

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

Aspen Building, Carson Nugget Hall
Western Nevada College
2201 West College Parkway, Carson City
Thursday, September 5, 2019

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

Members Present: Mr. Trevor Hayes, Chair
 Mrs. Carol Del Carlo, Vice Chair
 Ms. Amy J. Carvalho
 Mr. Donald Sylvantee McMichael Sr.
 Mr. John T. Moran
 Mr. Kevin J. Page

Others Present: Mr. Andrew Clinger, Chief Financial Officer
 Mr. Jimmy Martines, Deputy General Counsel, Real Estate
 Dr. Federico Zaragoza, President, CSN
 Mr. Bart J. Patterson, President, NSC
 Dr. Karin M. Hilgersom, President, TMCC
 Dr. Marta Meana, President, UNLV
 Dr. Marc A. Johnson, President, UNR
 Dr. Vincent R. Solis, President, WNC

Faculty senate chairs in attendance were: Ms. Brigette Glynn, SA; Dr. Janis McKay, UNLV; and Dr. Brian Frost, UNR. Student body presidents in attendance were: Ms. Nicola Opfer, NSSA President, NSC; and Ms. Alexandra Patri, SGA President, TMCC.

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

Chair Hayes called the meeting to order at 9:00 a.m. with all members present.

1. Information Only – Public Comment – None.
2. Approved – Consent Items – The Committee recommended approval of the consent items.
 - 2a. Approved – Minutes – The Committee recommended approval of the June 6, 2019, meeting minutes. (*Ref. BFF-2a on file in the Board Office.*)

2. Approved – Consent Items – (Continued)

- 2b. Approved – Fiscal Year 2018-2019 Transfers of Non-State Budget Expenditures to State Budgets After May 1, 2019 – The Committee recommended approval and acceptance of the report of transfers of expenses from non-state budgets to state budgets that occurred after May 1, 2019, for Fiscal Year 2018-2019. (*Refs. BFF-2b(1) and BFF-2b(2) on file in the Board Office.*)

Vice Chair Del Carlo moved approval of the consent items. Regent Page seconded. Motion carried.

3. Information Only – Fourth Quarter Fiscal Year 2018-2019 Fiscal Exceptions – The Fourth Quarter Fiscal Year 2018-2019 Report of Fiscal Exceptions of Self-Supporting Accounts was presented. (*Refs. BFF-3a & BFF-3b on file in the Board Office.*)

Chief Financial Officer Andrew Clinger highlighted *Refs. BFF-3a and BFF-3b* to include the following:

- UNR Fire Science Academy reported a cash deficit of \$8.6 million.
- UNLV School of Medicine reported a cash deficit of \$3.2 million.
- CSN Dental Faculty Practice Plan reported a cash deficit of \$562,000.
- DRI Organic Analytic Laboratory reported a cash deficit of \$83,502.

4. Information Only – Fourth Quarter Fiscal Year 2018-2019 Budget Transfers, State Supported or Self-Supporting Operating Budgets – Chief Financial Officer Clinger reported NSHE institutions indicated there were no transfers between functional areas greater than \$500,000 during the Fourth Quarter Fiscal Year 2019.

5. Information Only – Summary of Board of Regents Approved Issuance of Bonds in 2019 – Chief Financial Officer Clinger reported there were no issuances of University Revenue Bonds, refinancing activities and issuance of Certificates of Participation for NSHE-wide projects.

6. Approved – Extension of Lease for 1125 Nevada State Drive – NSC – The Committee recommended approval of a lease extension with the City of Henderson for the property located at 1125 Nevada State Drive, Henderson, Nevada (APN 179-34-313-002), commonly known as the Dawson Building. (*Ref. BFF-6 on file in the Board Office.*)

Mr. Kevin Butler, Senior Vice President, Finance and Business Operations, NSC, reported NSC has leased the Dawson Building since its inception. The current lease is for \$10 per year and ends in 2022. NSC has recently renovated the building, and the City of Henderson has agreed to extend the contract to 2032.

Vice Chair Del Carlo thanked the City of Henderson for supporting the NSHE.

6. Approved – Extension of Lease for 1125 Nevada State Drive – NSC – (Continued)

Regent Page moved approval of a lease extension with the City of Henderson for the property located at 1125 Nevada State Drive, Henderson, Nevada (APN 179-34-313-002), commonly known as the Dawson Building. Vice Chair Del Carlo seconded. Motion carried.

7. Approved – Nevada State College Campus Lands Resolution – The Committee recommended approval of a Resolution authorizing the Board of Regents to permit the Chancellor, in consultation with the Board Chairman and Board Vice Chairman, as well as the President of Nevada State College, to pursue modifications to federal legislation to clarify the College's land use capabilities. (Ref. BFF-7 on file in the Board Office.)

Mr. Butler reported the majority of campus lands are on federal property. NSC would like to leverage NSHE's efforts along with UNLV to add clarity to use restrictions currently included in the Federal Land Use Act.

Regent Page moved approval of a Resolution authorizing the Board of Regents to permit the Chancellor, in consultation with the Board Chairman and Board Vice Chairman, as well as the President of Nevada State College, to pursue modifications to federal legislation to clarify the College's land use capabilities. Vice Chair Del Carlo seconded. Motion carried.

8. Approved – Engineering Building Financing – Resolution – UNLV – The Committee recommended approval of a Resolution authorizing the issuance of revenue bonds in the amount of up to \$20 million to finance the UNLV Advanced Engineering Studies Building. (Ref. BFF-8 on file in the Board Office.)

UNLV President Marta Meana stated the Resolution passed in July 2019 authorized UNLV to prepare financing. UNLV is requesting approval of a Resolution authorizing the issuance of revenue bonds up to \$20 million to finance the construction of the UNLV Advanced Engineering Studies Building. The Legislature approved the \$20 million funding allocation to be matched by UNLV. The Resolution will assist UNLV in providing the matching funds to accommodate the State Public Works Division's timeline for the first phase of construction. The estimated annual debt service is \$1.15 million per year for 30 years. The debt will be repaid with donor funds to the extent available, and any remaining balance will be repaid using available uncommitted annual Capital Improvement Fee revenues. If approved, the bond sale will occur on October 10, 2019, and the expected close is on October 30, 2019.

Chair Hayes stated in the past UNLV has taken commercial loans and asked why there has been a change to bonds in obtaining needed funds. President Meana said the bond market is very favorable to this kind of financing, and after various options were examined, this is the most economical.

8. Approved – Engineering Building Financing – Resolution – UNLV – (Continued)

Regent Page moved approval of a Resolution authorizing the issuance of revenue bonds in the amount of up to \$20 million to finance the UNLV Advanced Engineering Studies Building. Regent Carvalho seconded. Motion carried.

9. Approved – Mackay Stadium Renovation Financing Approval – Resolution – UNR – The Committee recommended approval of a Resolution authorizing a promissory note in the principal amount up to \$3,200,000 to finance the costs of capital improvements at the University of Nevada, Reno Mackay Stadium. (Ref. BFF-9 on file in the Board Office.)

UNR President Marc A. Johnson reported in 2015 Mackay Stadium underwent renovations. After the first game, complaints were received from those in wheelchairs that the ADA fixes that were classified as premium were not working. The ADA seating was redesigned, and the second round of renovations was completed. The ADA considerations were again deficient which required additional repairs. In July 2019, the Board authorized UNR to pursue litigation against the architect for inappropriate and incompetent design. That litigation has started. To complete renovations in time for next year's football season, construction needs to begin immediately. UNR is seeking permission to take up to \$3.2 million in bank loans, which will include financing costs to proceed with the renovations.

In response to a question from Vice Chair Del Carlo, President Johnson stated litigation is a long process, and he could not provide an estimated timeframe. Vice Chair Del Carlo asked if the costs of this bank loan will be included, with President Johnson stating the damages sought will consist of all repair and litigation costs as a result of the bad design.

Chair Hayes asked if the original estimate was at \$3.8 million. Mr. Vic Redding, Vice President, Finance and Administration, UNR, stated the reason the request is for \$3.2 million is because that is the construction amount that is required to complete the remediation of the specific ADA issues. The litigation will include all other item amounts in the recovery.

Regent Page asked the consultants for a rationale on the bank loan. Mr. John Peterson, JNA Consultants, L.L.C., stated the reason for a bank loan for this financing is due to the desire to use any of the recovered funds to pay down the loan immediately. When bonds are sold in the public market there typically is a 10-year lock-out period in which you cannot prepay.

Vice Chair Del Carlo moved approval of a Resolution authorizing a promissory note in the principal amount up to \$3,200,000 to finance the costs of capital improvements at the University of Nevada, Reno Mackay Stadium. Regent Page seconded. Motion carried.

10. Information Only – Summary of Recent Stead Area Property Sales and Leases – UNR – UNR President Johnson presented the report of Stead properties sold or leased since the pre-approval authorization by the Board of Regents in 2015. Sales to date have totaled \$7.8 million. *(Ref. BFF-10 on file in the Board Office.)*
11. Approved – Purchase of Real Property Located at 1270 N. Sierra Street, Reno, NV – Resolution – UNR – The Committee recommended approval to purchase 1270 N. Sierra Street, Reno, Nevada (Parcel # 007-132-04) for the purchase price of \$327,795.00 and approval of a Resolution authorizing the Chancellor or his designee to approve and sign the escrow and title documents associated with the purchase of the real property, after consultation with the Business, Finance and Facilities Committee Chair and review by the NSHE Chief General Counsel. *(Ref. BFF-11 on file in the Board Office.)*

President Johnson stated the property is adjacent to the western border of UNR's residence halls and parking garage. UNR will continue to purchase properties in the area in hopes of having enough capital for a future building site.

In response to a question from Vice Chair Del Carlo, Mr. Troy Miller, Director of Real Estate, UNR, stated his department takes great pride in knowing the property owners on the perimeter of the campus. He meets with them regularly.

Regent Page moved approval to purchase 1270 N. Sierra Street, Reno, Nevada (Parcel # 007-132-04) for the purchase price of \$327,795.00 and approval of a Resolution authorizing the Chancellor or his designee to approve and sign the escrow and title documents associated with the purchase of the real property, after consultation with the Business, Finance and Facilities Committee Chair and review by the NSHE Chief General Counsel. Vice Chair Del Carlo seconded. Motion carried.

12. Information Only – New Business – Chair Hayes requested that Chief Financial Officer Clinger work with the business officers to see if there is a way to improve the Fiscal Exceptions Report.
13. Information Only – Public Comment – None.

The meeting adjourned at 9:30 a.m.

Prepared by:

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

Submitted for approval by:

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

Approved by the Board of Regents at its December 5 & 6, 2019, meeting.