

**BOARD OF REGENTS
NEVADA SYSTEM OF HIGHER EDUCATION**

Ballrooms B & C
Joe Crowley Student Union
University of Nevada, Reno
87 West Stadium Way, Reno

Thursday, May 31, 2012, 8:30 a.m.

Friday, June 1, 2012, 8:00 a.m.

Video or Telephone Conference Connection to:
System Administration, Las Vegas
5550 W. Flamingo Road, Suite C-1, Conference Room
and
Great Basin College, Elko
1500 College Parkway, Berg Hall Conference Room

Members Present: Dr. Jason Geddes, Chair
Mr. Kevin J. Page, Vice Chair *{via telephone}*
Mr. Mark Alden
Dr. Andrea Anderson *{via telephone}*
Mr. Robert Blakely
Mr. Cedric Crear
Dr. Mark W. Doubrava
Mr. Ron Knecht
Mr. James Dean Leavitt
Mr. Kevin C. Melcher
Dr. Jack Lund Schofield
Mr. Rick Trachok
Mr. Michael B. Wixom

Others Present: Chancellor Daniel J. Klaich
Vice Chancellor, Academic & Student Affairs, Crystal Abba
Vice Chancellor, Finance, Mark Stevens
Vice Chancellor, Health Sciences System, Marcia Turner
Vice Chancellor, Information Technology, Steven Zink
Chief of Staff & Special Counsel to the Board, Scott Wasserman
Executive Director of Government Relations, Renee Yackira
President Michael D. Richards, CSN
President Stephen G. Wells, DRI
President Lynn Mahlberg, GBC
President Bart Patterson, NSC
President Maria C. Sheehan, TMCC
President Neal J. Smatresk, UNLV
President Marc Johnson, UNR
President Carol A. Lucey, WNC

Also present were faculty senate chairs Dr. Charles Milne, CSN; Dr. David Rhode, DRI; Dr. David Friestroffer, GBC; Ms. Angela M. Brommel, NSC; Ms. Dani Chandler, NSHE; Dr. Gregory S. Brown, UNLV; Dr. David W. Zeh, UNR; Mr. Brad Summerhill, TMCC; and Mr. Gil Martin, WNC. Student government leaders present included Mr. Travis Brown, ASCSN President, CSN; Mr. Steve Gronstal; GRAD President, DRI; Mr. Alex Porter, SGA President, GBC; Mr. Deuvall Dorsey, NSSA President, NSC; Mr. Mark Ciavola, CSUN President, UNLV; Mr. Michael J. Gordon, GPSA President, UNLV; Mr. Orion Cuffe, GSA President, UNR; Mr. Naveet Zed, SGA President, TMCC; and Mr. Curtis Blackwell, ASWN President, WNC.

Chair Geddes called the meeting to order on Thursday, May 31, 2012, at 8:32 a.m. with all members present except for Regents Anderson, Knecht and Page.

Regent Schofield led the pledge of allegiance.

1. Information Only – Introductions and Campus Updates (Agenda Item #1) - Meeting attendees made introductions and the presidents provided campus-related updates on events that have occurred since the Board of Regents last regular meeting.
2. Information Only - Institutional Student and Faculty Presentations (Agenda Item #2) – UNR President Marc A. Johnson introduced Dr. Michael Webster to discuss UNR’s neuroscience program and to describe the recently awarded \$10 million grant from the NIH Center of Bio-Medical Research Excellence.

UNR President Johnson introduced Mr. Ben Sumlin and Ms. Heather Zunino, students from the winning team of the Sontag Business Plan competition to discuss the gift-funded business plan competition and their plans to pursue development of a business using their plan.

The meeting recessed at 9:00 a.m. for committee meetings and reconvened at 11:15 a.m. on Thursday, May 31, 2012, with all members present except for Regents Anderson and Page.

3. Information Only – Public Comment (Agenda Item #3) – Dr. Les Anderson, Citizen, proposed that UNR and UNLV develop an independent school of energy. Regent Knecht thanked Dr. Anderson and expressed support for his proposal.
4. Information Only - Chair of the Nevada Student Alliance Report (Agenda Item #4) – Mr. Michael Gordon, newly elected Chair of the Nevada Student Alliance (NSA), reported to the Board concerning NSHE related issues and events that were of importance to the Student Body Presidents including marketing of the NSA as a leadership body to the general student population, educating the student population on the funding formula and how those decisions will affect students, consideration of a program that would place a “student regent” on the Board’s side of the table, and becoming a more coherent and cohesive body.

5. Information Only – Chair of the Faculty Senate Chairs’ Report (Agenda Item #5) – Mr. Brad Summerhill, 2012-2013 Chair of the Faculty Senate Chairs reported to the Board concerning NSHE related issues or events that are of importance to the Faculty Senate’s including the Faculty Senate Chairs appreciation for the work of the System’s Code task force and the willingness of System legal counsel to consult with faculty senates; the results of the PEBP Task Force employee survey on the Public Employee Benefits Program benefits; institutional reporting of the General Education curriculum and how faculty are ensuring a high quality, student-centered foundation for higher education in Nevada (*full report on file in the Board office*).

On behalf of the System’s faculty, Mr. Summerhill expressed gratitude to Chancellor Klaich and to the Board for making salary restoration a budget priority, adding that elimination of furloughs and restoration of merit pay represented a major step forward in rebuilding the system of higher education in Nevada.

6. Information Only - Chancellor’s Report (Agenda Item #6) - Chancellor Daniel J. Klaich reported to the Board concerning ongoing planning activities and major projects within the NSHE, including efforts to establish common solutions and best practices among the institutions, improved efforts to leverage assets in order to further the state’s economic development goals, the identification and removal of obstacles that impede student success, the transferability of credits from within and outside of the NSHE, co-admission and co-advisement policies, as well as on-line tools available to assist students with articulation.

Chancellor Klaich related that the Community College Task Force recommendations will be presented to the Board at its September 2012 meeting.

Regent Wixom requested more detailed information on “what-if” scenarios through tools of technology or guidance processes available to assist students with articulation.

7. Information Only – Board Chair’s Report (Agenda Item #7) - Chair Geddes expressed his appreciation to the Board, its staff, System staff, presidents and campus staff for their hard work and efforts to achieve the Board’s goals. He related that watching students walk at all the commencement ceremonies put it all back in perspective.

8. Approved – Consent Items (Agenda Item #8) – The Board of Regents approved the following Consent Items in one motion.

- 8a. Approved- Minutes (Consent Item #8a) – The Board of Regents approved the following meeting minutes:

- 1) November 16, 2011, Chancellor’s Periodic Evaluation Committee (*Ref. BOR-8a(1) on file in the Board office*).
- 2) November 18, 2011, Chancellor’s Periodic Evaluation Committee (*Ref. BOR-8a(2) on file in the Board office*).

8. Approved – Consent Items (Agenda Item #8) – (Cont’d.)
- 8a. Approved- Minutes (Consent Item #8a) – (Cont’d.)
- 3) March 1-2, 2012, regular Board of Regents meeting (*Ref. BOR-8a(3) on file in the Board office*).
- 8b. Approved - TMCC – NFA Contract (Consent Item #8b) – The Board of Regents approved the TMCC-NFA contract for 2012 to 2015 (*Ref. BOR-8b on file in the Board office*).
- 8c. Approved- Tenure Recommendation (Consent Item #8c) – The Board of Regents approved the award of tenure for Dr. James Woodbridge, Assistant Professor, Philosophy, effective July 1, 2012. The applicant met the standards for tenure in the NSHE Code and was positively recommended by his institution.
- 8d. Approved - Appointment to WestEd Board of Directors (Consent Item #8d) – The Board of Regents approved the appointment of Dr. Sarah Negrete, Education Department Co-Chair, Great Basin College, to the WestEd Board of Directors for the remainder of the three-year term (*June 1, 2011, to May 31, 2014*) of Dr. Bonnie Hofland, who had formally resigned (*Ref. BOR-8d on file in the Board office*).

Regent Alden moved approval of the Consent Items in their entirety. Regent Blakely seconded. Motion carried. Regents Anderson and Page were absent.

9. Approved - Procedures & Guidelines Manual Revision, Student Health Service/Health Insurance Rates (Agenda Item #9) – The Board of Regents approved the 2012-2013 School Year Student Health Service/Student Health Insurance rate changes (*P&GM Chapter 7, Section 8.F*) (*Revised Ref. BOR-9 on file in the Board office*).

Regent Alden moved approval of the 2012-2013 School Year Student Health Service/Student Health Insurance rate changes (*P&GM Chapter 7, Section 8.F*) as revised (*Revised Ref. BOR-9*). Regent Wixom seconded.

Regent Crear noted that the reference material stated that insurance premium rates are calculated by the insurance companies and passed through the institution. He asked if the institution only passed down the direct cost to the students. Vice Chancellor Stevens stated that was correct.

Regent Crear asked why health fees were being raised. Vice Chancellor Stevens replied that at least one institution's (*UNR*) insurance plan has been improved to a certain degree.

9. Approved - Procedures & Guidelines Manual Revision, Student Health Service/Health Insurance Rates (Agenda Item #9) – (Cont'd.)

Vice Chancellor Stevens related that a revised reference document had been distributed to reflect a correction to page 8.

Regent Crear noted that a dental school student pays \$2,214 per year for health insurance (*page 3 of revised Ref. BOR-9*). Vice Chancellor Stevens indicated that was correct.

Regent Crear asked why professional students pay more than undergraduate students. Mr. Gerry Bomotti, Vice President of Finance, UNLV, replied that UNLV's third-party broker conducted a bid which resulted in the rates presented that day. Part of the increase was a result of the federal requirements for improved health care coverage. However, the factors that caused the higher fee are that the pool of dental students is much smaller than the undergraduate student pool and the professional students work directly with patients. Also a factor in the smaller pool size is that health insurance is not mandatory and therefore not all students participate.

Regent Crear asked why insurance was sought by individual institutions and not as a whole across the System which he felt would result in a better rate due to a much larger pool. Mr. Bomotti replied that UNLV does not mandate participation in the insurance coverage. Therefore, the market looks at that pool differently and requires that pool of students to be treated separately. Although the rate could be averaged across student pools at UNLV, he could not address the question of combining all institutions, adding that the cost of healthcare in Washoe County is much higher than in Clark County.

Regent Knecht asked to what extent is the challenge an economy of scale issue or a self selection issue. He felt that it could be inherently unfair to the people paying the bill to require them to cross-subsidize each other.

Mr. Bomotti replied that in his opinion, the most significant driver is the adverse impact of not making participation mandatory. UNLV's prices compared to other similar institutions were also similar. He related that some institutions have found that managing their own health care system creates a buying power situation that allows for the addition of optional coverage at a much reduced rate.

Regent Schofield agreed with Regent Crear, adding that there could be significant buying power within the System. Mr. Bomotti replied that could be true to the extent that student insurance was made mandatory. He clarified that all students pay a mandatory health service fee for primary care that provides some no- or low-cost healthcare. The optional health insurance coverage is above and beyond that level.

Regent Crear asked if student health insurance was sought by individual institutions and not as a whole across the System. Vice Chancellor Stevens confirmed that student health insurance was "shopped" by institution.

9. Approved - Procedures & Guidelines Manual Revision, Student Health Service/Health Insurance Rates (Agenda Item #9) – (Cont'd.)

Regent Crear noted that if the System was considered one large pool, the reduction from a lesser rate could theoretically be passed to the students. Mr. Bomotti felt certain that UNLV's broker had been asked that question before but he would need to research the answer provided at the time. However, he has also been told that unless there was a change in making health insurance mandatory, there would not be a significant difference.

Regent Geddes clarified that the Board needed to consider approval of the rates presented in order for the institutions to put those rates into place for the fall. He asked Vice Chancellor Stevens to return at a future meeting with a report to address the concerns that have been raised.

Regent Doubrava felt that it may be more realistic to leverage purchasing power by combining regions such as north or south. He asked if it would be correct to say that only the two universities have student health services and that the community colleges do not offer student health services. Vice Chancellor Stevens indicated that was correct.

Regent Doubrava felt that it was important to think outside the box to consider how professional schools could provide services to university students as well as others.

Regent Knecht asked that the analysis also highlight and distinguish any adverse selection and group issues so that there was not the potential to slide into cross subsidization.

Chancellor Klaich stated that there were many issues involved including a different health care cost and rate structure for students in northern Nevada versus southern Nevada.

Regent Crear emphasized that his concerns were theoretical and that he had no preconceived idea of what would or would not help.

Motion carried. Regents Anderson and Page were absent.

10. Approved - Procedures & Guidelines Manual Revision, Undergraduate Tuition & Fees, 2013-14 and 2014-15 (Agenda Item #10) – The Board of Regents approved adjustments to undergraduate and graduate tuition and fees for academic years 2013-14 and 2014-15 (P&GM, Chapter 7, Sections 1 and 15) that makes the previously approved 2011-12 and 2012-13 surcharges a permanent part of the registration fee and the corresponding discounted tuitions. This recommendation was presented for information at the Board of Regent's April 20, 2012, special meeting. The allocation of these student fees to the State Supported Operating Budget and the Student Access Fund continue unchanged (Ref. BOR-10 on file in the Board office).

10. Approved - Procedures & Guidelines Manual Revision, Undergraduate Tuition & Fees, 2013-14 and 2014-15 (Agenda Item #10) – (Cont'd.)

Regent Trachok moved approval of adjustments to undergraduate and graduate tuition and fees for academic years 2013-14 and 2014-15 (*P&GM, Chapter 7, Sections 1 and 15*) that makes the previously approved 2011-12 and 2012-13 surcharges a permanent part of the registration fee and the corresponding discounted tuitions. Regent Wixom seconded. Motion carried. Regent Alden voted no. Regents Anderson and Page were absent.

11. Approved - Procedures & Guidelines Manual Revision, 2013-15, Tuition & Fees, University of Nevada School of Medicine (Agenda Item #11) – The Board of Regents approved the proposed tuition and fee structure for the 2013-15 biennia for the University of Nevada School of Medicine (*UNSOM*). This request reflects an increase in resident tuition and fees of 8% per year for each year of the 2013-15 biennium and non-resident tuition and fees increase of 3.4% per year for each year of the 2013-15 biennia (*Ref. BOR-11 – see attachment 1a on file in the Board office*).

The Board of Regents approved the full amount of the proposed increase being allocated to the State Supporting Operating Budget of the Medical School, net of any increases in the UNR General Improvement, Capital Improvement, Activities and Programs and Technology fees and the Student Access Fee. The proposal includes a request for the Board's approval of an increase in the Student Access Fee for the 2013-15 biennia from 15% to 20% (*Ref. BOR-11 – see attachment 1b on file in the Board office*).

Regent Alden moved approval of 1) the proposed tuition and fee structure for the 2013-15 biennia for the University of Nevada School of Medicine (*UNSOM*). This request reflects an increase in resident tuition and fees of 8% per year for each year of the 2013-15 biennium and non-resident tuition and fees increase of 3.4% per year for each year of the 2013-15 biennia; and 2) the full amount of the proposed increase being allocated to the State Supporting Operating Budget of the Medical School, net of any increases in the UNR General Improvement, Capital Improvement, Activities and Programs and Technology fees and the Student Access Fee, including an increase in the Student Access Fee for the 2013-15 biennia from 15% to 20%. Regent Crear seconded.

11. Approved - Procedures & Guidelines Manual Revision, 2013-15, Tuition & Fees, University of Nevada School of Medicine (Agenda Item #11) – (Cont'd.)

Regent Crear asked if the impetus for the increase was to align the UNSOM with Nevada's WICHE partners. President Johnson confirmed that the increase would raise the rates by 8% per year until the rates were comparable, adding that a larger portion of the fee will also be moved into student access or scholarships.

Regent Crear expressed concern if the impetus of an increase is to match other WICHE institutions rather than to provide better student access and expand programs. President Johnson related that the cost to operate the UNSOM is not substantially different than other medical schools within the WICHE states. Fees continue to be raised to pay a larger portion of the UNSOM bills with those fees. There needs to be more revenue if UNSOM wants to continue to build a quality school.

Chancellor Klaich reminded the Board that there had been a policy of the Board that capped the increases that the medical school could charge which had placed the UNSOM out of line with its peer institutions. There was repeal of that policy in order to bring its fee structure more in line with its peer institutions. He felt that this request was consistent with the Board's direction to improve the school.

Regent Knecht asked if the tuition and fees for the School of Dental Medicine and the School of Law were designed to cover 100% of their costs. Chancellor Klaich indicated that the answer was no and that none of the professional schools are self sustaining and that all are supported by state appropriations and fees.

Regent Knecht asked what percent of instructional costs were covered by tuition and fees at the medical school in comparison to the law and dental schools. Chancellor Klaich stated that although he could not personally answer that question, the Board had asked the deans to advise the Board as to who competitors were and what the cost was at those institutions so that a fee and tuition structure could be determined that would allow Nevada professional schools to be at the right level without losing the students they were competing for. It was not determined with the cost of instruction in mind.

Regent Knecht felt that the principle for competing with other institutions should include consideration of a cost recovery principle.

Regent Blakely felt that an argument against approving this request would be to ask if consistent incremental increases will keep students from enrolling in the programs.

Dr. Thomas Schwenk, Dean of the University of Nevada School of Medicine, felt that WICHE was used as more of a benchmark and that tuition and fees were not increased just because the UNSOM is less than those schools. Although he could not comment on the total cost of education for the Dental and Law Schools, he felt that it would be safe to assume that the tuition for those schools, which is substantially higher than at the Medical School, also pays for a substantially higher proportion of the total cost of providing education at those schools.

11. Approved - Procedures & Guidelines Manual Revision, 2013-15, Tuition & Fees, University of Nevada School of Medicine (Agenda Item #11) – (Cont'd.)

Dean Schwenk related that the cost for a medical education is roughly \$100,000 per year and the current UNSOM tuition is approximately 17-20% of that. Some of that is made up of state funds, clinical revenue and research revenue. It could be reasonably argued that tuition is too low relative to the total cost as compared to other professional schools. However, other professional schools differ dramatically in their instructional models. Dean Schwenk related that it has also very well documented and proven that debt accumulation is a significant factor in a medical student's choice of specialty.

Dean Schwenk related that tuition at the UNSOM is currently remarkably low by any benchmark and there is some room for increase that would contribute to the expansion of class size, which is already taking place. He felt that there was room to increase, but by how much was yet undetermined.

President Smatresk related that for the UNLV Law School, the state general fund paid approximately 55% of the total instructional cost and for the dental school that was approximately 48%. He pointed out that the Law School's tuition recently increased from \$10,000 to \$23,000 for residential students. He stated that UNLV was now in a position of having to curtail the enrollment in the Law School to match the employment demands of the public. At the Dental School, there has been a similar demand. UNLV has been able to raise tuition successfully in order to offer a high level of instruction in both cases.

Regent Knecht felt that the basic practice in this country at the primary and secondary education levels is subsidization via tax dollars. Primary and secondary education is a social benefit beyond that which directly occurs to the students themselves. At the undergraduate education level the social benefit is still there but the bigger portion of the net benefit is to the student receiving the education. At the professional education level (*law, medical, dental and so forth*), it is even more true that the primary benefit accrues over the lifetime of the individual. He felt that the System should look to the graduate students to substantially cover the cost of their education.

Motion carried. Regents Anderson and Page were absent.

12. Approved - Procedures & Guidelines Manual Revision, 2013-15 Tuition & Fees, William S. Boyd School of Law, UNLV (Agenda Item #12) – The Board of Regents approved the proposed 2013-15 biennium tuition and fees for the William S. Boyd School of Law which had been previously discussed at the March 2012 Board of Regents' meeting. No fee increases were requested (Ref. BOR-12 on file in the Board office).

Regent Crear moved approval of the proposed 2013-15 biennium tuition and fees for the UNLV William S. Boyd School of Law with no fee increases having been requested. Regent Alden seconded. Motion carried. Regents Anderson and Page were absent.

13. Approved - Procedures & Guidelines Manual Revision, 2013-15 Tuition & Fees, School of Dental Medicine, UNLV (Agenda Item #13) – The Board of Regents approved the proposed 2013-15 biennium tuition and fees for the School of Dental Medicine which had been previously discussed at the March 2012 Board of Regents’ meeting. No fee increases were requested (*Ref. BOR-13 on file in the Board office*).

Regent Alden moved approval of the proposed 2013-15 biennium tuition and fees for the UNLV School of Dental Medicine with no fee increases having been requested. Regent Trachok seconded. Motion carried. Regents Anderson and Page were absent.

The meeting recessed at 12:39 p.m. and reconvened at 1:01 p.m. on Thursday, May 31, 2012, with all members present except for Regents Anderson and Page.

14. Approved - Employment Contract, Head Men’s Basketball Coach, UNR (Agenda Item #14) – The Board of Regents approved a new employment contract for Head Men’s Basketball Coach David Carter, extending his contract through June 30, 2017, and increasing his annual compensation by \$100,000 (*Ref. BOR-14 on file in the Board office*).

Regent Alden moved to approve a new employment contract for Head Men’s Basketball Coach David Carter, extending his contract through June 30, 2017, and increasing his annual compensation by \$100,000. Regent Crear seconded.

President Johnson thanked staff at UNLV and UNR for working together to develop a standard template for coaching contracts.

President Johnson noted that he has been asked why increases were being requested in a budget deficit situation and what the funding source would be for the additional salary. President Johnson explained that the current salary for each coach was below the average Western Athletic Conference (WAC) salaries, which in turn were significantly below the average MWC salaries. In accordance with the Board’s objectives to have UNR and UNLV in the same conference, UNR recognized that it needed to enhance its coaching salaries, coach staffing and sports facilities in order to be competitive in the MWC. For example, Coach Carter’s new proposed salary will still be \$157,000 less than the average salary in the MWC. He continued with a comparison of the remainder of the coaches and their salaries to the MWC average salaries. He emphasized that although the MWC average is not the goal, it is an indication of what it will take for UNR to become competitive in that conference.

President Johnson related that UNR anticipates that its Athletics budget will break even in FY 2013, with accumulated deficits to be covered by FY 2014. In addition, UNR’s Athletic Director has spoken with support groups regarding the Battle Borne Campaign fund-raising campaign. To date, those efforts have yielded 26 pledges that will generate

14. Approved - Employment Contract, Head Men's Basketball Coach, UNR (Agenda Item #14)
– (Cont'd.)

\$352,000 annually for the next three years. The Starting 5 Booster Organization will cover the increase for the men's basketball coach and an individual donor has agreed to cover the salary increase for the women's basketball coach.

Regent Crear congratulated Coach Carter on a good season.

Regent Alden expressed his appreciation for Coach Carter.

Regent Blakely expressed concern for the amount of the increase and asked what had prompted the request. Ms. Groth replied that UNR on its own initiative approached Coach Carter in an attempt to secure his continued employment and success, adding that the increase had been based on facts received from the MWC.

Regent Blakely asked if Coach Carter had begun to look elsewhere for a higher salary. Coach Carter replied that he had not approached the University for a salary increase.

Regent Knecht felt that Coach Carter had done an outstanding job. However, he expressed concern that there were opportunity costs that had long ago left the student athlete amateur concept. Regent Knecht asked President Johnson where in the public meeting record the costs associated with conference realignment had been discussed in explicit or quantitative terms.

Regent Crear called for a point of order. He felt that there were two separate issues, the first being Coach Carter's contract and the second being conference alignment. He felt that the Board should stick to the issue of considering Coach Carter's contract. Regent Knecht replied that President Johnson had brought up the MWC salary average. By considering those issues, Regent Knecht felt that he was discussing the essence and reason for the request for a salary increase.

President Johnson replied that the University has to secure a successful coach in order to move forward in the MWC. This agreement will keep Coach Carter at UNR for the next five years.

Regent Knecht understood President Johnson's position. However, he wanted to know specifically if the Board was given notice on the record that the coaching salaries currently being paid were 27% below the MWC average. He recalled that the Board discussed quotes for public appearances and other benefits but not anything on the revenue side or cost side of moving conferences.

Chair Geddes reminded the Board that the athletic directors had provided a presentation that outlined the costs of running the programs, a comparison of the different programs in the MWC and the WAC, including coaching salaries, costs and potential revenues.

Chair Geddes asked that the Board focus on this specific agenda item at this time. He will ask to have a future agenda item available to discuss conference issues at a later time.

14. Approved - Employment Contract, Head Men's Basketball Coach, UNR (Agenda Item #14)
– (Cont'd.)

Regent Knecht indicated that he would agree with that and requested a copy of the discussion that Chair Geddes referred to.

Regent Page entered the meeting.

Regent Schofield expressed his strong support for athletic programs. He felt that Coach Carter is an outstanding coach and thanked him for the great job that he was doing.

Regent Alden concurred with Regent Schofield.

Regent Melcher also agreed with Regents Schofield and Alden. He felt that Coach Carter was doing a great job and was much appreciated. Regent Melcher stated there was a cost for doing business if the University was going to be involved in Division I athletics.

Regent Crear felt that Coach Carter was successful on and off the court and questioned what the issue was, adding that President Johnson had confirmed the funding for the requested increase.

Regent Page concurred that Coach Carter has done a great job and felt that the requested increase was money well spent.

Regent Knecht expressed his support for Coach Carter and related that because funding for the increase had been secured from non-state general funds, he would support the request.

Motion carried. Regent Anderson was absent.

Chair Geddes stated that the previous report presented regarding conference realignment would be redistributed to the Board of Regents.

15. Approved - Employment Contract, Head Women's Basketball Coach, UNR (Agenda Item #15) – The Board of Regents approved a new employment contract for Head Women's Basketball Coach Jane Albright to include \$30,000 in additional compensation (Ref. BOR-15 on file in the Board office).

Regent Alden moved approval of a new employment contract for Head Women's Basketball Coach Jane Albright to include \$30,000 in additional compensation. Regent Crear seconded. Motion carried. Regent Anderson was absent.

16. Approved - Employment Contract, Head Football Coach, UNR (Agenda Item #16) – The Board of Regents approved a new employment contract for Head Football Coach Chris Ault, extending his employment through June 30, 2016 (Ref. BOR-16 on file in the Board office).

Regent Trachok disclosed that in the past he had provided a limited amount of legal advice on a pro bono basis to Coach Ault on personal business matters. After Regent Trachok was appointed as a Regent, he has provided no further legal advice. Chief of Staff and Special Counsel Mr. Scott G. Wasserman has advised that pursuant to the statutory provisions governing conflict of interest, Regent Trachok stated that he was required to make that disclosure but could otherwise participate and vote on this agenda item.

Regent Trachok moved approval of a new employment contract for Head Football Coach Chris Ault, extending his employment through June 30, 2016. Regent Alden seconded. Motion carried. Regent Geddes voted no. Regent Anderson was absent.

17. Approved - Employment Contract, Head Women's Volleyball Coach, UNR (Agenda Item #17) – The Board of Regents approved a new multi-year employment contract for Head Women's Volleyball Coach, Ruth Lawanson (Ref. BOR-17 on file in the Board office).

Regent Alden moved approval of a new multi-year employment contract for Head Women's Volleyball Coach, Ruth Lawanson. Regent Trachok seconded. Motion carried. Regent Anderson was absent.

18. Approved - Employment Contract, Athletic Director, UNLV (Agenda Item #18) – The Board of Regents approved a three-year contract extension at the current salary for UNLV Athletic Director, Jim Livengood (Ref. BOR-18 on file in the Board office).

Regent Crear moved approval of a three-year contract extension at the current salary for UNLV Athletic Director, Jim Livengood. Regent Alden seconded.

Regents Alden and Page expressed their support for the requested contract extension.

Regent Schofield felt that Mr. Livengood was a team leader and would be able to move the program forward.

18. Approved - Employment Contract, Athletic Director, UNLV (Agenda Item #18) – (Cont'd.)

Regent Crear expressed his ongoing concern for the lack of diversified employment searches, adding that the search process is flawed. He personally has had some issues with attempting to bring fundraising to UNLV and stated that those issues needed to be addressed moving forward. However, due to the number of initiatives going forward, he felt that it would be beneficial to stay the course with Mr. Livengood.

Regent Blakely expressed his support of Mr. Livengood.

Motion carried. Regent Anderson was absent.

19. Approved - Employment Contract, Head Women's Golf Coach, UNLV (Agenda Item #19)
– The Board of Regents approved a three-year contract extension for Head Women's Golf Coach, Amy Bush (Ref. BOR-19 on file in the Board office).

Regent Crear moved approval of a three-year contract extension for Head Women's Golf Coach, Amy Bush. Regent Melcher seconded. Motion carried. Regent Anderson was absent.

Regent Crear felt that the salary was too low and recommended that the salary schedule for coaches of secondary athletic programs be reviewed.

Regent Alden concurred with Regent Crear and asked if incentives were offered. Mr. Livengood replied that performance-based incentives were included in the contract.

Regent Schofield agreed with Regent Crear that the salary schedule for coaches of secondary athletic programs needed to be reviewed.

20. Approved- Employment Contract, Head Women's Soccer Coach, UNLV (Agenda Item #20)
– The Board of Regents approved a three-year contract for Head Women's Soccer Coach, Michael Coll (Ref. BOR-20 on file in the Board office).

Regent Crear reiterated that the salary was too low and recommended that the salary schedule for coaches of secondary athletic programs be reviewed.

Regent Alden recommended adding \$15,000 to the base salary of Coach Bush and Coach Coll.

Regent Alden moved approval of a three-year contract for Head Women's Soccer Coach, Michael Coll. Regent Crear seconded. Motion carried. Regent Anderson was absent.

21. Approved - Faculty Hire Above Salary Schedule, Assistant Professor, Pulmonology and Critical Care, UNSOM (Agenda Item #21) – The Board of Regents approved employment salary above schedule for Hiren Patel, M.D., in the position of Assistant Professor, Pulmonology and Critical Care, in the Department of Internal Medicine, at a salary of \$290,000, which exceeds the established maximum salary of \$184,224 (*Ref. BOR-21 on file in the Board office*).

Regent Alden moved approval of employment salary above schedule for Hiren Patel, M.D., in the position of Assistant Professor, Pulmonology and Critical Care, in the Department of Internal Medicine, at a salary of \$290,000, which exceeds the established maximum salary of \$184,224.
Regent Doubrava seconded.

President Johnson related that the University Medical Center (*UMC*) has provided funding for three physicians, two of which were on that meeting's agenda.

Regent Crear questioned the chain of command for physicians hired by the UNSOM but funded through UMC. President Johnson replied that UMC contracts with the UNSOM to provide services. The individual works for the UNSOM and there is an obligation to fulfill a contract.

Dean Schwenk elaborated that in a fully integrated academic medical center with a hospital and a school of medicine, the hospital benefits in many ways in terms of full-time, in-house, coverage by the physicians. The funds flow from UMC to UNSOM and the UNSOM supervises and pays the individual. However, it is also true that reporting is valuable.

Regent Doubrava expressed his support of the request and requested a brief biography of the individual being hired.

Regent Crear asked if the funding from UMC was to cease, would the individual's employment also cease followed by an evaluation on how to move forward. Dean Schwenk replied that all contracted faculty are supported with contingent money so at some point a time-out would occur.

Regent Crear requested to see the contractual language as it relates to employment contingent upon UMC funding. Dean Schwenk confirmed that language is included as part of a standard boilerplate contract used for all clinical services faculty positions.

Chair Geddes asked that the standard contract be sent to the Regents (*on file in the Board office*).

Regent Schofield thanked Dean Schwenk and President Johnson for their efforts in developing a positive relationship between the UNSOM and UMC.

Motion carried. Regent Anderson was absent.

22. Approved - Faculty Hire Above Salary Schedule, Assistant Professor, Pulmonology and Critical Care, UNSOM (Agenda Item #22) – The Board of Regents approved employment salary above schedule for Matthew Schreiber, M.D., in the position of Assistant Professor, Pulmonology and Critical Care, in the Department of Internal Medicine, at a salary of \$290,000, which exceeds the established maximum salary of \$184,224 (*Ref. BOR-22 on file in the Board office*).

Regent Crear moved approval of employment salary above schedule for Matthew Schreiber, M.D., in the position of Assistant Professor, Pulmonology and Critical Care, in the Department of Internal Medicine, at a salary of \$290,000, which exceeds the established maximum salary of \$184,224. Regent Doubrava seconded. Motion carried. Regent Anderson was absent.

23. Approved- Faculty Hire Above Salary Schedule, Professor, College of Engineering, UNLV (Agenda Item #23) – The Board of Regents approved employment salary above schedule for Dr. Kwang Kim, in the position of Full Professor in the Howard R. Hughes College of Engineering at a nine month salary of \$186,000 effective for the 2012-2013 academic year, which exceeds the established nine month maximum salary of \$163,437 (*Ref. BOR-23 on file in the Board office*).

Regent Alden moved approval of employment salary above schedule for Dr. Kwang Kim, in the position of Full Professor in the Howard R. Hughes College of Engineering at a nine month salary of \$186,000 effective for the 2012-13 academic year, which exceeds the established nine month maximum salary of \$163,437. Regent Page seconded.

Regent Blakely expressed his support and related that Dr. Kim had previously been employed at UNR.

Regent Alden noted that a resume had not been included with the reference material. President Smatresk related that Dr. Kim held a stunning resume with over 250 publications.

Regent Knecht expressed his enthusiasm for this request and for the spirit of competition that would be growing between the two Universities in the area of engineering.

Chair Geddes expressed his support for this request.

Regent Schofield expressed his appreciation to both schools for working as a team.

Motion carried. Regent Anderson was absent.

24. Approved - Handbook Revision, New Hires - Initial Placement on the Salary Schedule (Agenda Item #24) – The Board of Regents approved a revision to the Board policy concerning the initial placement of new hires on the salary schedule (*Title 4, Chapter 3, Section 24 and new Section 25*). Specifically, the proposed revision will take the existing policy governing placement on the salary schedule for executive positions, which includes limited exceptions for initial placement at higher salaries and extend the policy to all employment positions, including executive, administrative and academic faculty positions (*Ref. BOR-24 on file in the Board office*).

Chancellor Klaich related that in response to the Board’s concern at being asked to approve contractual requests after the fact, System staff has proposed methodology whereby the presidents could justify hires above range to the Chancellor and the Chancellor could then consult with the Chair of the Board to approve the requests. An annual report would then be presented to the Board.

Regent Alden moved approval of a revision to the Board policy concerning the initial placement of new hires on the salary schedule (*Title 4, Chapter 3, Section 24 and new Section 25*) that takes the existing policy governing placement on the salary schedule for executive positions, which includes limited exceptions for initial placement at higher salaries and extends this policy to all employment positions, including executive, administrative and academic faculty positions.. Regent Trachok seconded.

Regent Knecht asked if there was a provision in the proposed policy for individual notification to the Board, or if only those contracts approved by the Chancellor or Board Chair would be brought forward. Chancellor Klaich replied that reporting would be done on an annual basis. Although the proposed policy does not include a provision for reporting of denied contracts, he did not have issue with reporting that information.

Regent Crear referred to the previous agenda item (*#23 - Faculty Hire Above Salary Schedule, Professor, College of Engineering, UNLV*) and asked if such requests would now be under the authority of the institutional president. Chancellor Klaich clarified that any decision would be based on the recommendation of the president and a review of the supporting justification with an annual report to the Board.

Regent Crear asked if the proposed process would be for all positions. Chancellor Klaich replied that the Board would retain certain prerogatives, including approvals for head coaches of major sport programs and the initial placement of vice chancellors.

Regent Knecht offered a friendly amendment to include annual reporting of contracts both approved and denied. Regents Alden and Trachok approved the friendly amendment.

Motion carried. Regent Anderson was absent.

25. Approved - Mission Statement and Core Themes, TMCC (Agenda Item #26) – The Board of Regents approved TMCC’s core themes and revised mission statement (*Ref. BOR-26 on file in the Board office*).

President Sheehan related that the Northwest Commission on Colleges and Universities (NWCCU) requires approval of an institution’s core themes by its governing board.

Chancellor Klaich commended President Sheehan for the exemplary job that she and the TMCC administration and faculty were doing to enhance student success at every level.

Regent Trachok moved approval of TMCC’s core themes (*1. support lifelong learning through strengthening institutional infrastructure and partnerships within TMCC’s diverse community; 2. academic excellence; and 3. student success*), and revised mission statement. Regent Knecht seconded.

Regent Wixom referred to the BOR-29 and asked for explanation of the rationale to replace the word “supporting” with the word “delivering.” He personally felt that changed the mission statement from one of specificity to more of a generality. President Sheehan replied that every word had been debated over the last two years. The TMCC strategic plan will reflect a definitive outline whereas its mission statement was more of a general statement.

Regent Wixom asked for the rationale behind the word change. Dr. John Tuthill, Vice President for Academic Affairs and Student Services, TMCC, related that he had suggested the word change. The previous summer when a team to develop TMCC’s year one NWCCU accreditation report was discussing lifelong learning, TMCC was also entering into an agreement with Washoe County School District (WCS D). The WCS D had a program of continuing education community interest courses, as did TMCC. The two public entities were competing in and offering the same types of service in the same service areas, both with limited resources. It occurred to the team that rather than trying to compete to provide all lifelong learning opportunities, TMCC should support other entities within the service area where practical. The partnership involves that WCS D provide the instruction while TMCC provides the support services with the revenue being split between the two entities. It was felt that would allow TMCC to directly offer those services where it thought it could provide those services the best and then support other entities to provide other services that could do as well or better than TMCC.

Regent Schofield related that he had initially questioned why this change was needed. However, if that is what TMCC wants, that is what the Board should support. He felt that the K-12 and the higher education systems should work as a team.

Regent Melcher felt that the word “supporting” reflected that TMCC was moving from one direction to a more engaged and involved mission statement.

Regent Crear did not concur with Regent Melcher and expressed his concern that as a System, all institutions have a duty to deliver, lead and be active in its community.

25. Approved - Mission Statement and Core Themes, TMCC (Agenda Item #26) – (Cont'd.)

Although TMCC had a role in supporting the K-12 system, UNR and the community, he did not feel that should be its number one mission. He also expressed concern that the word “communities” was being changed to “community.” He questioned if that meant that TMCC was only serving one community because it will not have as much outreach throughout the state as it had before. He felt that a mission statement should reflect the core of an institution.

Dr. Tuthill understood Regent Crear’s concern. He related that TMCC was trying to say that as a community college within the service area of Washoe County, TMCC needed to focus its limited resources on those areas that it does best including offering the first and second year of higher education, preparing students to enter into the workforce and preparing students to enter into a four-year college or university. In addition, there are many other educational functions that community colleges could provide such as high school support programs, preschool programs, continuing education programs and senior citizen programs.

Dr. Tuthill related that there had been faculty debate in regard to changing “communities” to “community.” He related that change was not about diversity or to limit services but rather it was an effort to say that TMCC wants to provide services to everyone in the community to which it serves.

Regent Crear felt that the revisions reflected the exceptions to the mission statement and not the rule, or core, of TMCC’s mission.

Dr. Tuthill related that one way of looking at it is that support was specifically linked to the concept of lifelong learning which begins with birth and goes all the way to retirement. Within that enormous spectrum of learning opportunities, TMCC was saying that there is a specific market segment that it wants to target which is higher education for students preparing for vocational careers, students that want the first two years of general education before transferring to a four-year college or university. That is the core of what a community college does. However, TMCC wants to support the rest of the services where it can stretch resources.

Regent Knecht indicated that he initially held the same concerns as Regents Wixom and Crear. However, upon Dr. Tuthill’s explanation, he felt that the proposed changes had been put into context. He appreciated the focus on unity through the change to “community.” He agreed with Dr. Tuthill that there needed to be both general education and career and technical education and academic excellence. He asked Dr. Tuthill to consider possibly not making reference to both the functions. Dr. Tuthill explained that both concepts are abundantly clear and equal in value in TMCC’s strategic plan.

Regent Blakely indicated that he preferred the wording in the revised mission statement. He felt that both functions of delivery and support were the cornerstone of a community college and understood that more detail would be provided during TMCC’s presentation of its strategic plan at the next Board meeting.

25. Approved - Mission Statement and Core Themes, TMCC (Agenda Item #26) – (Cont'd.)

Regent Schofield suggested that the proposed statement be further amended to use both the terms “delivering and supporting” and to leave in the word “communities.” President Sheehan explained that would then hold TMCC accountable for delivering services that are being supported but not delivered. TMCC is defining lifelong learning in the community as community education interests that it used to provide but now only supports. President Sheehan related that the NWCCU requires that regular consideration be given to an institution’s mission statement to insure relevancy. In this particular area, where TMCC was competing with WCSU, it decided that it would no longer deliver the same services but that it would support the community’s access to those services.

Motion carried. Regent Crear voted no. Regent Anderson was absent.

The meeting recessed at 3:10 p.m. and reconvened on Friday, June 1, 2012 at 10:21 a.m. with all members present except Regent Anderson.

Regent Schofield related that in 2001, he accepted the honor of having a middle school dedicated in Las Vegas with his name, Jack Lund Schofield Middle School. The Flying Tiger was chosen as the school’s mascot which was the name of the aircraft that Regent Schofield flew during World War II. He presented the Regents with medallions that are also given out at graduation to students that perform in an exemplary fashion.

Regent Melcher thanked Ms. Keri Nikolajewski and staff from the System office for putting in place an on-line events calendar that is available to Regents. He encouraged all institutions to keep the calendar updated so that Regents have the most up-to-date information, particularly while they are travelling. He emphasized that the electronic calendar does not replace the Regents’ Events Calendar which will still need to be maintained.

Mr. Scott Wasserman added that the electronic calendar will also help the institutions to communicate with each other and prevent scheduling conflicts of major events.

26. Tabled - DRI Graduate Training Program (Agenda Item #33) - The Board of Regents tabled discussion of this item until its September 2012 meeting (Ref. BOR-33 on file in the Board office)

27. Information Only – Public Comment (Agenda Item #25) – Mr. Jim Galloway addressed the Board of Regents to request restoration of the free or reduced tuition for senior citizens. He felt that the anticipated savings from elimination of that program may not have been realized and asked that the structure be reinstated to allow senior citizens to register at the same time as other students in time for registration for the fall of 2012.

Dr. David Freistroffer, GBC Faculty Senate Chair and outgoing chair of the GBC Faculty Senate Personnel Committee, related that GBC has experienced faculty and

27. Information Only – Public Comment (Agenda Item #25) – (Cont'd.)

staff recruitment failures due to uncompetitive compensation and benefit packages. The current health benefits have been given as a reason for not accepting employment offers and have also been cited as a reason for employees that are leaving.

Mr. Brad Summerhill, Chair of the Faculty Senate Chairs' Council, addressed the Board to offer a contextual view of comments made the previous day regarding coaching salaries, specifically in regard to a statement about the coaching salaries of non-revenue generating sports. Mr. Summerhill related that the majority of professors at TMCC earn below \$60,000 annually with the median salary being within the mid-\$50,000. He emphasized that his comments were not in regard to Coach Carter but rather in regard to salaries of non-revenue generating programs. The Faculty Senate Chairs' Council also asked that the Board take action immediately to request that a current vacancy on the PEBP Board designed to be filled by a state employee be filled by a state employee that represents the NSHE. Mr. Summerhill emphasized that the NSHE represents one-third of the clients in the PEBP System yet only has one position on a Board of seven. He added that could be a good opportunity to help address the dissatisfaction reflected on the recent survey.

28. Information Only - Code Revision, Sharing of Employment Application Materials for Employee Recruitment Purposes (Agenda Item #27) – TMCC President Maria C. Sheehan presented a proposal from the Ethnic, Diversity and Inclusion Council (EDIC) to amend the Code by revising the provisions governing confidentiality of employment application materials to allow the sharing of application materials for the purpose of employee recruitment (Title 2, Chapter 5, Section 5.6.3). Specifically, the proposed revisions authorize the sharing of application materials between NSHE institutions for employment recruitment purposes if the applicant gives permission to share such information. This item was presented for an initial discussion and will be on a future agenda for final action by the Board of Regents (Ref. BOR-27 on file in the Board office).

Regent Crear related that the Cultural Diversity Committee had considered and recommended approval of the proposed revision.

President Sheehan added that the proposed revision will provide the System with an opportunity to leverage its size without additional cost. A check box will be located on applications that will allow applicants to request that their information be shared with other NSHE institutions. Through that format, the pool of candidates for any given position at any given institution could theoretically be expanded.

Regent Melcher asked if applications were institution-specific. President Sheehan related that each institution has its own application and process. A pilot program will begin early next year between UNR and TMCC to work out some of the issues.

Regent Melcher expressed his support for the initiative and emphasized the importance of consistent wording so that the applications will be legally transferable between institutions.

28. Information Only - Code Revision, Sharing of Employment Application Materials for Employee Recruitment Purposes (Agenda Item #27) – (Cont'd.)

President Sheehan related that the policy revision had been thoroughly vetted with Mr. Bart Patterson, President of NSC, while he had been Chief Counsel for the System. President Sheehan also related that the policy revision had the support of all of the System's presidents and the members of EDIC.

Regent Knecht requested confirmation that the checkbox will be on all applications and available to all applicants. President Sheehan replied that was the goal.

Regent Knecht asked if it will initially apply to faculty or will it include non-faculty staff. President Sheehan related that concentration will be given to academic faculty first as that is the greatest need.

Regent Crear related that although this initiative had begun with the need to find more minority faculty, at the end of the day, what was beneficial for minorities is also beneficial for the entire population.

29. Information Only - PEBP Task Force (Agenda Item #31) - Executive Director of Government Relations Renee Yackira and other Task Force members presented information on the Nevada System of Higher Education activities relating to the Public Employees' Benefits Program (PEBP).

Ms. Yackira related that the first quarterly report of the PEBP Task Force had been distributed the previous day and an update would be sent on a quarterly basis. The quarterly report would reflect the status of efforts between the PEBP Task Force and the PEBP Board to improve benefits and lower costs. Ms. Yackira related that the Task Force and the PEBP Board have moved forward in working on a health care concierge program which will also provide claims advocacy. The Task Force is working to determine if PEBP will allow the System to work with State Purchasing to either issue an RFP or a sole source contract to use the NSHE population as a pilot group to determine if the state can realize savings and if the employees will be satisfied with the healthcare concierge service.

Ms. Yackira related that there is currently a vacant seat on the PEBP Board that had previously been filled by a local government representative. However, there is not a requirement to have a local government representative in that seat. Ms. Yackira related that she has petitioned to the PEBP Board that the vacant seat be filled with an NSHE employee representative and was hopeful that good news could be reported on that item in the future.

Ms. Yackira introduced Dr. Christopher Cochran, Associate Professor of Healthcare Administration and Policy at UNLV and a member of the UNLV Faculty Senate, to provide the Board with a summary of the PEBP satisfaction survey that not only presents the challenges that NSHE employees have, but all state employees.

29. Information Only - PEBP Task Force (Agenda Item #31) – (Cont'd.)

Dr. Cochran related that last fall a survey of NSHE employees was conducted to determine satisfaction with the changes that had occurred with the PEBP benefit plans in 2011. Since PEBP was also planning to conduct a satisfaction survey, they asked if they could join NSHE's process. UNLV and PEBP staff then met to review and agree upon the questions. All employees within NSHE were informed of the availability of the survey between March 16, 2012 and April 15, 2012.

Dr. Cochran related that there were 7,500 respondents to the survey, with 3,347 (44%) of respondents being from NSHE. Although he could not readily explain why NSHE had a higher response rate other than the NSHE was announcing the survey on both the NSHE and PEBP websites on a regular basis throughout its period of availability.

Dr. Cochran related that 84% of the employees that had been on the PPO the previous year had kept the plan when it changed to the high deductible PPO. Unfortunately, most of the responses from that group were significantly negative. Approximately 79% of NSHE reported dissatisfaction with the current high deductible PPO plan. Dissatisfaction on the HMO side was still relatively high but not as high as the PPO side.

Dr. Cochran explained that it was important to determine the level of satisfaction among state employees versus NSHE employees. The level of dissatisfaction among state employees was higher than among NSHE employees and reflected significant areas of dissatisfaction primarily pertaining to cost. Approximately 65% agreed with the question that they have gone without healthcare due to the costs. A significant number of individuals responded that healthcare decisions had been postponed as well as the purchasing of prescription drugs due to cost, particularly among PPO covered employees. In terms of prescription drug coverage, 31% of covered employees indicated that they had stopped taking a routine medication due to cost and approximately 56% of employees had switched from brand name to generic prescription drugs which Dr. Cochran related was probably a positive benefit to the employee.

Dr. Cochran related that in some of the other areas of survey, he had tried to determine if satisfaction levels changed among salary levels. He found that satisfaction was lower among higher paid employees than lower paid employees. Also, of the individuals that had reported being in excellent health, 69% were dissatisfied with the plan. Dr. Cochran pointed out that those individuals were more unlikely to use the healthcare plan. However, of lower paid employees, 85% were dissatisfied with the coverage.

Dr. Cochran related that a random sample had not been conducted. The results reflect a concern that employees are putting off healthcare or refilling prescription drugs needed to maintain health.

Dr. Cochran reported that 16% of individuals plan on changing their current plan while 50% had not yet made that determination. In the current plan year, a number of individuals chose not to participate in the PEBP plan or changed benefit coverage to a spouse's plan.

29. Information Only - PEBP Task Force (Agenda Item #31) – (Cont'd.)

Since the survey was one of convenience, Dr. Cochran indicated that he could not address if only those individuals dissatisfied with the health plan responded.

Regent Trachok asked Dr. Cochran if other healthcare plan satisfaction studies, based on the same criteria, had been conducted with a random sampling or on a convenience basis. Dr. Cochran related that most healthcare plan surveys have used a random sampling. This particular questionnaire was based on the use of an existing insurance plan using a random sample. Dr. Cochran noted that the latest research on satisfaction predates 2011. However, the most typical results of an employer's insurance plan found that 70-75% of employees were satisfied with their healthcare plans.

Regent Trachok asked if the Board could be provided with those surveys. Dr. Cochran related those could be provided.

30. Information Only - Handbook Revision, Conflicts of Interest (Agenda Item #28) - During the January 20, 2012, special meeting, Regents requested that a policy be brought forward applicable to the Chancellor and presidents prohibiting conflicts of interest under certain circumstances. The Board was presented various options for discussion to address potential conflicts of interest. A proposal will be brought back for Board action at the September meeting (Ref. BOR-28 on file in the Board office).

Ms. Nielsen related that the various options outlined in the reference material included one that relies upon the state of Nevada's ethics law (*Option A*) which the System of higher education is already subject to and a second proposal (*Option B*) in which the System defines what a conflict of interest would be for a president or the Chancellor in regard to service on corporate boards. Ms. Nielsen recommended a third option to rely upon the provisions of the state's ethics code and move some of the language from Option B to the policy to provide explanation regarding some of the concerns expressed concerning service on corporate boards. She expressed concern that if the System were to develop its own definition for a conflict of interest, it may ultimately conflict with state law and would possibly add a layer of regulation that may not be necessary. She emphasized that her recommendation did not include a prohibition of the Chancellor or presidents from serving on corporate boards entirely.

Regent Knecht asked if the third degree of consanguinity would automatically apply to limitations as defined in the proposed options. For example, if the president of an institution's mother-in-law were to serve on a board somewhere, would that be attributable to that president. Ms. Nielsen replied not necessarily. However, if that president were taking action or responsibility for something that involves a family member, then the situation may need to be examined under the ethics law.

Regent Knecht asked if the current ethics and reporting laws require disclosure of a board position by the Chancellor during the ordinary course of business prior to issues arising that would possibly bring any such potential relationships to light. Ms. Nielsen replied that relationship would be reported if the business being conducted involved a matter that could come before the Board, that business relationship would require reporting.

30. Information Only - Handbook Revision, Conflicts of Interest (Agenda Item #28) – (Cont'd.)

Ms. Nielsen related that at the previous day's Academic and Student Affairs Committee meeting, a Board mandated report was presented regarding the compensated outside activities of the faculty. When faculty works for an employer outside of their employment at an NSHE institution, that faculty member must report that relationship and request permission to engage in that relationship.

Regent Knecht related that he has championed the faculty's side of the disclosure process so that outside work is not discouraged.

Ms. Nielsen indicated that the policy on compensated outside activities could be expanded to include all professional employees of NSHE and not just research faculty.

Regent Knecht felt that, in his experience, the problem was not just with board positions, but also with informal connections and relationships that are not immediately seen by the public. He did not think that prohibition of those relationships would help the substantive issues beyond what disclosure would. If the public becomes aware that a president is on a board and that company president is then elected to the Board of Regents, the public and press can make its own decisions. He hoped that Ms. Nielsen brought back a proposed policy that applies more extensively to the Chancellor, the presidents, vice chancellors and other faculty.

Regent Crear asked what portion of NRS 281 applied to academia and/or the Board of Regents. Ms. Nielsen felt that the statute was designed to address all forms of conflict of interest on the part of all public employees and public officers. She was satisfied that the statute was enough. However, the policy of the Board does not address the types of situations being discussed so there was room for some type of policy consideration by the Board.

Regent Melcher expressed his support of participation on outside boards by the presidents and others. However, he felt that a policy needed to add another layer of protection for the Board, System, the institutions and staff. He asked if many of the concerns could be solved through education as opposed to the placing of restrictions. Ms. Nielsen replied that she would make education a priority through the general counsel's office for each institution.

Regent Crear requested that Ms. Nielsen look at other public state institutions of higher education and any applicable state ethics statutes to determine how situations have developed that allow presidents or high ranking officials to make money while sitting on outside boards.

Chair Geddes agreed with Regent Knecht that the outside compensated activities policy could be expanded to include all professional staff.

30. Information Only - Handbook Revision, Conflicts of Interest (Agenda Item #28) – (Cont'd.)

President Wells asked that when considering the expansion of the compensated outside services policy, that the Board take into consideration that many people are officers of professional societies and compensated for travel and time to conduct that business. He asked that caution be made not to interfere with the professional development of the faculty.

Chair Geddes emphasized that involvement on professional boards is to be encouraged.

Regent Crear felt that there needed to be some level of review and approval process.

Regent Melcher appreciated President Wells' comments. He emphasized the need for education and cautioned to keep in mind the impact that such a policy would have on recruitment.

Chancellor Klaich requested confirmation that reporting would only apply to staff at the policy level. Regent Knecht agreed with that statement but asked that determination fall on the side of caution were any questions arose. He did not feel that prior dispensation or permission was the goal. He felt that there were many accomplished faculty and administrators already covered by the existing policy that need to be trusted to make their own determination if a conflict existed or not. He felt that Regent Melcher's request for education would also help.

President Wells related that DRI had recently brought a faculty member to their institution at the director level that was also being compensated as an editor of a professional journal. He cautioned the Board not to take action that would make it more difficult for the institutions to recruit or achieve national or international recognition.

31. Information Only - Campus Master Plan Update, UNLV (Agenda Item #29) - Mr. Gerry Bomotti, Vice President of Finance and Administration, UNLV, and Mr. David Frommer, Executive Director of Planning and Construction, UNLV, provided an update on the UNLV Campus Master Plan (Ref. BOR-29 and power point presentation on file in the Board office).

Mr. Bomotti related that UNLV was in the process of updating its master plan and expected that plan to be finished by the end of 2012. The current master plan was initiated in 2002, approved in 2004, with an update occurring in 2006 related to the eastern side of campus. The master planning process is initiated approximately every ten years.

Mr. Frommer provided an overview of the existing UNLV campus, history and purpose of updates made to the campus master plan, the 2004 master plan (*current master plan*), the updates made in 2006 related to the UNLV Midtown Area plan, and the coordination and process for moving forward in developing the next ten year plan (*power point presentation on file in the Board office*).

Regent Crear asked if the Vista Group was still involved with the UNLV Midtown Area. Mr. Frommer indicated that the Vista Group was still involved.

31. Information Only - Campus Master Plan Update, UNLV (Agenda Item #29) – (Cont'd.)

Regent Crear indicated his support and excitement for the master plan. He asked what the anticipated date was for “breaking ground” on the projects presented in the master plan. Mr. Frommer related that the master plan needed to be updated in order to move forward on anticipated projects. He added that the agenda item related to CIP to be discussed later that day would also play a part in moving projects forward.

Mr. Bomotti related that since the 2004 master plan was approved, UNLV has constructed approximately 1.2 million square feet on campus. He felt that the key issue was to get the Board and campus comfortable with a master plan so that significant development issues could be determined.

Regent Crear related that since his election to the Board in 2006, he had attended a few meetings regarding the UNLV Midtown Area project but is no longer sure of the project’s status. Mr. Bomotti related that although the economic collapse has slowed momentum, the project is moving forward on the eastern side of campus.

Regent Trachok asked if there were currently 2,000 beds for residential housing at UNLV. Mr. Bomotti confirmed that 2,000 beds was UNLV’S designed capacity but in reality the maximum capacity was closer to 1,550 or 1,600.

Regent Trachok asked if the goal was to increase the number of residential beds to 7,000. Mr. Bomotti replied that would be the goal over time. He related that in a comparison of peer institutions, it appeared that residential housing accomodates 20-25% of enrollment. UNLV felt that would be a reasonable target to consider while evaluating the master plan.

Due to its proximity to the McCarran International Airport, Regent Trachok asked what height restrictions were in place. Mr. Bomotti related that most of the height restrictions were between the Thomas & Mack Center and Swenson Street. Although the FAA has a varied and complex formula for determining height restrictions, there was an overall restriction of 100 feet on the south side of that area. The FAA requires UNLV to bring anything above that target to them for approval which is why coordination between the Airport and the FAA is critical.

The meeting recessed at 11:50 a.m. and reconvened at 12:07 p.m. on Friday, June 1, 2012, with all members present.

32. Approved - UNLVNow Project (Agenda Item #30) – The Board of Regents approved UNLV President Neal J. Smatresk’s requested Exclusive Negotiation Agreement (ENA) with Majestic Realty Company with regard to the UNLVNow project (*Ref. BOR-30 and power point presentation on file in the Board office*).

Regent Alden moved approval of the Exclusive Negotiation Agreement (ENA) with Majestic Realty Company with regard to the UNLVNow project. Regent Crear seconded.

32. Approved - UNLVNow Project (Agenda Item #30) – (Cont'd.)

Regent Trachok disclosed that a fellow attorney at his law firm represents parties in the UNLVNow project. Therefore, he would not be participating in the discussion or voting on the matter.

President Smatresk related that the ENA presented that day for the Board's consideration will provide a roadmap for UNLV as well as assurance to Majestic Reality that UNLV is working with them in good faith.

President Smatresk provided a presentation (*on file in the Board office*) of the project and ENA request, including the various project teams, timeline and a schematic description of the project including various stages of approval, basic economic terms, amended master plan, stadium financing and feasibility (*including a stadium financing plan and request for a tax increment zone*) and a master development agreement for the stadium and student village as well as other tasks as outlined in the schematic description.

President Smatresk emphasized that the Board of Regents would be integrally involved in the decision making and approval process for every stage of the project. Assuming that all other project approvals are in place, President Smatresk indicated that by September 2013, UNLV hopes to bring forward a master development agreement with groundbreaking to occur sometime in 2015.

President Smatresk related that if the various project approvals do not move forward, the ENA before the Board that day would formally end in September 2013 and the end of mutual responsibility between Majestic and UNLV would terminate by September 2015.

President Smatresk introduced Mr. Mark Fine, Chair of the UNLV Foundation and Chair of the UNLVNow project's Development Advisory Board.

Mr. Fine related that the goal of the Development Advisory Board was to assist UNLV in establishing the development parameters which will result in a positive economic and social impact on UNLV, the Las Vegas community and the state of Nevada. Mr. Fine stated that the Development Advisory Board has been involved and engaged in the development of the ENA agreement, development of the basic terms, financial feasibility aspects and the master plan update.

Mr. Fine introduced the members of the Development Advisory Board that were helping to bring private-sector expertise to the project: Mr. John Midby, Dr. Irwin Molasky, Mr. Ted Quirk, Mr. John O'Reilly and Mr. Rich Worthington. Members of the Development Advisory Board addressed the Board to elaborate on the process taken thus far and to express their support for the stadium project.

Regent Leavitt thanked the members of the Development Advisory Board and Majestic Reality for their commitment, optimism and vision for a project of this magnitude. He expressed his support of the requested ENA.

President Smatresk introduced Mr. Craig Cavileer and Mr. Ed Roski of Majestic Reality. Mr. Cavileer related that the UNLVNow project was no longer led by a handful of

32. Approved - UNLVNow Project (Agenda Item #30) – (Cont'd.)

stakeholders but was now led by the community and those that believe in the mission of the community and University. The community sees this project as a catalyst for transforming the University and its culture while recognizing the billions of dollars in economic benefits that this project would bring to the region. Mr. Cavileer stated that the Las Vegas community wants a comprehensive plan such as the UNLVNow and the UNLV Midtown Area projects.

Mr. Roski felt that the governing boards of institutions of higher education owed it to their campuses to consider new ways to accomplish the mission without looking to the state for more funding or to raise student fees. He felt that projects such as UNLVNow will make a difference to the University and will allow UNLV to accomplish its goals.

Mr. Cavileer thanked the many people that have worked on the UNLVNow project including, among others, Meis Architects, D3i Usa/Simon Sykes, Turner Construction, Hobbs Ong Associates, RCG/John Restrepo, Goldman Sachs and CSL-Bill Rhoda.

Ms. Elda Sidhu, General Counsel, UNLV, related that under specific circumstances, UNLV or a subsequent developer could pay the expenses accrued by Majestic Reality.

Ms. Sidhu requested that Section 18.C(B) of the ENA document (*page 27 of Ref. BOR-30*) be amended to read “... (B) the parties confirm that the amount of Accrued Majestic Expense incurred to date does not exceed \$650,000.”

Regent Alden agreed to amend the motion for approval of an Exclusive Negotiation Agreement (ENA) with Majestic Realty Company with regard to the UNLVNow project with an amendment to Section 18.C(B) of the ENA document (*page 27 of Ref. BOR-30*) to read “... (B) the parties confirm that the amount of Accrued Majestic Expense incurred to date does not exceed \$650,000.”

Regent Crear asked who was financially responsible for paying the \$650,000. Ms. Sidhu replied that under specific circumstances, if UNLV were to terminate the agreement, UNLV would be responsible for paying those expenses or pass those expenses onto another developer. Ms. Sidhu stated that the period of time involved with that provision would expire in September 2015.

Regent Crear agreed to the friendly amendment.

Regent Page expressed his support of the requested ENA. However, he asked if there was an updated estimate of the project costs available and what the plans were to address traffic flow. President Smatresk replied that the ENA outlines the process that will be used to address both Regent Page’s question. He indicated that perhaps as early as December 2012 finalized pricing would be available which would be a clear step to obtaining a financing package. President Smatresk indicated that conversations have

32. Approved - UNLVNow Project (Agenda Item #30) – (Cont'd.)

begun with Clark County and the FAA to make sure that the project has reasonable and clear transportation corridors which may significantly change from current traffic patterns.

Regent Page expressed concern that the number of seats projected for the stadium had increased from the previous estimates without the necessary studies having been done. He felt that the original \$45 million estimate was no longer reasonable. Mr. Bomotti replied that there were some early estimates mentioned that did not have a design process involved. The necessary studies including on- and off-site improvement costs, traffic issues, core buildings, site condition and so forth will be conducted in order to determine a number that will not change radically in the future.

Mr. Bomotti related that Regent Wixom had expressed concern for how the demand for student housing had been determined. Mr. Bomotti related that demand has not yet been determined but a study will be conducted as part of the master plan process which will dictate how much space is available. The project's partners will then update their demand studies as a result.

Secondly, Mr. Bomotti related that Regent Wixom had asked what assumptions had been considered on the utilization of the stadium or mega-events center. Mr. Bomotti related that a precise economic impact study is being developed that takes into consideration data consistent with current Las Vegas visitor numbers as well as events that have been declined in the past. That impact study will help UNLV to come forward with solid economic impact information.

Third, Mr. Bomotti related that Regent Wixom had asked who is conducting the review of the financing and would that review only be conducted by Majestic Reality or would UNLV also be involved. Mr. Bomotti related that information was not yet available but it was anticipated that UNLV will vet the numbers presented by Majestic Reality with the assistance of an outside consultant.

Fourth, Mr. Bomotti related that Regent Wixom had asked if UNLV was engaged with current partner AVS. Mr. Bomotti replied that was correct, adding that AVS is significantly involved in the master plan housing activities and the UNLVNow project.

Fifth, Mr. Bomotti related that Regent Wixom asked if the precise location of the project will affect retail and housing activities. Mr. Bomotti replied that the project will absolutely impact retail and housing activities which is why the master plan would be such a key factor. He stated that is why it was important to have agreements with the County for relocated activities, with the FAA in terms of height and other restrictions and with the County for traffic issues both on and off campus.

Regent Wixom thanked Mr. Bomotti for his answers. He emphasized how critical it will be for an independent consultant to review the cost estimates. He supported the project but wanted to make sure that the Board understood the ramification of the final proposed numbers.

32. Approved - UNLVNow Project (Agenda Item #30) – (Cont'd.)

Regent Knecht expressed his support and enthusiasm for the project. However, he felt that it was the Board's fiduciary responsibility to ask tough questions. He understood that the financial estimates were complex and difficult to determine at this point.

Regent Knecht asked if it was correct to state that the ENA contained a number of "off ramps" for the System. President Smatresk indicated that was correct, adding that there were a number of points at which the Board could cease the negotiation process.

Regent Knecht asked that he be allowed to personally review the financial models when they become available. He felt when that analysis was brought forward, he hoped that it would withstand "stress testing," in particular, not just expected values but also scenarios that address the possibility of drops in property sales and entertainment taxes of the sort experienced over the last four years. President Smatresk replied that UNLV has experienced such a drop in the Thomas and Mack Center. However, by the same token, the Thomas and Mack Center has been incredibly successful.

Regent Knecht stated that he would like to see what the possibilities would be for the University, the state and the taxpayers to participate in any equity stake without debt. Mr. Bomotti related those scenarios have been discussed but not finalized at this point in time. Since UNLV is a public entity there cannot be any form of real equity to the institution. However, the Board may allow some structure that would provide equity-type benefit.

Regent Knecht asked that another stress test scenario also take into consideration accelerated interest rates or inflation as indicated by the current interest rates. Regent Knecht hoped that most of the feasibility and financial analysis could be made public and that the Regents would have access to the analysis for their independent review and study.

Regent Crear expressed his full support for the UNLVNow project.

Regent Crear noted that the signature line at the bottom of the ENA indicates that the Chancellor could sign on behalf of the Board. He felt that the Chancellor could sign on behalf of the NSHE, but not on behalf of the Board. Mr. Wasserman indicated that the Chancellor's signature would be indicating that the agreement itself was approved by the Board at this meeting.

Ms. Sidhu indicated that UNLV had understood that the Chancellor would sign agreements as affirmation of the Board's approval rather than having the Chair of the Board sign directly.

Regent Crear asked that signature authority be flushed out so as to determine that an erroneous precedent is not set.

Ms. Nielsen related that although the Chancellor does have some signing authority for the Board, this particular document is designed in a way that the Chancellor's signature is only affirming the Board's approval. However, the signature line could be changed.

32. Approved - UNLVNow Project (Agenda Item #30) – (Cont'd.)

Chair Geddes asked that the Chancellor's signature authority be clarified.

Regent Melcher felt that it will be important to consistently use the same terminology in terms of mega-event center or mega stadium as the project moves forward.

Regent Schofield congratulated President Smatresk and Mr. Bomotti for their vision and passion for the project. In his opinion, the UNLVNow project was critical to the City of Las Vegas in terms of revenue and job development.

Chair Geddes referred to Section 18.C of the ENA document and requested clarification as to why it specifies that if both parties agree to walk away, Majestic Reality would still have exclusivity for a period of two years. Mr. Michael Buckley related that the ENA contemplates that UNLV has the unilateral right to terminate the relationship and if that occurs, then Majestic Reality has the right to recoup their expenses if another developer takes over the project.

Chair Geddes expressed concern that the wording indicates that even if Majestic Reality was paid the stipulated \$650,000, that Majestic Reality would still retain exclusivity for a period of two years. Mr. Buckley indicated that would apply only if UNLV terminates Majestic Reality.

Due to the complexity of the UNLVNow project, Chair Geddes requested that progress updates be sent to the Regents between Board meetings.

Motion carried. Regent Trachok abstained.

33. Information Only - Strategic Directions for the Future of Higher Education (Agenda Item #34)- At the January 20, 2012, special meeting of the Board, the Regents adopted strategic directions that the System and its institutions will use as a road map for meeting the Board's various goals and initiatives (*Ref. BOR-34 on file in the Board office*).

Chancellor Klaich related that the associated reference material (*Ref. BOR-34*) provided information on each of the projects as well as information on the lead staff and completion dates for each project.

In regard to #3 Efficiency and Effectiveness Committee that was still listed as "To Be Determined," Chancellor Klaich explained that initiative is going to be part of the consulting services rendered for the iNtegrate 2 project. An RFP has been issued for the business processes that will consider two broad subject matter areas including how to normalize processes at multiple campuses and how to lower transaction costs.

Regent Knecht distributed copies of an article from the Wall Street Journal "Higher Education's On-line Revolution" (*on file in the Board office*). The essence of the article was that a static budget or planning model could not be used that does not take into account

33. Information Only - Strategic Directions for the Future of Higher Education (Agenda Item #34) – (Cont'd)

innovation, technological progress and productivity gains through restructuring and generally doing more with less.

Regent Knecht left the meeting.

34. Approved - Election of Officers (Agenda Item #39) - In accordance with Regents' Bylaws (Article IV, Section 2), an election of officers for FY 2012-13 was held. These officers were elected to serve from July 1, 2012, through June 30, 2013.

A. Chair – Regent Page nominated Regent Geddes.

Regent Trachok seconded. Motion carried. Regent Knecht was absent.

B. Vice Chair – Regent Trachok nominated Regent Page.

Regent Alden seconded. Motion carried. Regent Knecht was absent.

Regent Knecht entered the meeting.

35. Information - Report on the Committee to Study the Funding of Higher Education (Agenda Item #36) - Chancellor Daniel J. Klaich presented a report on the progress of the Legislature's Interim Committee to Study the Funding of Higher Education. This included a review of the proposed timeline for the Committee's work and expected deliverables as well as a discussion of the alternate funding formula developed by NSHE (Ref BOR-36 on file in the Board office).

Chancellor Klaich related that Senator Horsford, Chair of the Interim Committee, has appointed three sub-committees to work on specialized items related to different areas of the formula, that the consultant finished its second deliverable on formula funding last week and that the critical importance of defining performance metrics and objectives would begin the following week.

Regent Melcher indicated that he had watched the Interim Committee's last meeting via the web and had enjoyed the presentation made by the Consultant, SRI, that emphasized how important it would be not to get caught up in fairness or being equitable and that more importance needed to be placed on making sure that all of Nevada is funded in the best way possible.

Regent Knecht asked the Chancellor if consideration was being given to the rural factor. He also noted that, to the extent that the inherently higher costs of operating on a smaller scale are not recognized in the funding formula, that there is an elasticity of demand and

35. Information - Report on the Committee to Study the Funding of Higher Education (Agenda Item #36) – (Cont'd.)

migration effect. For example, if the classes are not adequately funded on a smaller campus, not only will classes not be delivered but there is a possibility that those potential students will be sent to UNR which has a higher associated cost of delivery.

Chancellor Klaich agreed with the necessity of serving Nevadans where they live and reside. Although some models may or may not be sustainable, the small enrollment will need to be considered. It will be important for all NSHE institutions to work together to make sure that all Nevadans are served.

Regent Anderson asked if there were major changes between the information presented that day and the previous presentation of the material. Chancellor Klaich indicated that no changes had been made. The primary focus was on the performance funding pool which is not yet at the point of presentation to the Board for its consideration or action.

Regent Anderson asked if NSHE was working with the Nevada Faculty Alliance (NFA) to resolve any issues. Chancellor Klaich indicated that NSHE was working with the NFA, the Governor's office and the National Governor's Association (NGA) among others.

36. Action Taken - 2013 Capital Improvement Projects and 2013-15 Biennial Budget Discussion (Agenda Item #37) – The Board of Regents discussed the priorities for the 2013-15 budget request and approved the 2013 Capital Improvement Projects (CIP) priorities (Handouts on file in the Board office).

On behalf of the presidents, Chancellor Klaich presented the System's recommendations for the operating base and enhancement request for the 2013-15 biennial budget. The first priority was in compliance with the Governor's budget instructions to submit a flat budget request with restoration of faculty pay cuts, to end furloughs and to fund merit pay which would result in a 10% increase of the current budget (*over \$100 million*).

The Governor's instructions were in harmony with the Board's direction that restoration of faculty pay be the highest priority. The second item listed for special consideration is to move forward with the new funding formula, with appropriate provisions for mitigation, request for the funding of a performance pool and a phased-in restoration of the general fund budget reductions over the last four years. The third priority falls under policy considerations and includes two statewide items not otherwise specified in the budget: funding of the Knowledge Fund and assistance with employee health benefits.

Chancellor Klaich indicated that the first through third priorities are System-wide and positively affect all NSHE institutions. Each president was asked to provide their top three operating priorities and although most of their responses are reflected within the System's top three, any institution-specific priorities that did not fall into the top three priorities are listed as Priority X. Chancellor Klaich related that it was difficult for him to recommend any of the institution-specific priorities given the significant cost of the top three System-wide priorities.

36. Action Taken - 2013 Capital Improvement Projects and 2013-15 Biennial Budget Discussion (Agenda Item #37) – (Cont'd.)

Chair Geddes felt that in previous budget discussions, the Board had approved a process to extend budget cuts to the UNR Cooperative Extension program for an additional year and to leave that program on the priority list to provide time for program supporters to request restoration of funding on behalf of the Board of Regents.

Chancellor Klaich replied that it would be difficult for him to differentiate budget reductions for one program from the reductions made at the other institutions. Although he understood the statewide mission of the University of Nevada, Reno and its Cooperative Extension program, he felt that then UNR President Glick and then UNR Provost Johnson made a specific decision to field UNR's portion of the budget reductions in the manner that they had specified.

Chair Geddes stated that it was more a question of process. He thought that the Board had approved and ratified a decision to retain Cooperative Extension as a budget priority. Chancellor Klaich indicated that he would need to review those meeting minutes.

Chair Geddes requested that the minutes be reviewed to determine if such a motion had been made and if so, then the Board needed to address its previous action as part of its consideration for that day's presented budget priorities.

Regent Crear requested confirmation that the restoration of salary will cost \$100 million. Chancellor Klaich related that the Governor's Budget instructions indicated the cost will be approximately \$97 million. Upon review of the Governor's instructions, the NSHE Finance department felt that the number would be slightly higher but within \$100 million.

Regent Crear asked if the definition of restoration was to return salaries to pre-implementation of budget reduction measures, or to make up for some of the difference that would have since been lost. Chancellor Klaich replied that it was to bring the faculty back to pre-implementation of budget reductions and not to make up for any applicable increases that may have occurred during the salary freeze.

Regent Crear asked that Chancellor Klaich clarify the NSHE's operating request. Chancellor Klaich recommended that the Board adopt as its operating base and enhancements the three items listed as Priority 1 (*Consistent with Governor's Budget instructions*), Priority 2 (*Items for Special Consideration*) and Priority 3 (*Policy Considerations*). However, he also brings forward items listed under Priority X on behalf of the individual institutions but it was not his recommendation that institution-specific priorities be built into the budget (*see handout on file in the Board office*).

Regent Crear requested clarification of items a, b and c listed under Priority 2.
Priority 2 – Items for Special Consideration:

36. Action Taken - 2013 Capital Improvement Projects and 2013-15 Biennial Budget Discussion (*Agenda Item #37*) – (*Cont'd.*)

- a. Adoption of new funding formula with appropriate provisions for mitigation - Chancellor Klaich explained that in the new funding formula model there are negative impacts for the three northern community colleges that total approximately \$13.2 million. He felt that cuts of that magnitude may be difficult for those institutions to absorb and will therefore bring forward some form of mitigation when the final budget is proposed.

Regent Crear asked if mitigation was similar to hold harmless. Chancellor Klaich replied that it was similar. He stated that there were many issues still to be resolved such as how much, for what, for how long, and one time versus operating. Those will be worked out and brought back to the Board for its discussion.

- b. Performance Pool Funding – Chancellor Klaich explained that as the funding formula recommendations were developed, there has always been an aspect of performance funding contained within it. The System has never taken a specific position that performance incentives should be funded other than with new money. Although there has been much discussion of whether performance funding should be carved out of existing funding, Chancellor Klaich emphasized that has never been the System's position. The System will bring forward a proposal for a performance funding pool based on the NGA metrics as previously presented to the Board.

Regent Crear asked if performance pool funding included faculty merit pay. Chancellor Klaich clarified that performance pool funding did not include individual faculty merit pay. He explained that performance pool funding was more consistent with institutional merit pay that will only be received if the approved metrics are met.

Regent Crear asked what the anticipated number for that funding will be. Chancellor Klaich replied that was as yet an undefined number.

- a. Phased-in restoration of the approximately 29% of general fund reduction (*adequacy issue*) – Chancellor Klaich explained that in previous biennia, the System had hit a legislative “high-water” mark for funding of no greater than \$683 million. Current funding is \$473 million. One of the decisions made in developing the new funding formula model was to make it revenue neutral. However, a consistent question throughout the process has been if the System is funded adequately, to which Chancellor Klaich has replied that the System was not. This request would be a placeholder to draw back some of that funding gap over time.

Regent Crear asked if the items requested were revenue neutral then where would the funding come from. Chancellor Klaich clarified that only Priority 1 would be revenue neutral and that is to comply with the Governor's Budget instructions.

36. Action Taken - 2013 Capital Improvement Projects and 2013-15 Biennial Budget Discussion (Agenda Item #37) – (Cont'd.)

Chair Geddes explained that the Board will be presented with actual budget templates at its August 24, 2012, meeting. Per the Governor's Budget instructions the System's budget should be set at a flat dollar amount plus \$100 million for restoration of faculty salary. Priorities 2, 3 and X are not in the Governor's Budget and cannot be accurately determined until the new funding formula is approved.

Chancellor Klaich added that the recommendations before the Board that day are an indication of how the System would like to build the budget so that it may propose an actual budget to the Board at its August 24, 2012, meeting.

Regent Knecht asked if the recommendations for the operating budget were revenue neutral based on the current or previous budget numbers. Chancellor Klaich stated that his definition of revenue neutral for that day's discussion and during the analysis for the Interim Committee to Study the Funding of Higher Education was based on current appropriations of \$473 million for each year of the biennium.

Given the Governor's Budget instructions, Regent Knecht felt that it would be reasonable to address revenue neutrality in the new funding formula in terms of \$473 million plus \$100 million. Depending on the state's fiscal condition, that number could be even higher as the basis for assessing revenue neutral allocations. Chancellor Klaich related that he tries to bring to the Board a budget request that is in compliance with what the Governor has asked for. The proposed recommendations are what the System feels are good priorities to start with. He intends to fight for more than \$473 million, but that is the number that he will start with.

Regent Knecht agreed that would be a reasonable and highly defensible position from which to start from. However, he also felt that it was just as reasonable to start with \$473 million plus \$100 million. He also felt that although some accounts of the budget reductions sustained by higher education have been overstated, the fact is that higher education has been hit hard in reductions relative to other favored areas of the State's budget. He felt that there was a good argument for requesting above \$573 million. Chancellor Klaich agreed with Regent Knecht.

In regard to Cooperative Extension, Regent Knecht also recalled that the Board had expressed a commitment that the Cooperative Extension program remains a priority to provide the program's advocates with an opportunity to have funding for that program restored. To that end, subject to verification of the record or reconsideration by the Board, he hoped that the Cooperative Extension program would be included under Priority 1 or Priority 2 for the reasons previously expressed by Regent Geddes.

Chancellor Klaich clarified that the \$100 million being discussed is a biennial figure (*\$50 million in each year of the biennium*).

36. Action Taken - 2013 Capital Improvement Projects and 2013-15 Biennial Budget Discussion (Agenda Item #37) – (Cont'd.)

Regent Knecht noted that the \$473 million figure was an annual figure. Chancellor Klaich indicated that the 10% increase in the System's budget had been based on the application of the cost of restoration of faculty salaries to the \$473 million annual budget.

Regent Alden asked if the Board would consider the operating budget as a committee of the whole. Chair Geddes stated that was correct.

Regent Alden emphasized that it was important to request the level of funding that was needed. He felt that funding should follow enrollments, productivity and graduation rates which meant that the smaller schools would be hurt, particularly GBC and WNC. However, given his opinion, he also felt that it was important for the local communities to support their schools. He noted that that the southern institutions had 72 percent of the enrollments but only 62 percent of the budget. He asked that CSN, UNLV and NSC be funded adequately while also adequately funding the other parts of the state.

Regent Blakely expressed his support of the recommendations for the 2013-15 operating budget as presented by the Chancellor with UNR Cooperative Extension program being the next immediate priority. He felt that would allow the System to be consistent with the Governor's Budget instructions and responsive to the needs of the state.

Regent Leavitt asked if a motion would be taken on this agenda item. Chair Geddes stated that a motion would not be taken on the budget priorities but that the Board's discussion would provide direction to the Chancellor.

President Smatresk expressed his strong sentiment that had the meeting at which the budget reductions were discussed, including Cooperative Extension, been held in Las Vegas instead of Reno, there would have been equally strong sentiments expressed for the cuts made at UNLV or the other institutions. He related that when he had initially proposed program cuts for UNLV, specific Regents had asked him to put the programs back together which he had done in some cases with means that have not necessary come to fruition. He strongly felt that if an exception is made for one institution, then that would negatively impact the other institutions.

Chair Geddes reiterated that if the Board had voted a specific way, then the Board needed to honor the vote made at the time and that vote needed to be taken into consideration to prepare the final budget request. He understood that may anger the other seven presidents. However, he felt that the Board had been deliberative in its consideration and had heard from students in several programs and from several locations. Chair Geddes related that it was not only the public testimony that had formed his position. He had also taken into consideration the Cooperative Extension program's partnerships with Nevada's 17 county commissions.

36. Action Taken - 2013 Capital Improvement Projects and 2013-15 Biennial Budget Discussion (Agenda Item #37) – (Cont'd.)

Regent Melcher stated that earlier that day, he had made a comment to the Chancellor that it was important to fund all institutions as best as possible. He emphasized the importance of the System and the state moving past the north versus south mindset and moving toward making the best decisions for the state.

Regent Doubrava asked President Johnson to elaborate on the School of Medicine enhancement listed under Priority X. President Johnson related that the 2009 Legislature had invested taxpayer funds into the Health Sciences Education Building to increase the medical class size from 62 to 100 students and the nursing class size from 96 to 192 students per year. Although the facility is now available, staffing is needed to fulfill the goal of that building. The request includes three functions: 1) additional staffing for the School of Nursing; 2) additional staffing for School of Medicine in the Health Sciences Education Building and to implement the integrated curriculum mandated by the LCME review; and 3) to increase staffing to enhance the number of clinical and residency spots to mirror the image of the larger class size. President Johnson stated that it was not a restoration but a growth to meet objectives.

Regent Doubrava asked for clarification if the request was to address growth to meet the objectives because of the increased square footage of classroom space on the Reno campus. President Johnson stated that was one of the request's three objectives with the other two being to enhance faculty in order to implement the integrated curriculum and to build out the residency program throughout the state wherever those residency slots may occur.

The meeting recessed at 2:24 p.m. and reconvened at 2:38 p.m. on Friday, June 1, 2012, with all members present except for Regents Anderson, Page and Wixom.

36. Information - 2013 Capital Improvement Projects and 2013-15 Biennial Budget Discussion (Agenda Item #37) – (Cont'd.)

Chair Geddes asked the Chancellor what the projection was for the state-wide Capital Improvement Project (CIP) budget. Chancellor Klaich related that there had been an early indication that the state-wide CIP budget may be approximately \$60 million.

Chancellor Klaich presented the System's recommendations for the 2013 CIP request. He stated that he had tried to base his recommendations on where it is appropriate for the System to grow (*handout on file in the Board office*).

Chancellor Klaich explained that the UNLV Hotel College Academic Building had been listed separately as it really did not fall in with the spirit of the remainder of the projects. The UNLV Hotel College project was a request to repurpose funds previously approved for the prior Hotel College academic project with an additional request for an extension of that project's completion time.

36. Action Taken - 2013 Capital Improvement Projects and 2013-15 Biennial Budget Discussion (Agenda Item #37) – (Cont'd.)

Following that item, Chancellor Klaich stated that the next category reflected the Board's policy that funds be requested each biennium for the improvement and maintenance of existing infrastructures (*also broken into Priority 1, Priority 2 and Priority 3 projects*).

That category was then followed by a list of 2013 Proposed CIP Projects. Chancellor Klaich stated that each of the projects listed under that category has an institutional match for the state funds being requested. If the institution does not have the ability to commit its matching funds, Chancellor Klaich felt that their priority ranking should be affected.

Chancellor Klaich stated that the final category reflected a request for System-wide Deferred Maintenance.

Regent Doubrava requested clarification of the request for the UNLV Hotel College Academic Building. Chancellor Klaich related that the original request was for a location by the Flamingo Wash in Las Vegas, close to the DRI projects that included covering of the Wash as well as other improvements. However, UNLV's President and Dean of the Hotel College felt that an academic building for a program of that high of visibility should be located closer to campus and adjacent to the current Hotel College buildings. The request includes an extension to the time needed to complete the project and a re-appropriation of already approved funds for the new purpose.

Regent Knecht moved approval of the 2013 CIP priorities. Regent Alden seconded. Motion carried. Regents Anderson, Page and Wixom were absent.

Chancellor Klaich encouraged the Board to review the presentation prepared by the institutions for each of the projects (*presentation on file in the Board office*).

37. Approved - Academic & Student Affairs Committee (Agenda Item #40) – Regent Cedric Crear reported that the Academic & Student Affairs Committee met on May 31, 2012, and heard the following reports:

- Ms. Renee Davis, NSHE Director of Student Affairs, presented the *2010-11 NSHE Financial Aid Report* that includes information on financial aid programs and awards distributed across the system.
- Faculty Senate Chairs from UNLV, NSC, and CSN presented a report concerning general education curriculum requirements that includes information regarding recently adopted core curriculum changes and anticipated changes across the System, as well as how the institutions work together in coordinating such curricular revisions.

37. Approved - Academic & Student Affairs Committee (Agenda Item #40) – (Cont'd.)

- Ms. Crystal Abba, Vice Chancellor for Academic and Student Affairs, presented a summary report on compensated outside professional and scholarly services performed by full-time faculty members across the NSHE, including institutional resolution of potential conflicts of interest in accordance with Board policy (*Title 4, Chapter 3, Section 8 and Title 4, Chapter 11, Section 12*).

Action items

Board action was requested to approve the following recommendations of the Academic and Student Affairs Committee.

- The Committee recommended approval of the minutes of the March 1, 2012, meeting of the Academic and Student Affairs Committee.
- The Committee recommended approval of the elimination of the BA in Senior Adult Theater at UNLV.

Regent Crear moved approval of the Committee's recommendations and acceptance of the report.
Regent Leavitt seconded. Motion carried. Regents Anderson, Page and Wixom were absent.

38. Approved - Audit Committee (Agenda Item #41) - Chair Mark Alden reported that the Audit Committee met on May 31, 2012, and heard the following reports:

- The Committee received follow-up responses for six internal audit reports that were presented to the Audit Committee at the December 2011 meeting.
- Ms. Sandi Cardinal, Assistant Vice Chancellor for Internal Audit, reported that all institution bank reconciliations are up-to-date.
- The Committee did not recommend approval of an exemption for the year ended June 30, 2012, from the audit requirements stated in the Board of Regents' *Handbook (Title 4, Chapter 10, Section 9.B1)* for the UNLV Alumni Association, UNLV Football Foundation and UNLV Golf Foundation.
- The Committee requested a follow-up response for the UNLV Intercollegiate Athletics internal audit report be reported at the September Audit Committee meeting. A follow-up report for the UNLV Network Security audit report should be submitted when the remaining recommendations have been implemented.

Action items

Board action was requested to approve the following recommendations of the Audit Committee.

- Minutes – The Committee recommended approval of the minutes from the March 1, 2012, meeting of the Business and Finance Committee.
- Internal Audit Reports – The Committee recommended approval of the following internal audit reports:
 - Associated Students of the University of Nevada School of Medicine, UNR.

38. Approved - Audit Committee (Agenda Item #41) – (Cont'd.)

Action items – (Cont'd.)

- Campus Recreational Services, UNLV.
- Thomas & Mack Food and Beverage Department Operations, UNLV.
- Hosting, CSN.
- Foundation Audit Exemptions – The Committee recommended approval of an exemption for the year ended June 30, 2012, from the audit requirements stated in the Board of Regents' *Handbook (Title 4, Chapter 10, Section 9.B1)* for the following:
 - a. UNLV Research Foundation.
 - b. GBC Foundation.

Regent Alden moved approval of the Committee's recommendations and acceptance of the report.

Regent Melcher seconded. Motion carried. Regents Anderson, Page and Wixom were absent.

39. Approved - Business & Finance Committee (Agenda Item #42) - Chair Mark Alden reported that the Business & Finance Committee met on May 31, 2012, and heard the following reports:

- All Funds revenues and expenses of the NSHE for the third quarter of fiscal year 2011-2012.
- NSHE Fiscal Exceptions of self-supporting budgets and the status of state appropriations for the third quarter of fiscal year 2011-2012.
- NSHE crime statistics report for calendar year 2011 prepared in compliance with the Jeanne Clery Disclosure of campus security policy and campus crime statistics as part of the Higher Education Act of 1965.
- Budget transfers of state appropriated funds between functions for the third quarter of fiscal year 2011-2012.

Action items:

Board action was requested to approve the following recommendations of the Business and Finance Committee:

- The Committee recommended approval of the minutes from the March 1, 2012, Business & Finance Committee meeting.
- The Committee recommended approval for the Nevada System of Higher Education to expend any excess student registration fee revenues for the purpose of funding additional adjunct faculty and to seek Interim Finance Committee authorization to expend any additional registration fee revenues not utilized for adjunct faculty and any nonresident tuition and surcharge fee revenues in addition to the amounts authorized in FY 2012.
- The Committee recommended approval for the Nevada System of Higher Education to seek Interim Finance Committee authorization to expend, within the State Supported Operating Budget, in fiscal year 2012-13, student surcharge fee revenues and additional student tuition and registration fee revenues projected to be collected based upon the Board of Regents' approved tuition and fee increases.

39. Approved - Business & Finance Committee (Agenda Item #42) – (Cont'd.)

- The Committee recommended approval of a revision to the existing policy concerning delinquent student accounts (*Title 4, Chapter 17, Section 2*). Specifically, the proposed revision identifies fee categories to be taken into consideration when assessing a student account for delinquency for purposes of preventing further enrollment.
- The Committee recommended approval for the University of Nevada, Reno (*UNR*) to seek Interim Finance Committee approval, pursuant to A.B. 580, Section 50 of the 2011 Legislative Session to transfer \$4,539,082 in appropriated state funds from UNR's main budget account to the University of Nevada School of Medicine budget.
- The Committee recommended approval of a resolution, on behalf of Truckee Meadows Community (*TMCC*), (1) requesting the State Board of Finance to call the TMCC 2002 GO Bonds on the redemption date (2) to defease the 2002 Bonds (3) to pay the costs of the defeasance and redemption of the 2002 Bonds on the Redemption date and (4) to delegate the authority to NSHE's Vice Chancellor for Finance to establish an irrevocable escrow account to fund the defeasance of the bonds.
- The Committee recommended approval of a resolution, on behalf of the University of Nevada School of Medicine, to issue a 5 year taxable note up to \$6,250,000 to finance the costs of capital improvements at the University of Nevada, Reno, including new Practice Management and Electronic Medical Record Systems for the University of Nevada School of Medicine practice plan.

Regent Melcher moved approval of the Committee's recommendations and acceptance of the report. Regent Alden seconded. Motion carried. Regents Anderson, Page and Wixom were absent.

40. Approved - Investment & Facilities Committee (Agenda Item #43) – Vice Chair Cedric Crear reported that the Investment & Facilities Committee met on May 31, 2012, and heard the following report:

- Mr. David Breiner from Cambridge Associates reported on the asset allocation and investment returns for the pooled endowment and pooled operating funds for the quarter ending March 31, 2012. This included a review of asset allocation policy targets for the Endowment Fund as well as a review of the current spending rate of 6%. These issues will be reviewed further at the Committee's meeting in September.
- Director of Banking and Investments Ruby Camposano reported that the balance of the reserve account of the operating pool fund as of close of business on Wednesday, May 30, 2012, was negative \$2.80 million.
- Accepted reports on institution plans to increase grant and contract activity.

40. Approved - Investment & Facilities Committee (Agenda Item #43) – (Cont'd.)

- Nevada State College (NSC) President Bart Patterson reported a potential capital project for the construction and lease, or lease purchase, of a Nursing/Science Building and a Student Services/Administration on the NSC campus.

Action items:

Board action was requested to approve the following recommendations of the May 31, 2012, Investment and Facilities Committee:

- The Committee recommended approval of the minutes from the March 1, 2012, meeting of the Investment and Facilities Committee.
- Mr. Breiner from Cambridge Associates reported on the asset allocation and investment returns for the pooled endowment and pooled operating funds for the quarter ending March 31, 2012. The Committee recommended approved the following recommendations based on the report:
 - ✓ A new commitment of \$5.0 million from the Endowment Pool to the Commonfund Venture Partners X fund.
 - ✓ Full redemption of the Endowment Pool's position with Och Ziff and Farallon absolute return portfolios. Cambridge Associates will bring recommendations at the September 2012 committee meeting on where to direct the redemption proceeds.
 - ✓ Diversifying the fixed income investments within the Endowment Pool. Twenty percent (20%) funds currently invested in PIMCO Total Return within the Endowment Pool was approved to be redeemed (*approximately \$8 million*) and reinvested in WellsCap Montgomery U.S. Core Fixed Income 3C7 fund.
 - ✓ Redemption of \$3.0 million from the Vanguard Institutional Index fund in the Endowment Pool. The money will be used to fund distributions to the institutions and the 1.5% management fee for the quarter ending June 30, 2012.
 - ✓ Rebalancing of the Operating Pool; specifically, to transfer \$50.0 million from cash accounts and reinvest the funds to various specified long term asset classes as recommended by Cambridge Associates.
- The Committee recommended approval the request from TMCC Foundation to implement a 1.5% management fee on Truckee Meadows Community College endowment accounts, retroactive to April 1, 2012.
- The Committee recommended approval of the request for a long-term lease (*five-year initial terms with one five-year extension by mutual written agreement*) with the City of Las Vegas for the College of Urban Affairs at the historic Fifth Street School.
- The Committee recommended approval of a six-year lease agreement with Koll/PER Tropicana Executive Center, LLD, to lease property at 1455 E. Tropicana Avenue for the UNLV Center for Academic Enrichment and Outreach (CAEO) to occupy the premises.

40. Approved - Investment & Facilities Committee (Agenda Item #43) – (Cont'd.)

- The Committee heard the presentations of the two Merchant Services providers, Wells Fargo Bank and Chase Payment Tech; and recommended the selection of Wells Fargo Bank to continue providing the System-wide Merchant Services. The Committee recommended approval to award Wells Fargo Bank a new contract effective January 1, 2013, with the contract terms as set forth in the Request for Proposal.

Regent Alden moved approval of the Committee's recommendations and acceptance of the report from its May 31, 2012, meeting. Regent Crear seconded. Motion carried. Regents Anderson, Page and Wixom were absent.

Vice Chair Cedric Crear reported that the Investment & Facilities Committee met on March 9, 2012, and heard the following report:

- David Breiner from Cambridge Associates led the Committee through a comprehensive review of the Endowment Pool, including a review of NSHE's current investment policies, financial objectives and asset allocation.

Regent Crear moved acceptance of the Committee's report from its March 9, 2012, meeting. Regent Alden seconded. Motion carried. Regents Anderson, Page and Wixom were absent.

41. Approved - Workforce, Research And Economic Development Committee (Agenda Item #44) - Chair Kevin C. Melcher reported that the Workforce, Research and Economic Development Committee met on May 31, 2012, and heard the following reports:

- Ms. Sandy Haslem, Director, Nevada Industry Excellence (NVIE), presented a report on the work of NVIE (*formally MAP*), which assists businesses in the manufacturing, construction and mining industries to become industry leaders in the markets they serve. Nevada Industry Excellence enables businesses to be flexible and responsive in a rapidly changing marketplace by providing the expert resources and programs to grow sales, improve processes, and increase efficiencies and productivity.
- Mr. Steve Hill, Executive Director of the Office for Economic Development and member of the Governor's cabinet, reported on the ongoing economic development initiatives across the State and their links to higher education.
- Ms. Lori Brazfield, NSHE Director, System Administration Sponsored Projects Office, presented the NSHE Sponsored Programs Report for the fiscal year ending June 30, 2011. The report includes information on sponsored project awards and expenditures for all NSHE institutions.

41. Approved - Workforce, Research And Economic Development Committee (Agenda Item #44) – (Cont'd.)

- Representatives from each NSHE institution were available to answer questions on information presented on the job fairs and career placement programs in place at their respective institutions.

Action items:

Board action was requested to approve the following recommendations of the Regents Workforce, Research and Economic Development Committee:

- The Committee recommended approval of the minutes from the March 2, 2012, meeting of the Workforce, Research and Economic Development Committee.

Regent Melcher moved approval of the Committee's recommendations and acceptance of the report. Regent Trachok seconded. Motion carried. Regents Anderson, Page and Wixom were absent.

42. Approved - Cultural Diversity Committee (Agenda Item #45) - Chair Cedric Crear reported that the Cultural Diversity Committee met on June 1, 2012, and heard the following reports:

- An informational presentation from Linda Heiss, NSHE Director for Institutional Research, discussed the *2010-11 NSHE Diversity Report*. The report included data on the ethnic/racial distribution of students, faculty, and staff and other diversity related performance indicators.
- President Maria Sheehan and EDIC representatives, Dr. Reginald Stewart from UNR and Constance Brooks from CSN, reported on progress with Nevada Diversity Summit. Two Summits will take place in October 2012: one in Southern Nevada on October 5th and one in Northern Nevada on October 11th. Each summit will focus on the unique challenges facing their particular geographic area.

Action items:

Board action was requested to approve the following recommendations of the Regents Cultural Diversity Committee:

- The Committee recommended approval of the minutes of the March 2, 2012, meeting of the Cultural Diversity Committee.
- The Committee recommended approval of a revision to Board policy requiring reporting by NSHE institutions on certain primary contracts and their respective Tier II supplier diversity spending (*Title 4, Chapter 10, new Section 2*). The revision includes an amendment to the Procedures & Guidelines manual governing Tier II supplier diversity spending reports, clarifying the applicable contracts, reporting periods, and reporting requirements (*Chapter 5, Section 2*).

42. Approved - Cultural Diversity Committee (Agenda Item #45) – (Cont'd.)

- The Committee recommended endorsement of a proposed amendment to the Code provisions governing confidentiality of employment application materials (*Title 2, Chapter 5, Section 5.6.3*) which will change the application process to authorize the sharing of application materials between NSHE institutions for employment recruitment purposes if the applicant gives permission to share such information. This item will be presented for an initial discussion to the Board of Regents on June 1, 2012, and will be on the agenda for final action at the September Board of Regents' meeting.

New Business

- Regent Crear requested an update on TMCC's efforts to create an Office of Inclusion and Diversity at the September meeting.

Regent Crear moved approval of the Committee's recommendations and acceptance of the report.
Regent Trachok seconded. Motion carried. Regents Anderson, Page and Wixom were absent.

43. Approved - Health Sciences System Committee (Agenda Item #46) - Chair James Dean
Leavitt reported that the Health Sciences System Committee met on June 1, 2012, and heard the following reports

- Chair Leavitt provided remarks throughout the meeting. He recognized the first two graduates of joint PhD programs in Nursing and Public Health between UNR and UNLV. He commended UNSOM on its LCME accreditation efforts.
- Vice Chancellor Marcia Turner presented an update on the Health Sciences System Council. The members continued work on the program inventory initiative which will be ready in a few weeks. An overview of this inventory will be given to the Committee at the next meeting. This inventory information will be shared with the Council and the creation of clusters will be the next step to encourage collaborations and to become the "go to" experts to address healthcare issues in the state. HSS has launched the Nevada Health Workforce Study and had its first meeting with partnering agencies to gather input on scope. The tentative date of completion is November 2012. Agencies involved include NSHE, DETR, DHHS and GOED. HSS also launched the NSHE Research and Scholar searchable database on May 9. To date 77 faculty have participated throughout NSHE and there have been positive comments received. Another notice will go out in the fall semester to capture faculty who may have been away during the summer. The FTI programmatic assessment study on NSHE allied health programs and identification of potential opportunities with the developing UMC academic health center initiative is completed and the Committee heard the report.

43. Approved - Health Sciences System Committee (Agenda Item #46) – (Cont'd.)

- Ms. Kerry Shannon from FTI Consulting presented her report on the health sciences programmatic assessment related to the academic health center with the University Medical Center of Southern Nevada (UMC) and NSHE health professions. She provided both near term opportunities and additional general recommendations to initiate over the next 1-3 years. Change in culture was emphasized as being imperative to success.
- Dean of UNSOM/Vice President of the Division of Health Sciences, Dr. Thomas Schwenk, presented a status report on the strategic planning and operating relationship between UNSOM and UMC in addition to other UNSOM affiliations in Reno. He also provided the Committee with an update on practice plan board restructuring, curriculum transformation and research development. Developments are moving forward in the discussion of facilities on the UMC Campus. Mr. Brian Brannman, CEO of UMC, stated that it is imperative to have joint strategic planning and to have UMC and UNSOM strategic plans align. Steps are being taken to ensure both groups are collaborating.
- Dr. Thomas Schwenk presented UNSOM's plan to purchase a new Practice Management System and Electronic Medical Records (EMR) System and explained the benefits of this technology and impact it will have on operations, research and training.
- Dr. Thomas Schwenk presented UNSOM's new operational approach to creating a market-based component of the salary structure for physician faculty members which is based on clinical productivity. The purchase of the EMR System will assist in providing timely reports on physician productivity.
- Desert Research Institute Human Health and Environment Research Program Overview was deferred and will be discussed at the September meeting.
- Dr. Darren Divine, Vice President, Academic Affairs of CSN, provided background information and status of the Occupational Therapist Assistants Program. Unsuccessful recruitment efforts for two key program positions and salary constraints have made it difficult to maintain accreditation status. Therefore, a decision was made to take steps to hiatus the program. The Committee requested that this item be brought back to the September meeting and directed staff to work with the institution to identify possible solutions.

Action items:

Board action was requested to approve the following recommendations of the Regents Health Sciences System Committee:

- The Committee recommended approval of the minutes from the March 2, 2012, Health Sciences System Committee meeting.
- The Committee recommended acceptance of the FTI Report and to adopt the recommendations.
- The Committee recommended the Occupational Therapist Assistants Program item be brought back to the September 2012 meeting and directed System staff to work with CSN to identify possible solutions.

43. Approved - Health Sciences System Committee (Agenda Item #46) – (Cont'd.)

Regent Leavitt moved approval of the Committee's recommendations and acceptance of the report.
Regent Doubrava seconded. Motion carried.
Regents Anderson, Page and Wixom were absent.

44. Information Only - Code Revision, Curricular Review (Agenda Item #32) - Interim Chief Counsel Brooke Nielsen requests Board of Regents approval of amendments to the Board of Regents' Code, Title 2, Chapters 1 and 5, including, but not limited to, amendments to curricular review provisions, separation of curricular review and financial exigency and procedural amendments. This is the first hearing at which this Code revision is being requested and is presented for information only. Final action will be requested at the September 2012 meeting of the Board (Ref. BOR-32 on file in the Board office).

Ms. Nielsen related that the Code Review Task Force began reviewing the curricular review policy in December 2010. The first item of consideration had been financial exigency and other curricular review policies in the Code. In the fall of 2011, the Task Force began to work closely with the Faculty Senate Chairs. The immediate past and present faculty senate chairs have been involved in developing the proposed policy revisions.

Ms. Nielsen thanked the faculty senate chairs for their cooperation and collaboration, in particular Dr. Robin Herlands, Dr. Greg Brown and Ms. Angela Brommel and Dr. David Ryfe. Ms. Nielsen related that the proposed revisions were reviewed by the institution presidents as well as the institution legal counsels.

Ms. Nielsen explained that there were three parts to the proposed revision. The first amends the curricular review process itself. The second differentiates curricular review and financial exigency as two different processes. The third will propose amendments to the reconsideration process for affected faculty members.

Ms. Nielsen stated that revisions were made to help define and explain what is meant by curricular review and includes the addition of the following sentence to Title 2, Chapter 1, Section 1.1(F):

“Bona fide curricular reasons may include, but are not limited to, low or declining student demand, changes in the mission of a system institution, or adverse financial conditions forcing a system institution to prioritize its projects, programs and curricula.”

Ms. Nielsen explained that the proposed revision builds in levels of consultation in the initial development of and final approval of an institution's curricular review plan, including consultation with the faculty senate and a public presentation of the plan. Initial plans will state the reasons for the proposed revisions, criteria used to select a particular unit or program for reduction or reorganization, process or criteria used in attempts to continue faculty members in their employment, as well as the process and

44. Information Only - Code Revision, Curricular Review (Agenda Item #32) – (Cont'd.)

criteria by which an institution will try and offer reemployment of those faculty having been laid off. Other elements of the process include access to financial data used to develop the proposal opportunity to suggest alternatives and a final plan that is presented to the Board for its review and approval.

Ms. Nielsen related that the proposed revisions pertaining to the process for reconsideration of employment were mostly minor but included provisions for the administration to have an opportunity to respond to the reconsideration committee, that hearings will be audio recorded with a copy of the recording provided to the effected faculty member as well as provisions for how documents will be served.

Mr. David Zeh, Faculty Senate Chair, UNR, related that it was the unanimous view of the Faculty Senate Chairs Council that the proposed revisions represent a fundamental advance in the area of curricular review. It was felt that the revisions would trigger: (1) a faculty senate review of the budget to provide a recommendation to the Board of Regents on whether or not the faculty senates support the curricular review, (2) the administration will provide access to financial data that it relies upon for developing curricular review proposals to help insure that the process is objective and data driven, and (3) ensuring that the final decision to accept curricular review lies with the Board of Regents with extensive faculty senate input.

On behalf of the faculty senate chairs, Dr. Zeh requested that one additional revision be made to Title 2, Chapter 1, Section 1.1(F) to replace the statement “adverse financial conditions” with “severe financial distress” as is recommended by the American Association for University Professors (AAUP), which would set a higher bar for curricular review.

Dr. Zeh felt that the best action the Board could take on behalf of the faculty was to ensure that curricular review never happened. In order to achieve the goal, two things needed to happen including the diversification of funding through tuition retention and the development of strong relationships with government, business and citizens to convince leaders that the key to Nevada’s future is a well educated workforce and a vibrant and adequately funded system of higher education.

Dr. Zeh applauded Chancellor Klaich, the Regents and the campus presidents for their efforts over the last year in fostering strong relationships with the Governor, other political leaders and the public at large. The faculty has noticed and was appreciative of those efforts.

Chancellor Klaich emphasized that the revisions before the Board were a culmination of over a year’s worth of remarkable work by the System staff, campus legal counsels, faculty senates and presidents.

Chair Geddes referred to Page 4 of 12 (*Ref. BOR-32*), where it states “*If the final legislative action continues to generally reduce all state employee pay beyond a two year period, the Board of Regents may likewise extend such reductions beyond two years, up to a cumulative*

44. Information Only - Code Revision, Curricular Review (Agenda Item #32) – (Cont'd.)

cap of 6% for the entire period of the reduction, based on the same process of consultation and recommendation required for the initial implementation.” He asked what the anticipated outcome would be if the Legislature provided the Board of Regents with a reduction of something greater than 6%. Chancellor Klaich replied that would result in financial exigency.

With the presidents’ backing and input, Regent Leavitt expressed his support for the proposed revisions.

Regent Trachok referred to Dr. Zeh’s comments, feeling that the full Board was in agreement with those comments. He asked that the faculty across all institutions help build those bridges to get the entire community involved, adding that would help to resolve many of the funding issues.

45. Information Only - Statewide Longitudinal Data System (SLDS)(Agenda Item #35) - Vice Chancellor of Academic and Student Affairs Crystal Abba reported to the Board concerning the proposed Statewide Longitudinal Data System (SLDS), as discussed by Nevada’s P-16 Council on March 29, 2012. The Council is charged with developing a cross-agency governance structure for a statewide longitudinal data system that will enable stakeholders to track students from K-12 through higher education and into the workforce.

Vice Chancellor Abba related that Nevada is further behind in developing a SLDS than other states. Every state has a vision and that there are many different ways to develop an SLDS. However, much is determined by the state and federal government’s commitment of resources.

Although receipt of a federal grant is significant step forward, Vice Chancellor Abba emphasized that it is an expensive initiative that takes a great deal of time to implement.

Vice Chancellor Abba related that Nevada’s P-16 Council is an entity that was created by state statute whose representation includes Regent Crear, Chancellor Klaich (*ex-officio non-voting member*), Nevada’s Superintendent of Public Instruction as well as other representatives from the K-12 system. The representation of the P-16 Council was established by Executive Order No. 2011-17 through which the Governor has asked the group to make recommendations for the design and implementation of a statewide longitudinal data system that tracks students and educator data from early childhood through postsecondary education levels. The first deliverable is that by August 1, 2012, a cross-agency governance structure will be established. Vice Chancellor Abba related that was critical as each agency has historically been required by law to protect its own data. Over time, some of those protections have changed with some information now being legally exchangeable, but the basic culture of protection has not changed in order to maintain the privacy of individuals (*students*). The second deliverable is to identify resources and needs in the areas of staffing, technology and funding. The third deliverable is to develop policies to outline what data are shared and how, where data is stored, how often it is updated, who will conduct analysis and how privacies will be

45. Information Only - Statewide Longitudinal Data System (SLDS)(Agenda Item #35) – (Cont'd.)
protected. Fourth, creating a vision for the states longitudinal data system to ensure that it will support the state's education and workforce development needs for which the Council has adopted a mission and vision statement. The fifth and final deliverable is for any legislation to carry out the Council's recommendation.

Vice Chancellor Abba related that the state of Nevada recently secured a \$4 million grant to conduct a feasibility study and the creation of a matching hub. A matching hub will be able to take individual data from the Nevada Department of Education (NDE), the Department of Training and Rehabilitation (DETR) and NSHE and place it into a central mechanism that will create a unique identifier. Such a hub will create a streamlined and more accurate process for the matching of information between agencies.

Vice Chancellor Abba related that having a matching hub will streamline and ensure the accuracy of data even if the full objective of the SLDS initiative is not realized. Vice Chancellor Abba emphasized that an SLDS will create an infrastructure around what is already being done manually. If there is opposition to spending funds on an SLDS, the question needed to be asked if it would be worth it in terms of the costs associated with the manual effort already taking place.

Regent Leavitt asked how often the P-16 Council meets. Vice Chancellor Abba related that the Council typically meets on a monthly basis.

Regent Leavitt asked if former Regent, Brett Whipple, still served on that Council. Vice Chancellor Abba replied that he did.

46. Tabled - Course Content Accountability (Agenda Item #38) – The Board of Regents tabled discussion of this item until its September 2012 meeting.
47. Information Only – New Business (Agenda Item #47) - Chair Geddes related that the following items would be brought to the Board at a future meeting:
- Report on the student advising through technology;
 - Report on the pooling of students for improved health insurance rates or options.
48. Information Only – Public Comment (Agenda Item #48) - None.

Meeting adjourned at 3:57 p.m.

Prepared by: Jessica C. McMullen
Special Assistant and Coordinator to the Board of Regents

Submitted by: Scott G. Wasserman
Chief of Staff and Special Counsel to the Board of Regents

Approved by the Board of Regents at its September 6-7, 2012, meeting.