.00; 2) Approval of the Purchase and Sale agreement; and 3) Approval of a resolution to authorize the Chancellor or his designee to approve and execute all associated documents for the sale of the Nelson Building after consultation with and review by the Vice Chancellor for Legal Affairs. Regent Crear seconded. Motion carried.

9. Approved – Authorization for Legislation Increasing NSHE Revenue Bond Authority (Agenda Item 11) – The Committee recommended approval to authorize Chancellor John V. White, UNR President Marc A. Johnson, CSN President Michael D. Richards and TMCC President Karin A. Hilgersom to request legislation enabling additional revenue bond authority for UNR, CSN and TMCC from the 2017 Legislature. (Ref. BFF-11 on file in the Board Office.)

Vice Chancellor Redding stated the requested action is only to seek legislative authority to issue this type of debt in the future. The actual projects and issuance of debt would come to the Board at a future date for approval. The reference material lists the existing authority for UNR, UNLV, CSN, NSC and WNC. The request is for the incremental authority as noted to the existing UNR and CSN amounts and a new authority for TMCC.

9. Approved – Authorization for Legislation Increasing NSHE Revenue Bond Authority (Agenda Item 11) – (Continued)

Regent Doubrava moved approval to authorize Chancellor John V. White, UNR President Marc A. Johnson, CSN President Michael D. Richards and TMCC President Karin A. Hilgersom to request legislation enabling additional revenue bond authority for UNR, CSN and TMCC from the 2017 Legislature. Regent Leavitt seconded. Motion carried.

10. Information Only – Institution Reports – Facility Constraint Initiatives (Agenda Item 4) – NSHE institutions have developed several innovative approaches to addressing facility constraints and otherwise utilizing classrooms, class labs, and other space efficiently. As a response to a new business request from the September Board of Regents’ meeting, Business, Finance and Facilities Committee Chair Kevin J. Page asked each institution to provide details regarding their solutions and initiatives in this area. (Ref. BFF-4 on file in the Board Office.)

Vice Chancellor Redding reported each institution has provided a narrative in response to Chair Page’s request at the September Board of Regents’ meeting.

President Jessup stated UNLV has a mix of activities, some that are in the process of implementation and some that have been implemented. UNLV has had success with putting more into intercession and summer session, as well as pushing more into Friday and Saturday schedules. At peak times, UNLV is at 97 percent utilization so UNLV is now focused on continued efficiency exercises.

President Johnson stated online versus residential education are two different enterprises with different sets of customers. Both sets have different space utilization.

Regent Crear asked if the education is of a lesser quality when comparing an online education versus the traditional on-campus education. President Johnson responded a common theme of graduating students is the interaction with people from different backgrounds and the ability to work with mentors in the classroom. Different customers find value in the different types of education.

11. Postponed to March – Business Office Centralization and Shared Services (Agenda Item 8) – This item was postponed until March 2017.

12. Information Only – New Business – None.

13. Information Only – Public Comment – None.

The meeting adjourned at 11:03 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