

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

System Administration, Las Vegas  
4300 South Maryland Parkway, Board Room  
Friday, August 22, 2014

Video Conference Connection from the Meeting Site to:  
System Administration, Reno  
2601 Enterprise Road, Conference Room  
and  
Great Basin College, Elko  
1500 College Parkway, Berg Hall Conference Room

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

Others Present: Mr. Daniel J. Klaich, Chancellor  
Ms. Crystal Abba, Vice Chancellor, Academic and Student Affairs  
Dr. Constance Brooks, Vice Chancellor, Govt. and Community Affairs  
Mr. Larry Eardley, Vice Chancellor, Budget and Finance  
Ms. Brooke Nielsen, Vice Chancellor, Legal Affairs  
Mr. Vic Redding, Vice Chancellor, Finance and Administration  
Dr. Marcia Turner, Vice Chancellor, Health Sciences  
Mr. Scott G. Wasserman, Chief of Staff and Special Counsel to the Board  
Mr. Frank R. Woodbeck, Executive Director Nevada College Collaborative  
Mr. Chet Burton, President, WNC  
Dr. Mark A. Curtis, President, GBC  
Dr. Marc A. Johnson, President, UNR

Others Present: Mr. Bart J. Patterson, President, NSC  
Dr. Michael D. Richards, President, CSN  
Dr. Maria C. Sheehan, President, TMCC  
Mr. Donald D. Snyder, President, UNLV  
Dr. Stephen G. Wells, President, DRI

Also present were faculty senate chairs Mr. Stephen Theriault, GBC, and Mr. Eric March, NSHE.

Chairman Kevin J. Page called the meeting to order at 9:05 a.m. with all members present.

Regent Schofield led the Pledge of Allegiance.

1. Information Only-Public Comment (Agenda Item #1) – None
2. Approved-University Gateway Project Memorandum of Understanding, UNLV (Agenda Item #2) – The Board approved a Memorandum of Understanding (MOU) for the “University Gateway” project (*Refs. BOR-2a, BOR-2b, BOR-2c and BOR-2d on file in the Board office*).

University of Nevada, Las Vegas, President Donald D. Snyder introduced the process manager for the project, Mr. Jerry Bomotti, Senior Vice President for Finance and Business, UNLV. Mr. Bomotti explained the project consists of a public/private partnership for off-campus parking or other uses and improvements in the area along Maryland Parkway from Tropicana Avenue to Flamingo Avenue. New Town MD, LLC, a Nevada limited liability company, was the only respondent to an RFI released in January of 2014, and is the owner of approximately 2.2 acres of property at the northeast corner of Maryland Parkway and Dorothy Avenue.

Mr. Bomotti explained the MOU provides parameters for the project and is the first step in moving the project forward. He noted two mistakes in the MOU provided to the Board. The first correction is on page 3 of 9 under Item #1.f, under the heading “The Office Space: Lease.” The line reading “[include flat rate \$180,000-\$235,000]” should be deleted. The second correction is on page 4 of 9 under Item #3, in the chart at the bottom of the page beginning on the fourth line down. The “Task: Begin horizontal construction” should include the “Date/Deadline of December 2014”; the “Task: Begin vertical construction” should include the “Date/Deadline of March 2015”; and the “Task: Complete construction/delivery to UNLV” should include the “Date/Deadline of November 2015”.

2. University Gateway Project Memorandum of Understanding-continued

Mr. Bomotti also discussed parking, the police department building lease and possible relocation of the police department, financing and other issues related to the project.

Regent Wixom asked for details on the condominium approach to the parking and office space. He also asked when the Board would have an opportunity to review the covenants, conditions & restrictions (CC&Rs). Mr. Nicholas Vaskov, System Counsel & Director of Real Estate Planning, NSHE, explained they have met several times regarding the details of the project and his office plans on being very involved in the development of the CC&Rs.

Regent Wixom reiterated the CC&R process needs to be reviewed at the beginning of the process and went through a list of additional items he is concerned with: the nature of the association; who participates in the association; how the association is created; the design restrictions; the CC&R's; if there is an architectural committee; how the Board will participate in the architectural committee; and the care of the buildings and whether the Board has the ability to do something to resolve issues. Regent Wixom said he does not want to be reviewing CC&R's after the project site is purchased. Mr. Vaskov explained the CC&R's would be addressed prior to any project approval. Mr. Bomotti said the Board would be kept informed as the project moves forward.

Regent Wixom also expressed concern the leasing arrangement could affect the Board's ability to finance the project.

Mr. Bomotti assured Regent Wixom that the Board team of JNA Consulting Group and Bond Counsel, John Swendseid, have been involved and will continue to be involved.

Regent Knecht thanked Mr. Bomotti for the excellent briefing he received prior to the meeting.

Regent Knecht moved approval of a Memorandum of Understanding for the proposed University Gateway Project with the two changes to the MOU as described on the record by Mr. Bomotti. Regent Wixom seconded.

Regent Stephens asked about the proposed police department location being on the second floor. She thought police services were supposed to be located on a first floor. Mr. Bomotti said facilities staff followed up and did not find any restrictions or prohibitions to a police department being located on a second floor.

2. University Gateway Project Memorandum of Understanding-continued

He said the current area police department is located on a second floor and he would personally follow-up with the police department regarding location requirements.

Regent Blakely expressed he was generally more comfortable with the lease option rather than the purchase option.

Regent Crear expressed concern over potential blight and assurance of project completion. Mr. Bomotti responded UNLV's financial obligation to the project is contingent on completion of the project; this is addressed in the MOU on page 2, Item 1d. Regent Crear stated he would like some options available if the project ends up not being completed. Regent Crear asked how the contractor plans to provide opportunities for minority owned, women-owned, and other small disadvantaged business concerns (MWDBE), as included in Section 5 of the MOU. Mr. Frank Marretti III, owner developer stated he will be working closely with UNLV, the contractor and the union to try and incorporate as many competitive companies as possible qualifying under the MWDBE requirements. The contractor should be hired within the next eight weeks. Regent Crear asked UNLV to come back and provide details regarding an outreach plan to MWDBE subcontractors. Chairman Page asked that this information be brought back to the full Board.

Regent Schofield said accessibility to the police department and vagrant issues in the vicinity of the project should be addressed. Mr. Bomotti said he would add this to his discussion when he talks with the police department.

Chairman Page wants to ensure evident signage for the police department and the use of prevailing wage. Mr. Bomotti said both are included in the project.

Motion carried unanimously.

3. Approved-Fiscal Year 2015-17 Biennial Budget and Capital Improvement Request (Agenda Item #3) – The Board adopted the 2015-17 Biennial Budget and the Budget for Capital Improvements as presented (*Ref. BOR-3 on file in the Board office*).

Chancellor Daniel J. Klaich presented a report concerning the biennial budget requests for the NSHE's Biennial Operating Budget and the Budget for Capital Improvements for the 2015 Legislative Session, including the expansion of the medical education budget as previously discussed at the special meeting of the Board's Health Sciences System Committee on August 1, 2014. The report included a general overview of the biennial budget process, the establishment of System priorities and a discussion of institutional budgets.

3. Fiscal Year 2015-17 Biennial Budget & Capital Improvement Request-continued

Chancellor Klaich referenced the 2015-2017 Biennial Budget Request Book (Budget Book) and the explanatory Memorandum under the first tab of the Budget Book (*Ref. BOR-3 on file in the Board office*). The information in the Budget Book sets forth in monetary form the major budgetary decisions the Board has made over the past few months. Those decisions are summarized on a spreadsheet the Board has been using for the last several meetings and is included as Appendix A of the Memorandum and located on page 9.

The 2015-17 budget request represents the first time the NSHE has utilized the new funding formula approved by the 2013 Legislature as the basis for the budget request of each of the seven teaching institutions and DRI. An explanation of the funding formula is also included in the Budget Book. Also, under the "Formula Funding" tab in the Budget Book, there is a spreadsheet summarizing the biennial budget request as generated by the formula. Various significant decision points are also captured in the spreadsheet by column.

In the context of this discussion, funds from all funding sources means the State Supported Operating Budget. This includes state general fund dollars, nonresident tuition and a portion of the student registration fees allocated to the state supported operating budget.

Budget items impacting all NSHE accounts are: Elimination of the six day per year furlough requirement, the additional funds needed for classified salary step increases, longevity costs, professional merit costs, rent/lease and other contractual adjustments; and Costs related to employee/tort insurance.

The primary driver for the new funding formula is the weighted student credit hour (WSCH) and does not include F grades for non-attendance. Removing the F grades generally had a revenue neutral affect. The Legislature set the base year as 2012 for caseload growth.

Chancellor Klaich noted the Board has discussed budget enhancement requests and priorities during its last three meetings. The Board's budget instructions were to include funding for furloughs, longevity and merit for the upcoming biennium. Given those instructions and the Boards' clearly stated support of faculty and the need for this adjustment it does not seem further discussion on this point is necessary.

The highest priority for new funding remains an increase in the price per or value of a WSCH. This priority includes requesting the State to begin to reinvest the losses of the last five to six years by increasing the WSCH driver by \$5.00.

3. Fiscal Year 2015-17 Biennial Budget & Capital Improvement Request-continued

DRI instituted formula funding for the first time, predicating administrative support upon the level of grant activity. In order to increase its formula by an amount proportionate to the \$5 per WSCH requested for the teaching institutions, a total of \$125,312 is being requested in enhancement funding for DRI.

Chancellor Klaich explained the second priority is bridge funding for Great Basin College (GBC) and Western Nevada College (WNC). The Board has discussed bridge funding to partially offset the negative impact of implementation of the new funding formula for the rural colleges. Even with the mitigation funding provided in the current biennium (some from the State and some from the NSHE) each college sustained budget reductions of 5 percent in the first year of the biennium and an additional 5 percent in the second (current) year of the biennium. Each college has presented strategic plans that have been accepted by the Board to grow out of the current formula deficit and are making substantial progress. Both colleges will still have significant amounts needing to be covered through growth, savings and budget reductions. Bridge funding is recommended for FY 2016 in the amounts of \$1,500,000 for GBC and \$1,100,000 for WNC and for FY 2017 in the amounts of \$1,500,000 for GBC and \$850,000 for WNC.

Chancellor Klaich indicated the third priority is a new priority and provides bridge funding for DRI. The 2013 Legislature approved a new funding formula for DRI that determines state support based on the level of grants and contracts generated by DRI. A decrease in grant and contract activity as a result of a number of negative events occurring during the current biennium including the shutdown of the federal government and based on the new funding formula, state support for DRI would decrease by approximately \$1 million per year, representing almost 14 percent of its state supported budget. In response to what could be a permanent change in levels of federal grant funding available, Dr. Stephen G. Wells, President, DRI, is in the midst of a very comprehensive bottom-up, top-down strategic planning process to construct a responsive business model emphasizing greater participation with private business. A total of \$352,000 in bridge funding is being requested in each year of the biennium to partially offset this loss of state support for DRI during the transition to a new business model. This is about fifty cents on the dollar of the shortfall when applying the funding formula.

The fourth priority is state support for the William S. Boyd School of Law to finance a portion of the funding shortfall. Dean Daniel W. Hamilton, Boyd School of Law, appeared before the Board at its last meeting in June and presented a plan for maintaining the Boyd School of Law as a very high quality institution. A total of \$1,500,000 each year in state support is being requested in the budget for Boyd School of Law.

Chancellor Klaich explained this has been a very active interim session and items listed for biennial funding represent actions over the interim that may be included

3. Fiscal Year 2015-17 Biennial Budget & Capital Improvement Request-continued

in other agency budgets, committee or legislator bill drafts, including: Knowledge Fund; Workforce Development Fund; Stem Challenge Grant Program; state supported need based financial aid program; and normalizing the Millennium Scholarship to be consistent with the direction of the Board and the systemwide 15 to Finish campaign and increasing the maximum funding amount from 12 to 15 credits per semester and the minimum credit load from 6 to 12 credits.

Chancellor Klaich stated the final item is the expansion of public medical education. This was discussed most recently during the August 1 special meeting of the Health Sciences System Committee. Chancellor Klaich thanked Regents Doubrava and Leavitt for the opportunity to fully discuss this issue. The NSHE has developed a comprehensive and aggressive plan for expanding public medical education in the State. The request for the biennium includes:

- Operating funds of approximately \$31.7 million to provide for the establishment of a new medical school in Las Vegas and the expansion of the University of Nevada, Reno, School of Medicine (UNSOM) pursuant to the plan directed by the Board.
- Operating funds of approximately \$9.9 million to support enhancement of graduate medical education; and
- One-time funding of approximately \$4.3 million (approximately \$3 million of this is intended to be met by slot tax).

The capital budget accepted at the last Board meeting and subject to priorities further defined at the meeting today includes the following two modifications: 1) Switch the highest priority for the 2 percent renovation projects from Thompson Hall to Lincoln Hall on the UNR campus with no change in fiscal impact; and 2) Increase funding for the hotel project at UNLV to \$52 million with existing 60/40 split as supported by the Public Works Board.

Regent Leavitt moved approval of the adoption of the 2015-17 Biennial Budget and Capital Improvements Budget for the 2015 Legislative Session as presented and directed the Chancellor to present the budget to the Governor at the appropriate time.  
Regent Wixom seconded.

Regent Crear asked if the Boyd School of Law could make up the identified shortfall philanthropically. Chancellor Klaich explained the hole is in excess of \$3 million and the plan Dean Hamilton has put together includes new programming, a small tuition increase, the enhancement included in the budget priorities, plus philanthropy. Dean Hamilton explained it will take time to reduce fixed costs when the main fixed cost is tenured faculty. The central priority is to

3. Fiscal Year 2015-17 Biennial Budget & Capital Improvement Request-continued

maintain the quality of the applicant pool. Regent Trachock agreed; lowering the quality of the applicant pool does not help the school.

Regent Knecht referenced Dean Hamilton's Memorandum on page 49 of the Budget Book and asked if the dean is looking at this as bridge funding. Dean Hamilton confirmed this was correct and the Boyd School of Law will also be reducing costs and increasing revenues as well.

Regent Stephens asked Dean Hamilton how costs are being reduced. Dean Hamilton said the Boyd School of Law is using several strategies to reduce costs such as: imposing a hiring freeze; not replacing or bringing visiting professors to the law school; and implementing phased out retirements and buy-outs. Regent Stephens stated she would like to see opportunities given to students who could otherwise not afford a Juris Doctor (J.D.) degree.

Regent Leavitt asked if the Boyd School of Law class size is in alignment with the job market. Dean Hamilton stated yes, as the current employment rate for graduates is between the high 80 and low 90 percent for graduates. He stated the Boyd School of Law has one of the highest clerkships in the nation. Regent Wixom commended Dean Hamilton for the job he is doing. Regent Blakely said he feels the Legislature will be closely examining this issue and Dean Hamilton needs to talk in terms of what Nevada will lose if it does not receive the funding for the Boyd School of Law. Mr. Bart J. Patterson, President, Nevada State College (NSC) complimented Dean Hamilton for reaching out to NSC. Regent Melcher reminded the Board the Boyd School of Law is an investment in Nevada and the Board needs to protect its investment.

Chairman Page and President Snyder complimented Dean Hamilton for being proactive and putting together a thoughtful plan.

The Chairman asked for general budget comments and questions.

Regent Knecht referenced page 3 of the Budget Book and stated he objected to the formula funding matrix values as they are systematically biased against basic education, workforce training and the community colleges. Regent Knecht referenced the second bullet point under Item 1, page 4 of the Budget Book and asked what the estimated amount might be. Larry Eardley, Vice

Chancellor for Budget and Finance, NSHE, explained it is about \$2 million per year. Regent Knecht referenced page 4, Item 2, bullet 1 regarding WSCH and asked for information about the formula behind this number. Chancellor Klaich explained this number is based on historical data. Regent Knecht stated it is about 5 percent more from the last biennium; however, Chancellor Klaich reminded the Board it is applied to a shrunken base. Regent Knecht referenced page 4, Item 2,



3. Fiscal Year 2015-17 Biennial Budget & Capital Improvement Request-continued

bullet 2, WSCH, and asked if the Budget includes a productivity factor. Chancellor Klaich responded no. Regent Knecht referenced pages 5 and 6 and asked if any of the Board members were interested in switching priorities one and two. [No motion was made]. Regent Knecht asked about priority one and stated the NSHE has had about a 25 percent cut in general fund spending. He has always been opposed to the 25 percent cut and stated this is something the Board needs to reclaim. Regent Knecht stated from his perspective the bridge funding for the two community colleges is not enough. He referenced Priority 3 on page 6, and asked what the total impact on DRI from the government shutdown was. Ms. Ellie Oppenheim, DRI Senior Vice President for Finance and Administration and Chief Operations Officer, stated contracts and funding decreased by several million dollars. Regent Knecht asked DRI for a tabulation of the impacts. He referenced page 15 of the Budget Book regarding state versus student funding and stated it is approximately a two to one split between taxpayers and students; looking only at instructional costs it is more like a 50/50 split. Chancellor Klaich stated instructional costs can vary widely between institutions and these figures present a systemwide average. Regent Knecht discussed the bridge funding for WNC, GBC and DRI and asked how the amounts were determined. Chancellor Klaich stated he determined these numbers with the presidents based on the state of the institution and the opportunities for shared services. Regent Knecht referenced the matrix on page 16 of the Budget Book and said he feels it illustrates a bias against community colleges. He asked why two items in the table on page 47 were in bold text. Chancellor Klaich explained the bold text indicates changes to the original working document previously reviewed by the Board.

Regent Stephens stated she fully supports priority numbers one and two, although the support dollars for DRI appear low. She also supports need based aid and community college funding. The NSHE is looked to as a main support for workforce development and the entire Nevada economy. The Board is under pressure to be at the forefront of the economic goals the State has made. Chancellor Klaich said he would actively support and pursue the priorities approved by the Board during the legislative session.

Regent Blakely said he is supportive of the funding formula and supports priorities 1 and 2 including the support for DRI as well as other priorities.

Regent Leavitt spoke in support of the medical education expansion items.

Regent Schofield thanked Regents Leavitt and Doubrava for their efforts in supporting a medical school in Las Vegas.

3. Fiscal Year 2015-17 Biennial Budget & Capital Improvement Request-continued

Regent Geddes thanked the Chancellor and all those involved in developing the budget and stated his support of the motion, the expansion of medical education, and the funding formula and its basis in performance. He said the performance metrics are tied to 26 percent of the budget. Chancellor Klaich said he anticipated a discussion in December on the performance pool.

Regent Stephens said she fully supports the medical school budget and all those involved in the University of Nevada, Las Vegas, School of Medicine (LVSOM) and the University of Nevada, Reno, School of Medicine (UNSOM). She is very aware of the necessity to have a "do no harm" approach in order to support UNSOM going forward and stated the community will also need to support this effort as we move forward.

Regent Wixom said he fully supports the formula and noted it changes a decades long process on how the budget is viewed. The medical education expansion is also a decades long process. It is important to be planning for the future. He thanked the Chancellor for all his work and for the thoroughness of the budget process.

Regent Doubrava stated he is in support of the budget priorities as listed and thanked Regent Leavitt, the Chair of the Health Sciences System Committee, the Chancellor, Dr. Marcia Turner, Vice Chancellor for Health Sciences, NSHE, Paul and Tripp Umbach, President Snyder and Dr. Marc A. Johnson, President, UNR, for their work on the expansion of public medical school education. He noted page 59 of the Budget Book and asked if there had been any changes since the last meeting on August 1. Paul Umbach said the only change is \$3 million from the original request will now be funded through a slot tax program. Paul Umbach said the Board will see additional information on graduate medical education (GME) at a future meeting. Regent Doubrava requested state funds go through the NSHE and not to private entities. He said the NSHE should have contingencies in place if full funding is not available. Chairman Page stated any proposed changes from the Governor or Legislature to the budget will come back before the Board.

Regent Knecht stated his support of LVSOM and, referencing page 61 of the Budget Book, noted the need to address the doctor shortage.

Regent Schofield thanked those involved in the work of the Board and the medical education expansion and expressed his pride and appreciation for their teamwork.

Regent Melcher thanked those involved in the budget process, stating it is critical to support the budget as approved and know when to get out of the way.

3. Fiscal Year 2015-17 Biennial Budget & Capital Improvement Request-continued

Regent Geddes stated the Board is asking the Legislature to step up just like it asked the students to.

Regent Knecht stated while he supported much of the proposed budget, he is voting no due to his concern over the effects on the community colleges, basic education and workforce education.

Motion carried. Regents Anderson, Blakely, Crear, Doubrava, Geddes, Leavitt, Melcher, Page, Schofield, Stephens, Trachok, Wixom voted yes. Regent Knecht voted no.

4. Approved-Procedures and Guidelines Manual Revision, Distribution of Student Registration Fees, Academic Years 2015-2016 and 2016-2017 (Agenda Item #4) –  
The Board approved the distribution of registration fees for academic years 2015-2016 and 2016-2017 as presented (*Ref. BOR-4 on file in the Board office*).

Mr. Vic Redding, Vice Chancellor for Finance and Administration, NSHE, reviewed the components of the revenue portion of the budget.

Regent Trachok moved approval of the distribution of registration fees for academic years 2015-2016 and 2016-2017 as presented. Regent Blakely seconded.

Regent Knecht said it appears student association, activities and programs, capital improvement, and general improvement appear to be fixed numbers across the three budget years for each institution and most of the increase goes to student access and state operating budget. These numbers incorporate the 4 percent per year in-state student fees addressed at the June Board meeting.

Motion carried. Regents Anderson, Blakely, Crear, Doubrava, Geddes, Leavitt, Melcher, Page, Schofield, Stephens, Trachok, Wixom voted yes. Regent Knecht voted no.

5. Information Only-New Business (Agenda Item #5) – There was no new business.

6. Information Only-Public Comment (Agenda Item #6) – There was no public comment.

The meeting adjourned at 11:59 a.m.

Prepared by: Patricia Rogers  
Special Assistant and Coordinator to the Board of Regents

Submitted for approval by: Scott G. Wasserman  
Chief of Staff and Special Counsel to the Board of Regents  
and  
R. Scott Young  
Deputy Chief of Staff to the Board of Regents

*Approved by the Board of Regents at the December 4-5, 2014, meeting.*