

**BOARD OF REGENTS
UNIVERSITY AND COMMUNITY COLLEGE SYSTEM OF NEVADA
Elizabeth Sturm Library
Truckee Meadows Community College
7000 Dandini Blvd., Reno
Thursday-Friday, April 19-20, 2001**

Members Present:

Mrs. Thalia Dondero, Chair
Mr. Mark Alden
Dr. Jill Derby
Mrs. Dorothy S. Gallagher
Mr. Douglas Roman Hill
Mrs. Linda Howard
Dr. Tom Kirkpatrick
Mr. Howard Rosenberg
Mr. Doug Seastrand
Mr. Steve Sisolak
Mr. Tom Wiesner

Others present:

Chancellor Jane Nichols
Vice Chancellor, Finance & Administration Dan Miles
Interim Vice Chancellor, Academic & Student Affairs Sherwin Iverson
General Counsel Tom Ray
Interim President Mike Meyer, CCSN
President Stephen Wells, DRI
President Ron Remington, GBC
Interim President Rita Huneycutt, TMCC
President Carol Lucey, WNCC
President Carol Harter, UNLV
Interim President Stephen McFarlane, UNR
President Richard Moore, NSCH
Chief Administrative Officer Suzanne Ernst

Also present were Faculty Senate Chairs Dr. Fred Jackson, CCSN; Dr. Paul Buck, DRI; Mr. John Patrick Rice, GBC; Mr. Bill Newhall, TMCC; Ms. Stephanie Brown, UCCSN; Dr. John Filler, UNLV; Mrs. Mary Spoon, UNR; and Mr. Perry Johnson, WNCC. Student government leaders present included Mr. Shannon Schilling, CCSN; Ms. Elisa Goyeneche, GBC; Mr. Paul Moradkhan, UNLV; Ms. Cheryl Radeloff, UNLV-GSA; Mr. Carlos Ledon, UNR; Ms. Victoria Jakubowski, UNR-GSA; Ms. Michelle Lacerda, TMCC, and Ms. Leslie Carlen, WNCC.

Chair Thalia Dondero called the meeting to order at 11:55 a.m. on April 19, 2001 with all members present.

1. Information Only-Presentation of Reapportionment Options - Discussion was held regarding reapportionment options relating to the number of districts and their boundaries. Dr. Keith Schwer introduced Dr. Pat Goodall and Mr. Bob Potts who were present to assist with the presentation. Dr. Schwer referred to district maps provided to the Regents (on file in the Board office) revealing current census results for Board sizes of 9-13 members. He indicated

that the consultants had met with the Regents to discuss the maps and answer their questions. He indicated that there were no significant differences from the earlier maps provided, which were based on population estimates.

Chancellor Nichols asked Dr. Schwer to compare the State Board of Education (SBE) boundaries with the Regents' maps provided. Dr. Schwer replied that, since the SBE had decided on a size of 10, the boundaries would be as depicted in the map for 10 districts. Chancellor Nichols asked whether the SBE was using different boundaries. Dr. Schwer was uncertain whether the boundaries had moved, adding that the SBE used the maps he provided. Ms. Ernst noted that the SBE had indicated they would ask the Legislature to postpone the change to 10 members for two years so that the seat most affected would be able to fulfill their term.

Regent Kirkpatrick asked about a ruling that would cause an elected Regent to lose their seat if the boundaries were changed. General Counsel Ray replied that, in his opinion, the redistricting would need to occur now and a term could indeed be shortened. He did not believe that the State Board of Education would be able to enact what they had proposed. Regent Kirkpatrick noted that the Regents were elected to a 6-year term. He asked whether a Regent's term would end if they were redistricted out by reapportionment. General Counsel Ray replied that if two districts were combined as one in the redistricting process, the Legislature would decide which term(s) would be eliminated.

Regent Alden asked whether any current Regent would lose their seat if the Board size remained at 11. Dr. Schwer replied they would not. Regent Gallagher noted that, if the Board size remained at 11, 48% of the rural district would lie in Clark County. Regent Kirkpatrick asked Regent Gallagher to explain her concerns. Regent Gallagher related that the consultants indicated that reapportionment using voter population and a Board size of 11 resulted in 48% of her district residing in Clark County. She stated that the next Regent for her district could likely reside in Clark County and that would not be fair representation for the rest of the state. Chair Dondero asked whether that problem existed with proposals for 10 or 13 members. Regent Gallagher replied that it did not. She noted that, with a Board size of 10, one northern seat would be lost. She felt it necessary to look at how the Regents were doing the work. She felt that eliminating Regents would require the Board to change its form of governance due to insufficient membership to support the committee structure. She noted that all decisions would need to be brought before the Board because there would not be sufficient membership for the committee structure.

Regent Derby was supportive of expanding the Board. She felt that expanding the Board would avoid elimination of a Regent who would not be able to fulfill their term. She also felt that the Board functioned most effectively with the committee structure. An effective committee structure provided a forum for lengthy discussion around various issues. When those committee recommendations are brought before the Board there is usually little or no discussion because the Board feels comfortable with the committee structure. Regent Derby noted that the System was growing and decreasing the Board size at such a time would not serve the System well. She felt that decreasing the Board size would require a statewide Board of Regents with advisory boards for each institution. She related there were states that employed that method with pros and cons. Regent Derby felt the Board should consider growing in size in order to meet its obligation of oversight and advocacy with an effective committee structure. Regent Derby stated that she could accept 12 members, but knew that it impacted Regent Gallagher's district, adding that as Clark County continues to grow it would likely facilitate a southern representation of the rural district. She advocated a Board size of 13 members.

Chair Dondero requested a review of the district boundaries for 10 and 13 districts.

10 Districts – Dr. Schwer reported that 7 districts would lie in Clark County and 3 districts outside of Clark County. Regent Gallagher's district would be moved into Washoe County in order to pick up population. He reminded the Board that, according to the 2000 census, the state's population was approximately 2 million. With 10 districts, each district would encompass approximately 200,000 people (+ or - 5%). Regents Rosenberg and Derby's districts would

be combined.

13 Districts – Dr. Schwer reported that 4 districts would lie outside of Clark County and 9 within, with the creation of 2 new districts in Clark County due to the tremendous growth. Regent Dondero asked about 5-year projections for growth, especially for the districts currently increasing in population. Dr. Schwer replied that they had performed studies on the demographic profile and growth of the state. Over the next 10 years there will be a continuation of the rapid growth in Clark County. Reno and Carson City will grow at a slower rate. Chair Dondero asked whether the Board would be able to redistrict after 10 years. Dr. Schwer replied that the Board would redistrict every 10 years. Chair Dondero asked about a 5-year redistricting. She noted that if the growth rate continued, the population would again be out of balance. Dr. Schwer related there had been no realignment from 1990-2000. Currently Regent Sisolak's district is the largest with 1.8 times its 1990 population.

Regent Hill asked whether the Board would vote on which Regents would be eliminated. Regent Dondero stated that the boundaries needed to be set. Regent Hill assumed that if the Board did not decide which seats were eliminated that the Legislature would.

Regent Sisolak asked what would happen to the present membership if the Board size were reduced. General Counsel Ray stated that if the Board size were reduced (i.e. two districts combined), one of the Regent's terms would end when the legislation took effect. He related that the legislation would dictate which district was eliminated. Regent Gallagher asked whether the Legislature would decide which member did not continue. General Counsel Ray replied that was correct. Regent Hill asked whether the Board could make a recommendation. General Counsel Ray replied that they could. Regent Gallagher stated that the Legislature could make its own decision in spite of a Board recommendation.

Chair Dondero requested comments on the district boundaries. Regent Hill requested a depiction of the northern district boundaries for sizes of 9 and 10.

9 Districts – Dr. Schwer reported that Regents Rosenberg and Derby's districts would be combined into one district and Regent Hill's district would be expanded.

10 Districts – Dr. Schwer related that district sizes were slightly rearranged for a smaller population base per district.

Regent Rosenberg felt it was a matter of representation and the number of people on the Board that were needed to do the work. He felt that eliminating representation was absurd. Regent Dondero preferred the 13-district model due to the growth of the area. She felt it was more realistic.

Regent Howard preferred leaving the Board size at 11 unless someone could show her differently. She was aware of Regent Gallagher's concerns for her district stretching to southern Nevada. She felt that southern Nevada required adequate representation and was also concerned about the message being sent to the Legislature. Regent Rosenberg asked whether 13 districts wouldn't be more realistic in providing 2 more members in Clark County and not displacing any current members. Regent Howard replied that a larger Board would also create more difficulty in reaching decisions. Regent Gallagher suggested that the Board could also get two good representatives.

Regent Alden favored a smaller Board size of 9, but felt that Regent Howard had made a good point.

Regent Seastrand commented that there were really only two choices: 10 or 13. He noted there was a good chance that a southern Nevada representative would represent rural northern Nevada. He asked the Board how they wished to govern. With 10 districts the Board would need to re-think the form of governance and employ less committees.

With 13 districts the committees could be expanded, but reaching Board consensus with 13 would be difficult. He stated that a strong point for 10 districts was that it provided a larger constituency and therefore more influence with the Legislature. He was unsure whether there was any legislative support for 13, adding that he supported 10 districts.

Regent Hill noted that the Legislature would certainly make its own decision. He felt that the Board should decide which Regent was eliminated if they agreed to 10 districts.

Regent Gallagher asked about the impact a smaller Board would have on the southern Regents, adding that they would have larger areas to cover. Regents Alden and Wiesner replied that it would not matter. Regent Gallagher stated there was a movement for appointing Regents, which she supported. Regent Dondero noted that such a change would require a constitutional amendment, which was not easy. Regent Gallagher thought that the supporters were amassing funds to support such a campaign. Chair Dondero asked how they could justify not representing the people. She felt that appointed Regents would only follow the Governor's orders. Regent Gallagher stated that some states use a commission to recommend the appointments.

Regent Derby supported Regent Hill's feeling that, if the Board agreed to a smaller membership, the Board should decide which Regent was eliminated.

Regent Alden stated that only four states do not appoint their Regents (Michigan, Nebraska, Colorado and Nevada), adding that he strongly supported an appointed membership.

Regent Sisolak agreed with the Chair's remarks regarding appointed Regents, adding that changing Nevada's constitution would be very difficult. He asked whether a Regent would be displaced if the membership remained at 11. Chair Dondero replied that no one would lose his or her seat, but the rural district would be extended to southern Nevada. Regent Gallagher stated that 48.2% of her current district would lie in Clark County.

Dr. Schwer provided the following analysis:

- 13 Districts = 0% of rural district in Clark County
- 12 Districts = 10.7% of rural district in Clark County
- 11 Districts = 48.2% of rural district in Clark County
- 10 Districts = 0% of rural district in Clark County
- 9 Districts = 10.9% of rural district in Clark County

Regent Howard commented that even though each Regent represented a district, they were still state Regents and saw no justification for changing from eleven members.

Regent Gallagher stated that she was trying to find a replacement for her district. She noted that it would be very difficult to find someone willing to campaign from the Idaho border to Clark County. She encouraged the Board not to make the job any more difficult than necessary.

Regent Seastrand felt the Board should send a strong message to the Legislature. He noted that the SBE selected 10 districts and felt the Board should do the same.

Regent Howard related that legislators informed her that the Board of Regents usually determined the number of districts and the SBE followed their recommendation. Regent Gallagher stated that the Legislature would determine the number of districts if the Board did not show a strong vote in favor of some number.

Regent Wiesner was surprised that the issue was being clouded with discussion regarding appointed vs. elected members. He favored Nevada remaining with an elected Board and was proud that Nevada had survived this long with an elected membership. Regents Rosenberg and Sisolak agreed. Regent Sisolak stated that it was a separate issue and should not cloud the judgment of this decision.

The meeting recessed at 12:40 p.m. and reconvened at 1:00 p.m. with all members present.

2. Introductions – President Huneycutt introduced new Dean of Health Science-TMCC, Dr. Barbara Sanders. President Harter introduced re-elected student body president Mr. Paul Moradkhan and Ms. Rana Koran, GSA student body president. She thanked Ms. Cheryl Radeloff for her service as past GSA student body president. She also introduced Ms. Brooke Bohlke, student government, Mr. Mike Zigler, new editor of the Rebel Yell, and Dr. Stephen Carper, incoming faculty senate chair. She thanked Dr. John Filler for his service as past faculty senate chair. Chair Dondero welcomed the newly elected student representatives. Interim President McFarlane introduced student body president Mr. Matthew Woland and incoming GSA student body president Mr. Carlos Ledon. He thanked Ms. Victoria Jakubowski for her service as past GSA student body president. Dr. McFarlane noted that Mr. Michael Bower was Nevada's recipient of the prestigious James Madison Fellowship (\$24,000 scholarship) and is now pursuing a master's degree at UNR. Dr. McFarlane introduced incoming faculty senate chair Dr. Paul Neill and recognized outgoing faculty senate chair Mrs. Mary Spoon. Regent Sisolak announced that it was Regent Jill Derby's birthday. President Lucey introduced incoming faculty senate chair Mr. Richard Kloes and thanked outgoing chair Mr. Perry Johnson. Chancellor Nichols introduced the new UCCSN Director of Banking and Investments, Ms. Kathleen Payne.

3. Chair's Report – Chair Dondero thanked Dr. Huneycutt, and TMCC staff and students for hosting the meeting and the lovely accommodations. She noted the Board would be selecting a new president for the University of Nevada, Reno for the first time in 23 years. She stated that the Board would also determine a recommendation for the Legislature regarding reapportionment.

4. Chancellor's Report – Chancellor Nichols related that she had been busy testifying before the Legislature. A second budget hearing was held to address specific questions raised during the first meeting.

She emphasized the following issues in her remarks to the committee:

- Adjusted annualized FTE figures were lower than the figures used in the Governor's projected budget. She felt it extremely important to recognize that it did not mean that enrollment was down. The current enrollment growth rate was actually up 2.8% over last year. CCSN's growth in students enrolled in regular programs was 22.8%.
- Corrections needed to the formula.
- Potential increase in non-resident tuition.
- The importance of COLA for faculty and the need to find sufficient funds for the proposed match. UCCSN asked the committee to help the System with 1% of the cost of the COLA match. With a 4% COLA the campuses will be looking for funds for the remaining 1%. She expressed a strong commitment to find the proposed matching funds.
- Chancellor Nichols alerted the Board that many questions were asked regarding whether items could be funded with non-state general funds.
- A strong sentiment was expressed to raise part-time faculty salaries. System Administration staff, campus government relations personnel, and Dr. Crowley have been working diligently to keep the Legislature

informed.

President's Report - Interim President Rita Huneycutt, TMCC introduced faculty senate chair Mr. Bill Newhall and thanked him for his work. She noted that he would soon be going on sabbatical. She stated that TMCC was celebrating its 30th year and called attention to commemorative paperweights created for the Regents by the welding students.

Mr. Newhall emphasized TMCC's manifold mission of community service, developmental education, workforce development, outreach, distance education, and university parallel-transfer courses and programs. He reported that the college never forgot that TMCC's success depends upon its ability to deliver high quality instruction. Essential to that are the abilities, preparation, and experience of the faculty. He highlighted several TMCC instructors dedicated to their field who spend many hours of preparation to help students learn. He thanked the Board for their continued support.

- Dr. Eun-Woo Chang, Professor and Chair, Chemistry, discussed the high quality of science faculty at TMCC. Science course FTE at TMCC has increased 5-10% in recent years. The faculty has a strong research background. Dr. Chang also works as a coordinator for a Department of Energy sponsored student summer research internship program. TMCC is the only community college in Nevada participating in this program. This summer two students will be sent to the Pacific Northwest National Laboratories in Washington.
- Mr. Les Garaventa, Professor, DTEC & Diesel Industrial Academy, discussed the diesel power program. Under counsel from a strong and supportive advisory board, the program operates under the new Regional Technical Institute on the Edison Way Tech Center. Washoe County School District students receive credit for taking selected college courses under specialized articulation agreements. The 2-year, 88-credit college diesel program incorporates 900 hours of student internship training with local industry. The diesel community consistently requests qualified college students for interview. The diesel program has been a successful competitor in the Skills USA VICA contest at state and national levels, producing a two-time national gold medal winner.
- Ms. Laura Webb, Director and Instructor, Dental Hygiene Program. The dental hygiene program was created as a direct response to community need. Prior to the inception of this program, the closest program was located in Sacramento City College. The program has enjoyed tremendous support from the local dental society, the Nevada Dental Hygiene Association, and commercial representatives in the form of equipment, money, and student scholarships. Senator Ray Rawson, the Northern Nevada Dental Society, and the TMCC Foundation received one of 11 national awards from the Council for Resource Development, an affiliate of the American Association of Community Colleges (ACCT). The program received a positive site visit from the Commission on Dental Accreditation two weeks prior. The first class will graduate in May 2001.
- Dr. Kurt Ehlers, Instructor, Developmental Mathematics, discussed the curriculum, which encompasses courses ranging from basic arithmetic through elementary algebra. The goal is to provide mathematical skills that, together with language skills, provide the foundation students need to take advantage of the opportunities of higher education. Each student brings a unique set of reasons why they have not been successful in mathematics.
- Mr. Christopher Ipsen, part-time instructor, CISCO Networking Academy Program. The program represents a cooperative agreement between CISCO Systems and TMCC to create a regional training facility. The program offers high-level networking skills to students. Additionally, he works with another cooperative program between TMCC and the Washoe County School District to create an Access database to assess developmental behaviors within autistic children. Both programs represent important cooperative agreements between the community and industry, and demonstrate why money spent on technology at TMCC creates cooperative programs and affords opportunities for people within the community.

- Mrs. Anne-Louise Bennett, Executive Director, Institutional Advancement, spoke on behalf of anthropology instructor Dr. Julia Hammett. TMCC offers an Associate of Arts degree with an emphasis in applied anthropology. Last fall, students began the first applied research project: Native American Student Success at TMCC. Native Americans lag behind all other ethnic groups in success measures including standard of living, literacy, education, health care, and professional attainment. In partnership with the TMCC Native American Student Association (NASA) and the Multicultural Office several forums were co-hosted of local Native American educators and a Chautauqua performance of Sarah Winnemucca. Currently, TMCC NASA and anthropology students are involved in mentoring and tutoring activities at a number of schools in Reno, Sparks, Pyramid Lake and Fernley. TMCC's hope is to serve as a valuable link to educational opportunities for the Native American community.

5. Approved-Reapportionment – The Board approved reapportionment recommendations. General Counsel Ray stated that a motion was required to take the item from the table, as well as a motion to rescind prior Board action relating to the prior votes taken.

Regent Sisolak moved approval of removing the item from the table. Regent Seastrand seconded. Motion carried unanimously.

Regent Sisolak moved approval of rescinding prior action on recommendations for 9, 10, 11, 12, 13, and any other combination of districts. Regent Rosenberg seconded. Motion carried unanimously.

5.1 Approved-Number of Regents - The Board determined the number of Regents for recommendation to the Nevada State Legislature.

Regent Wiesner moved approval of a recommendation for 9 Regents. Regent Sisolak seconded.

Regent Hill felt that 9 Regents would not adequately meet the System's needs.

Upon a roll call vote the motion failed. Regents Alden, Howard, Kirkpatrick, Sisolak, and Wiesner voted yes. Regents Derby, Dondero, Gallagher, Hill, Rosenberg, and Seastrand voted no.

Regent Sisolak moved approval of a recommendation for 10 Regents. Regent Kirkpatrick seconded. Upon a roll call vote the motion failed. Regents Alden, Kirkpatrick, Seastrand, and Sisolak voted yes. Regents Derby, Dondero, Gallagher, Hill, Howard, Rosenberg, and Wiesner voted no.

Regent Rosenberg moved approval of a recommendation for 13 Regents. Regent Hill seconded. Upon a roll call vote the motion carried. Regents Derby, Dondero, Gallagher, Hill, Howard, Rosenberg, and Seastrand voted yes. Regents Alden, Kirkpatrick, Sisolak, and Wiesner voted no.

5.2 Approved-Districts and Boundaries - The Board decided the districts for each Regent, including their boundaries, for recommendation to the Nevada State Legislature.

Dr. Keith Schwer reviewed the maps depicting 13 individual Regent districts. Regent Howard expressed a desire to have her district lines moved. Dr. Schwer noted that they were also limited by the precinct boundaries. Regent Sisolak expressed concern for the two districts in southern Nevada that would likely develop rapidly in the future. Dr. Schwer stated that they had tried to minimize the size of those districts in recognition that they would likely grow rapidly in the future. Regent Kirkpatrick stated that the rapid growth in those districts would create a burden that would be addressed by reapportionment in the future.

Regent Kirkpatrick moved approval of the 13 districts and their boundaries as recommended by the consultants. Regent Gallagher seconded. Motion carried unanimously.

Regent Alden asked that the Board address as many items as possible since Regents Alden, Hill, and Sisolak would not be present the following day.

6. Information Only-Attorney General's Report - Chancellor Jane Nichols reported the findings contained in the Attorney General's (AG's) report concerning CCSN and presented recommendations for Board consideration (on file in the Board office). She noted that a significant amount of information had been accumulated since the release of the AG's report. She thanked CCSN for their cooperation as well as the AG's office for the many hours investigating the allegations. She noted that System Administration had started an internal audit of the construction process at each campus. This report will form the foundation of issues to be raised for all campuses. In the past year since the allegations were made, the institution has changed many of its policies and strengthened reporting lines and authority. She thanked the faculty and staff for continuing to do their job to the best of their ability. She addressed the following sections from the report:

- Construction/Contracting/Purchasing – Chancellor Nichols reviewed the Board purchasing policy. In reviewing purchasing practices at CCSN, particularly regarding the four contracts noted in the AG's report, two things were apparent:
 - While the practices followed were not illegal and complied with Handbook provisions, they still could be perceived as not having been the wisest purchasing decisions that might have been made.
 - Chancellor Nichols will ask staff and the business officers to look at clarifying the relationship and consistency between GAAP (Generally Accepted Accounting Practices) standards and Board policy and strengthening Handbook language if necessary.
- STG Enterprises – CCSN has now instituted an internal requirement that bids be secured for all carpet purchases. Clearer lines of authority have been established so that any request to purchase carpeting must come through the Operations & Maintenance division and be approved by the Vice President for Finance. CCSN maintains that the STG contract falls within Handbook guidelines as a capital improvement not requiring solicitation of sealed bids and that it did not pay more than the specified price in the STG contract.
- Machabee Office Environments – The Machabee contract includes a specification permitting purchases that are defined as 'balance of the line,' meaning that other pieces of office furniture within a specific manufacturer's line could be purchased under the state contract at a discount from the list price. Chancellor Nichols felt that better documentation regarding price quotes and purchases was required.
 - The Vice President for Finance has on file price quotes that were secured for any items purchased from Machabee that were not part of the state contract.
 - The table in the executive officers at the West Charleston campus was not purchased from Machabee and, therefore, was not covered by the state contract. The table was procured under a separate purchase order with a local vendor and defined as a 'sole source' item as it was custom-designed and part of the overall interior design concept provided by the architect. Chancellor Nichols stated that the actual procurement of the item appeared to fall within Handbook guidelines and the price paid may be comparable with conference table purchases made at other campuses.
- Inline Electric – CCSN maintains that contracted work with Inline Electric fell within the Handbook definition of a capital construction purchase and was not subject to other bidding requirements. Three quotes were obtained in this instance, but Chancellor Nichols has asked all institutions to implement a practice whereby the institution monitors the amount of cumulative work awarded to any one firm in any year.
- Facilitec of Nevada - CCSN maintains that the purchase of modular units from Facilitec was, in fact, bid under

a legitimate City of Las Vegas contract. Nevertheless, CCSN has instituted internal changes to reduce the amount of purchasing requests that are made with reference to a specific brand or item.

- Nepotism – Much of the AG's report on the charge of nepotism related to a specific personnel matter that could not be discussed, but two specific changes in policy have already been enacted:
 - CCSN has written a new policy on nepotism that has been reviewed by legal counsel with several minor corrections still being finalized. The institution is already actively applying the new proposed standards.
 - CCSN will be issuing a questionnaire to its current employees that defines the various levels of consanguinity as specified in state law and asks them to identify any relatives working at CCSN who meet those definitions.
 - CCSN has also instituted changes to its employment application form that asks job applicants to disclose if they have relatives working for the institution. Other campuses will be asked to implement the same practice.
- Counting of Full-Time Equivalent Students – Chancellor Nichols read a letter from Mr. Dan Gouker, director of one of the apprenticeship programs (on file in the Board office). The letter clarified statements made in the March 16th Attorney General's report regarding full-time equivalent misuse.
 - Discussions with representatives of the apprenticeship programs addressed the nature of the contract between CCSN and the apprenticeship programs and the appearance of inappropriate FTE counting. CCSN is re-writing their contract.
 - System Administration staff will work with the campuses to develop a more comprehensive System-wide policy on state-supported FTE in order to ensure uniformity among all the campuses.
- Enrollment Practices – Chancellor Nichols has asked General Counsel to review Chapter 6 of the Code to ensure that appropriate provisions as they relate to this case are sufficiently covered for the protection of faculty, students and the System.
 - Interim President Meyer has rescinded the sabbatical leave awarded to the individual named in the AG's report. The Handbook defines university and community college faculty separately. In this instance, the employee legitimately qualified for consideration for a sabbatical leave. The Chancellor's staff will review the appropriate sections of the Handbook related to sabbatical leave and will discuss with the campuses whether any changes might be warranted.
- Equipment – The Chancellor felt that Board action taken last fall properly and sufficiently addressed policies to tighten up the movement, loaning, disposal, and inventory of pieces of equipment on System campuses.
- Bonuses - CCSN has ceased the practice of awarding bonuses and Dr. Nichols has asked staff to develop a policy addressing this issue, which will be brought before the Board at a future meeting. UCCSN is launching an investigation into the allegations of a federal investigation by the U.S. Department of Education as reported in a local newspaper. The Chancellor felt that bonuses should not be permitted for state-funded positions and that merit pay should be the sole source of performance incentives, because merit pay can be linked to specific performance goals and documented accomplishments.
- Emergency Hires - Emergency hires at CCSN may only be made with the Chancellor's specific approval and this practice will continue until a permanent president is hired. As a result, the number of emergency hires has been greatly reduced since last fall.

Chancellor Nichols intends to have staff develop a System-wide definition of an emergency hire and the conditions under which such hiring might be conducted.

Chancellor Nichols felt that many of the allegations were the product of an institution growing at an incredibly fast pace. The infrastructure and built-in safeguards could not keep pace while tremendous demands were placed on

CCSN during the past 5 years. While not minimizing the allegations, she felt that an important lesson had been learned and that an institution could reach a breaking point when growth occurs too rapidly over a sustained period of time. She stated that strategic planning should be mindful of defining responsible and sustainable rates of growth for the institutions.

Regent Alden praised the Chancellor's report and asked whether the five new buildings were brought in under budget and on time. Interim President Meyer replied that they were. Regent Alden asked about lateral funding movement regarding FF&E. Vice President for Finance and Administration, Mr. Allen Ruter, replied there were agreements between the State Public Works Board (SPWB) and the school district to reimburse CCSN. The projects finished \$500,000 in excess of the state SPWB estimate. Regent Alden stated that it appeared CCSN had obeyed every rule while bringing new buildings in on time and under budget, adding that UCCSN needed to be efficient. Mr. Ruter replied that CCSN had attempted to be as efficient as possible.

Regent Hill stated that the AG's report was not as helpful as he had hoped. He felt that important information was either left out or not obtained. He observed that it did not appear there had been any clear violation of the rules. He thought CCSN may have tread close to the edges of the rules, but observed that rules could also be senseless in some situations. He felt the System should not employ rules that cost the System money. He asked about justification for the sole source supplier. He felt that should not be happening without real justification. He felt the need to send a message to all business and purchasing officers notifying them not to play games and operate under rules that would save the System money.

Regent Seastrand asked whether the Chancellor felt the policies in place were clear or required improvement. Chancellor Nichols felt that contradictions had evolved over the years that should be clarified. Regent Seastrand asked whether there was evidence of malicious, flagrant, or purposeful disregard for current policies. Chancellor Nichols replied that she had no basis to say there was. Regent Seastrand asked whether any individual rights were violated. Chancellor Nichols replied that, to her knowledge, none were. Regent Seastrand asked whether the System was compromised in any manner. Chancellor Nichols replied that it was not. Regent Seastrand asked whether there were issues of poor judgment. Chancellor Nichols replied that was difficult to answer. She felt there may have been poor judgment with the lack of documentation to ensure that everything was done properly. She believed that everyone involved now realized that poor judgment had been exercised in some cases. Regent Seastrand asked whether policy had been purposefully disregarded. Chancellor Nichols replied it was not. Regent Seastrand stated that he felt there was no malicious criminal intent.

Regent Sisolak asked for more detail regarding the table. Chancellor Nichols replied that, while looking for bids on conference tables, she discovered bids for tables at other institutions within the last few years. The table at UNLV was more costly because it was for use in the library and included voice data outlets. Regent Sisolak expressed concern with the comparison of tables at CCSN and UNLV. Vice President Ruter replied that the table at CCSN served as a conference table as well as the president's desk. Regent Sisolak asked about the cost of the table and chairs. Mr. Ruter replied that the table cost approximately \$6,600. He reported there were eight chairs and did not know the cost. Chancellor Nichols replied that she would provide the price of the chairs for Regent Sisolak. Regent Sisolak expressed concern about the bonuses issued for enrollment compensation as it related to federal money. He asked whether there was a policy. Chancellor Nichols replied that there is a federal policy in place due to participation in the federal student aid program. The federal policy prohibits provision of bonuses for purposes of increasing enrollment. She stated that the System questioned whether the manner in which bonuses were given at CCSN was actually in violation of that policy. Regent Sisolak wanted more information about the bonuses (i.e. specific performance for a specific amount). Chancellor Nichols replied that bonuses were given to four individuals at the college. Her office was not aware of any pre-existing contract regarding bonuses or rewards given for certain enrollment increases. It appeared that bonuses were given after the fact for extraordinary work. General Counsel Ray

stated that the agreement between the college and the U.S. Department of Education provided that bonuses may not be paid for increased enrollment. He felt it would depend upon the nature of the arrangement between employer and employee and was not clear whether the federal regulation was violated. If the System investigation reveals a violation, the UCCSN will self-report to the Department of Education.

Chair Dondero noted that the Governor included bonuses for teachers in his budget. General Counsel Ray replied that it was not the same. The federal policy is specific to enrollment and limited to enrollment issues. Their concern is fraudulent receipt of student aid.

Regent Sisolak again asked whether specific performance had been outlined for receipt of bonuses. Chancellor Nichols stated that she was not aware of such an agreement. Mr. Ruter related that the letter referred to bonuses awarded for 'Enrollment Enhancement Project'.

Regent Derby complimented the Chancellor on an outstanding report and the recommendations brought forth. She felt it was a good opportunity to clarify policies and provide clear guidelines to the institutions. She acknowledged that ambiguous situations were not helpful, adding that it was important to review policies, edit as necessary, and help the institutions grow. She was very proud of CCSN and their rapid growth. She praised the institution for reaching out to its community to meet its needs in a magnificent way. She felt nothing was done with malicious intent, but was instead a lack of adequate definition and/or oversight.

Regent Alden supported the use of bonuses in the private sector. He felt that when used in the governmental sector, the guidelines should be very clear and not in violation of any federal regulations. He felt the AG's report was poorly crafted. He asked whether state funds were used to pay the bonuses. Mr. Ruter replied they were not. Regent Alden asked whether there was a clear understanding throughout the community college that bonuses would be given. General Counsel Ray advised him not to continue with that line of questioning. Chancellor Nichols believed that the college intended to pay the bonuses with non-state funds, but actually used estate tax funds. Mr. Ruter agreed, adding those funds were set aside for contingency.

Regent Howard stated she did not believe that minorities benefited from the increased enrollment efforts. She felt that all groups benefited from those efforts. She asked whether bids were solicited for the table and chairs. Mr. Ruter replied there had been two bids. She asked about the source of funds for payment. Mr. Ruter replied that the funds came from the Building D project, SPWB funds for furnishings. Regent Howard asked about identifying relatives working at other institutions. Chancellor Nichols replied that all campuses would be asked to ensure that their applications include suitable language about relatives working within the institution. She clarified that relatives could work at the same institution so long as they were not in direct reporting lines. Regent Howard asked about enacting policies to prevent this. Chancellor Nichols replied that the System had a very clear nepotism policy. Regent Howard clarified that more policy was not necessary, but the institutions needed to following existing policy. Mr. Ruter identified a need to ensure that employees fully understand the nepotism policy and means of monitoring it. Regent Howard observed that policies could exist, but also required repercussions. She asked about an ethics policy. Chancellor Nichols replied that the Handbook Code included a clear statement on ethical behavior expectations. Regent Howard expressed concern about the \$1 million in carpet and tile installment and asked about comparison-shopping. Mr. Ruter agreed that it was a lot of money, adding that historically they cited other state agency contracts and piggybacked on those contracts. CCSN has implemented a policy requiring carpet bids from multiple vendors. Regent Howard asked about Board direction to increase enrollment at CCSN. Chancellor Nichols replied that, until the last revision of the Board's Strategic Directions, the number one Board priority was access due to concern about the college-going rate. The Board approved budget-driven growth rates for the campuses as presented by the institution presidents. She stated there was a clear philosophical emphasis to increase the number of students served.

Regent Kirkpatrick found the AG's report interesting and commended it. He noted they investigated an area somewhat alien to them. He asked about purchasing and contract responsibilities moved from the Vice President for Finance & Administration to the Planning & Administration section and about the use of sole source contracting. Chancellor Nichols stated that her investigation verified that, in spite of the administrative move, contracts still required signatures from both sides of the house. She noted that the procedure had been changed since then. Regent Kirkpatrick asked whether it constituted a violation of Board Code or policy. Chancellor Nichols replied that the president has full discretion to place administrative responsibilities where they desire. Regent Kirkpatrick said he was disturbed by that. Chancellor Nichols explained that Board policy did not dictate a particular structure or reporting line within an institution. The president is held accountable. She acknowledged that sole-source contracting was allowed and had been a valuable tool to the campuses. She felt it should be used judiciously and well documented. Regent Kirkpatrick asked whether it had been stretched in this case. Chancellor Nichols felt it difficult to judge; an interior decorator made a recommendation, the building was opening in 3 months, and the decision was made to use a sole-source vendor.

President Harter clarified that the UNLV table was a high-tech conference table purchased for the International Gaming Institute, which was privately funded.

Chair Dondero indicated that she would like to appoint a committee to work with the Chancellor regarding her recommendations for upgrading existing policies.

7. Approved-Closed Personnel Session – The Board approved moving to a closed personnel session.

Regent Rosenberg moved approval of moving to a closed personnel session. Regent Alden seconded. Motion carried.

7.1 Information Only-Closed Session – In compliance with NRS 241.030, a closed session was held for purposes of discussion of the character, alleged misconduct, professional competence, or physical or mental health of certain executive employee(s) of the UCCSN.

The meeting moved to a closed personnel session at 3:00 p.m. on Thursday, April 19, 2001 and reconvened in open session at 4:50 p.m. with all members present.

8. Approved-UNR Presidential Search Committee Report - Chair Douglas Roman Hill reported the UNR Presidential Search Committee met March 5, March 15, and April 17, 2001 and requested Board action on the following Committee recommendations:

- The Committee reviewed the references of the eleven semi-finalists and reduced the number of finalists to six.
- Selection of Finalists – The Committee interviewed the candidates and selected four finalists to be invited for campus visits. Before the campus visits began, one candidate withdrew from consideration.
- Campus Visits/References – The Committee adopted a schedule for the candidates' campus visits and discussed the process for additional reference checks.
- Recommendation for the appointment of the President for UNR will be reported under item #9.

Regent Hill thanked the Institutional Advisory Committee members, Mrs. Angela Palmer, Ms. Mary Lou Moser, Chancellor Jane Nichols, Ms. Suzanne Ernst, and General Counsel Tom Ray for their hard work. He expressed

gratitude to the Regents participating on the committee as well. He noted that all of the candidates were fine individuals and was honored to be able to consider them for the position. On April 17, the committees met again and voted on their recommendation.

Regent Alden moved approval of the Committee recommendations and acceptance of the report. Regent Rosenberg seconded. Motion carried.

9. Approved-Recommendation From UNR Presidential Search Committee – The Board approved the appointment of a new President at the University of Nevada, Reno. Regent Hill stated that the committees had attempted to determine the best fit for the campus. The unanimous Regents' committee recommendation was to appoint Dr. John Lilley as the new president of UNR. Regent Hill reported that the Chancellor negotiated the following contract with Dr. Lilley:

- 4 year contract with a base salary of \$199,000/year, effective July 1, 2001.
- Leased automobile for business use.
- Annual housing allowance of \$18,000.
- Other benefits as provided for all UCCSN presidents.

Regent Hill moved approval of the appointment of Dr. John Lilley as the new President of UNR. Regent Alden seconded.

Regent Sisolak asked for input from the faculty senate and student body representatives regarding the selection process. Mrs. Mary Spoon stated that the faculty senate was pleased with the process, adding that everyone worked together very well. She thanked Regent Hill and others who helped with the process. Mrs. Spoon stated that they look forward to supporting and working with Dr. Lilley. Ms. Victoria Jakubowski stated that the students concurred with Mrs. Spoon and would whole-heartedly support the incoming president.

Regent Sisolak asked questions related to the contract. He was uncomfortable comparing the the contract with that for the other university presidents. Regent Hill stated that the Board had voted against salary increases for the presidents last summer. He indicated that UCCSN presidents were underpaid in their market. He related that the housing allowance was also inadequate. He noted that this individual was moving 2,000 miles and warranted the four year contract. Chancellor Nichols stated that she was aware of the discrepancies and reminded the Board they would have the opportunity to remedy that situation when Dr. Harter's evaluation was due in the summer. At a previous meeting she shared national data on housing and car allowances indicating that System recommendations were below the market. She related she would bring forward housing and car allowance recommendations at the June meeting. She felt that presidential evaluations and COLA recommendations would provide the opportunity for ensuring both university presidents' compensation packages were fair and equitable. Regent Sisolak expressed concern for this president starting at a different level should there be no COLA increases or salary adjustments for the other presidents.

Regent Derby noted a policy that the Chancellor should earn more than the presidents. When Chancellor Nichols realized that she might have to offer more than her salary to attract this candidate, she discussed it with a number of Regents. She felt this was the only option. If she receives even a 2% COLA, her salary would be higher than his. If not, he would earn more than she currently does. She noted that the Board could raise a salary at any time on the basis of the annual evaluation. She indicated that she was not concerned with this issue.

Regent Rosenberg stated that he had apologized to Dr. Harter and, by extension, to Dr. Jarvis for his misconception that all administrators were grossly overpaid. He regretted undertaking a study of salaries several years ago, and

now realized that the market was significantly higher than what UCCSN executives were being paid. He recognized the need for people who know how to run the institutions and the need to pay them. He agreed with paying the Chancellor more than the presidents and felt that adjustments were necessary. He did not want to penalize any institution in the process. Regent Sisolak agreed, adding that he wanted to retain the presidents already hired. He felt it could send a message that in order to reach an adequate salary, one had to leave. He asked whether the advertisement had a salary range. Chancellor Nichols replied that the recommended salary was below the median of the presidential/Chancellor salary range. Regent Rosenberg stated there would be opportunity to address inequities with the Chancellor's proposed recommendations. Regent Alden stated it had been a great search entailing significant work. He felt there had been three great candidates and the System was fortunate to have a person of Dr. Lilley's caliber and knowledge. Regent Sisolak stated that he did not want to be perceived as not supporting the selection of Dr. Lilley. He was concerned with the salary because of the remaining presidents and felt it was too much money. Regent Gallagher stated that this situation arose whenever someone was hired into higher administration.

Regent Hill agreed with Regent Sisolak's concerns. He asked whether Regent Sisolak felt the individual should be hired or whether the search should be reinstated, or whether the contract issues should be addressed at the June meeting. Regent Sisolak acknowledged the Board's unanimous support for Dr. Lilley and apologized to the presidents and faculty for appearing to be inconsiderate of their salaries.

Motion carried unanimously.

Chair Dondero reminded the Board about the scheduled reception and asked whether they wished to return to closed session. Four members indicated that they did. Regent Gallagher noted that the reception was hosted by the Regents and felt they should make an appearance. Chair Dondero indicated they would return to closed session and then attend the reception.

The meeting moved to a closed session at 5:15 p.m. and reconvened again in open session at 5:30 p.m. with all members present except Regent Hill. The open meeting recessed at 5:35 p.m. and reconvened at 8:10 a.m. on Friday, April 20, 2001 with all members present except Regents Derby and Hill.

10. Information Only-Strategic Planning Workshop - RAND Corporation consultant Mr. Arthur Hauptman facilitated a discussion of alternative funding models for higher education in Nevada as part of the Board's long-term strategic planning effort. Chancellor Nichols introduced Mr. Hauptman, adding that he has consulted and written extensively regarding issues of higher education finance.

Mr. Hauptman noted three areas that every state must consider when determining public funding levels for higher education: Institutional Funding, Tuition & Fees, and Student Financial Aid. He noted that the percentage of public funds devoted to institutional funding and financial aid could be critical to System operation.

- Institutional Funding - comprised of research, instruction, and innovation. The Board might consider funding research separately. Some countries and a few states follow such a model. Typically, most states commingle the funding. He felt there were good arguments for funding research separately.
- Different methodologies can be employed for providing base funding. Most institutions use historical and political methods. Beginning in the 1950's, there was a movement toward cost-based and enrollment-driven formulas.

Regent Rosenberg asked whether cost-driven formulas could be either FTE or actual costs. Mr. Hauptman replied that they could be either and that moving to a formula-driven environment was a means to de-politicize public

institution funding.

- Formulas - generally comprised of two components: number of people and amount of money. When multiplied, an aggregate figure is determined that becomes the mechanism for distributing funds. Cost-based formulas typically include an enrollment basis. The formula might consider Fall enrollment, Spring completion, or the number of graduates (performance-based system).
- Methods - The least sophisticated and most traditional method uses actual institutional cost, (i.e. cost-per-student), which actually encourages higher costs and rewards institutions for having a higher cost-per-student. An average cost method averages the cost of all institutions to eliminate the incentive for one institution driving up the costs. A normative cost system reflects indirect ratios of students to faculty or inefficiencies desired for elimination. A policy-driven system places higher priorities on certain fields of study (i.e. encouraging more teacher graduates). The state would pay a higher price to motivate institutions to provide more seats in those fields of study.

Regent Alden noted that UCCSN used formula-based funding. He asked about states moving toward program-based funding, the reasoning and the detractions. Mr. Hauptman introduced Mr. Dave Longanecker from the WICHE group, also present to address some of those issues. He indicated that most states use an actual or average cost for public school funding. Some states are still principally historically and politically driven. Most states have some sort of enrollment-based and/or cost-based formulas. Very few have moved to the more sophisticated normative cost method. Under a cost-based system, institutions are rewarded for inefficiencies. Regent Alden asked about program-based funding in the private school sector. Mr. Hauptman replied that private schools operate on a different principle. He encouraged the Board to address the type of motivations, incentives, and disincentives being provided as part of the funding formula that either encourage private sector budgeting or move away from it. Regent Alden believed that formula-based funding was inefficient. Mr. Hauptman stated that a more critical issue was whether institutional priorities or state priorities determined how public funds were distributed. He felt that institutional autonomy was very important, adding that the state's proper role would be to determine policy and where public funds should be spent. He related that very few states had moved to the policy-driven approach.

Mr. Hauptman related that the Board should know whether the government or the institutions set the fees and on what basis those fees were set. Typically, cost-per-student is the basis for fee setting (if not political). He reminded the Board about the incentive provided for institutions to raise their costs. He recommended setting fees in relationship to a benchmark not affected by the institutions (i.e. GDP per capita or median family income). He felt that uniform fees for all institutions was not a good idea and that fees should differ by the type of institution, as they reflected demand and differences in quality. A fee setting structure based on cost-per-student would have the same effect, but also included negative incentives. He felt the most critical aspect was to have funding, fees and financial aid related to one another, providing a better chance of goal achievement with funding mechanisms that are not working against one another. He noted another critical issue of who retains the fees and that relationship to funding. If the universities raise and retain their fees, and the funding is reduced to reflect the higher fee revenue, there would be no incentive for them to raise their fees. The only states that have low fees and high participation rates are those that put a significant amount of money into the funding of institutions. Those institutions create the number of seats that will be demanded at those low fees.

Regent Alden felt it was different in Nevada. The Clark County School District is terribly under-funded and the K-16 model is not working. He felt it would be more difficult to increase the participation rate. Mr. Hauptman agreed, adding that preparation was key to higher participation rates. Higher education could be involved with early intervention programs that identify students at an early age and provide benefits to prepare them for college or university participation.

Mr. Hauptman reported financial aid considerations:

- The percentage of public funds devoted to institutional funding and student aid.
 - Nevada has a relatively low commitment to student financial aid even with the Millennium Scholarship program.
- Is funding need-based or merit based?
 - Since the Millennium Scholarship is merit-based, consider increasing need-based financial aid.

Mr. Hauptman presented the following RAND report considerations:

- Is research funded separately from instruction'
- Should the process for funding institutions be changed'
- On what basis should fees be set'
- What proportion of funds is devoted to financial aid and how are they used'
- Is there a state role for promoting private higher education models and distance learning'

Regent Rosenberg asked whether there were other models for retaining fees. Mr. Hauptman replied that, in many states, funds were sent to the state and re-appropriated. Massachusetts re-appropriates the tuition, but not the fees.

Regent Derby entered the meeting.

President Harter related that Nevada employs a disincentive for institutions to enroll more students than they were funded for. She noted that, lately, the fee expectations have been so high that there have been revenue shortfalls when actual enrollments did not keep pace with expectations. Chancellor Nichols stated that Nevada had recently moved to a new formula and the 2-year budget was set in a new manner. Now enrollment is established based upon the last three years of enrollment and the projected enrollment is a weighted average of those three years. She stated that the state views the fees and tuition collected as one source of revenue. The state establishes the budget based upon the formula, usually funding about 85%. She related there was no incentive to raise student fees except in consideration of the partnership/contract with the state to have the students bear a share of the cost of education. When institutions enroll more than projected, they may approach the Interim Finance Committee (IFC) to request permission to spend those fees. Those fees cannot be budgeted in advance or used to hire in advance of their receipt. Mr. Hauptman stated that the System should consider incentives to increase fees as well as to enroll more students. The current system provides no incentive for raising fees due to the requirement of approaching the IFC for permission to spend additional fees collected. A better system, even in a low fee environment, would be one in which the institution is allowed to keep the fees for additional students enrolled. President Harter felt the institutions should also have some discretion in deciding how those fees were spent. Mr. Hauptman stated that Nevada's current system provided incentive for restricting enrollments. Chancellor Nichols noted that the incentive was long-term when using the historic 3-year average. Mr. Hauptman stated there were two sources of money for public institutions: state funding and student fees. Funding formulas tend to exacerbate the differences among institutions. Fee structures tend to be the equalizing force. He suggested that a better system would be one with an equitable funding system and a more differentiated fee structure. Such a system allows more equitable funding and provides more autonomy for the institutions. Regent Alden agreed, adding that the current funding system was prehistoric. He hoped that Mr. Hauptman could guide them to the next level. Mr. Hauptman felt the Board had a tremendous opportunity to be leaders, to move forward and take a leadership role in deciding a system of funding that was not constrained by what had been done in the past.

Regent Rosenberg asked whether the Board should ask the Chancellor to provide a recommendation for eliminating the requirement for asking permission to spend money realized from increased enrollments. Mr. Hauptman replied

they should. Chancellor Nichols did not believe that the state would agree to that, but they might agree to allowing a margin of discretion.

Regent Derby observed that the System had just revised the funding formulas in an effort to make them more equitable. Mr. Hauptman stated that if the Board felt they had taken the necessary steps with the funding formula, they could concentrate on a complementary fee structure.

Regent Gallagher asked about determining the fee structure for the two universities. She asked whether it would be possible to use a differential fee structure. Mr. Hauptman replied that it would require negotiation between the System and the two universities. He felt that many factors were involved. The state and the System could provide a range within which the institutions could set their fees.

Regent Kirkpatrick did not support changing tuition rates without also having the state permit institutions to keep additional tuition. Regent Gallagher felt it would be very difficult to convince the Legislature to allow the institutions to retain unspent funds. Mr. Hauptman noted that an opportunity would be provided with the planned Fall roundtable discussions with the legislators. President Harter remarked that Ohio allowed each institution to set its own tuition and to keep the revenue collected. She noted that raising fees included the risk for increased competition with lower-priced institutions. Mr. Hauptman replied that the System could set limits to protect the public and allow the institutions to decide in which range they wished to compete.

Regent Alden asked whether the proposed establishment of a 3rd tier (state college) and the refinement of the GPA entrance requirements for the two universities would justify increased tuition. Mr. Hauptman asked which students (graduate or undergraduate) would be affected. Regent Alden replied for either. Mr. Hauptman replied that a fundamental review of the fee structure would be appropriate. Nevada could differentiate fees by graduate/undergraduate level and by field of study. A research university should charge more for its graduate students than it does for undergraduates. Regent Rosenberg asked about the disincentive for financial aid when tuition was kept low. Mr. Hauptman replied that the objective of funding mechanisms was related to quality. Access goals are not typically funded via institutional funding. Funding on a cost basis with undifferentiated students essentially funded quality. The financial aid system would address access. He noted that, while low fees were regarded as an access policy, they often prevented an institution from providing sufficient seats to meet the demand.

Regent Gallagher asked about a recommended ratio for need-based and merit-based student aid. Mr. Hauptman replied there was none. States with low-participation rates can benefit from merit-based aid because it helps increase enrollment. He preferred a combination of merit- and need-based financial aid. He recommended putting more money into need-based aid since the advent of the Millennium Scholarship. He noted that institutions tend to view student aid as not beneficial for the institution. A properly designed financial aid system would direct funds to the institution in a different manner. He felt it would be worthwhile to have a conversation about the financial aid structure.

Mr. Hauptman related that most states fund research and instruction together. In the U.S., the federal government is the primary source for research funding. The state provides funds that are used for a mix of both purposes. The British have a different funding structure for research. President Harter stated that, while the institutions receive very little for research, it was differentiated from instruction. Mr. Hauptman asked who set the priorities for what research was conducted. He felt that a discussion regarding the mix of research funding vs. instruction funding and how to distribute those funds amongst institutions and programs was advisable. Regent Rosenberg asked how the institutions applied for state research funds. Chancellor Nichols replied that research funding was mainly provided through the Estate Tax. Currently, there are three categories for research: 1) EPSCoR-competitive system for state and federal funds, 2) Basic Research Grant-undifferentiated and distributed to the three research institutions, and 3) Applied Research Program-currently distributed equally among the institutions. The Board and UCCSN have

determined guidelines for the use of those funds (i.e. a match from private industry, emphasis on technology transfer). Mr. Hauptman suggested they could change the basis of research funding to the departmental or faculty level. He suggested factoring in excellence and priority; a research funding mechanism that funds projects/departments based upon their level of excellence or based upon state priorities. President Wells observed the need to distinguish between the types of research being conducted (meeting state needs vs. reaching a hallmark). He suggested that a portion of the General Fund could be allocated to research for meeting state needs and distributed to the institutions. He noted that currently two institutions were unable to recover their indirect costs. Mr. Hauptman stated that it would be a multi-step process. They would need to determine where the research would have the most effect, how much would be allocated to that research function, and how the funds would be distributed. President Wells noted that the Desert Research Institute's research was dependent upon the faculty's ability to cover the cost of their research. Mr. Hauptman recommended having an explicit policy in place rather than taking advantage of fortuitous events.

Regent Derby asked whether it was unusual for institutions not to be able to recover indirect costs. Mr. Hauptman replied that he did not know, adding there had been debate across the country between public and private institutions, because public institutions were typically subsidized and could apply for grants at a lower indirect cost rate. Chancellor Nichols stated that it was rare for indirect costs to be returned, adding that she could research how many states returned their indirect costs. She mentioned that indirect cost recovery would result in approximately \$5 million more for the institutions annually. She noted that the cost to the state would be more in order to provide more money for research. President Wells felt the System had the ability for collaboration, adding that Washington D.C. used that as a measure for supporting research.

The meeting recessed at 9:40 a.m. and reconvened at 9:55 a.m. with all members present except Regent Hill.

Mr. Hauptman provided a suggested time line and recommended consideration of modifying costs based upon priorities and moving away from fee structures based upon a percentage of cost (i.e. easing away from the cost structure, which encourages higher costs). He advised moderating the desire to compare with other states, noting that peer comparisons were useful for benchmarks, but not useful for policy setting. He encouraged the Board to think more about departments and less about institutions. He recommended increasing the variables within the system so as not to pit one institution against another.

Chair Dondero complimented Mr. Hauptman on his presentation. Chancellor Nichols thanked Mr. Hauptman, noting there was significant work to be accomplished.

10.1 Information Only-Vision Statement - Chancellor Jane Nichols presented a first draft of a proposed vision statement. (Ref. C on file in the Board office) She requested feedback on the vision statement and principles, and asked that the potential goals be ignored. She asked that any changes be provided to her, as it was a work in progress. Regent Alden felt that the principles needed to address more about K-12.

11. Approved-Football Coach Contract, UNLV – The Board approved the terms and conditions of a new contract for Mr. John Robinson, Head Football Coach, UNLV.

President Harter reported that when Coach Robinson was recruited the football season record had been 0-16. She related that he built the current program, adding he was an extraordinary person. She noted that Las Vegas had opened its arms to him. He has made himself available for civic events, speeches, and radio/television appearances while recruiting great athletes and students. She noted that the contract was intended to keep Mr. Robinson for as long as he was willing to coach.

- Term: 5 years; January 1, 2001 through December 31, 2005 (follows football season).
- Base Salary: \$150,000 from which retirement would be paid with the state contribution to the athletic budget (approximately 15%).
- Coaches make an extraordinary community effort to attend public invitations. Coaches are paid to make those appearances. Any revenues received from those public appearances are deposited to the athletic budget.
 - Radio and Television Appearances: \$200,000 in the first year, to be increased by \$25,000 for every year of the contract, ending with \$300,000 in fifth year of the contract.
 - Personal Appearances: \$150,000 annually.
 - Deferred Compensation Incentive: \$40,000 for each year of the contract, should Coach Robinson become disabled during the term of the contract. At the end of the contract, \$200,000 would be made available in deferred compensation.
 - Automobile provided through the car dealerships via 'trade outs' for tickets.
 - Expense accounts for recruitment or fundraising for the athletic program (approved in advance by the Athletic Director).
 - üIncentives for winning the Mountain West title and qualifying for bowl games (based on \$150,000 base).
 - Incentives for academic performance and graduation rates of team athletes:
 - Team GPA of 2.3, with a larger incentive for a team 3.0 GPA.
 - Graduation rates of 60% and 75%.

President Harter noted that these contracts were very elaborate legal documents that had been reviewed in great detail by General Counsel Tom Ray. They are designed to protect the coaches from inappropriate action and the university against NCAA sanctions.

Regent Alden indicated his approval of the contract and the inclusion of academic achievement incentives, adding that UNLV was lucky to have Coach Robinson.

Regent Derby moved approval of the terms and conditions of the contract. Regent Sisolak seconded. Motion carried. Regent Hill was absent.

Regent Sisolak asked whether the contract was intended to serve as Coach Robinson's last contract. President Harter replied that it was written in acknowledgement of his being at the pinnacle of his career, adding that they would be glad to offer him another one when this contract expired. Coach Robinson thanked the Board for their support, adding that he considered it an outstanding opportunity for him. He acknowledged that educating young people was the most important service provided, adding that college sports could have an important effect and provide a positive message for the institution. He noted that the first three games of the season would likely be broadcast on national television, which would provide great exposure for the university. He stated that his first responsibility was to UNLV/President Harter and his second responsibility was to the young people who play. He felt that UNLV provides the athletes with an education and a great experience. He stated that he requested a five-year contract so he could finish the project he started. He expects the program to grow tremendously over the next five years.

Regent Wiesner asked about projections for the team's performance in the coming season. Coach Robinson complimented Regent Wiesner's support of the team. He stated that UNLV was striving for national recognition for both the football and basketball programs.

Regent Sisolak expressed his hope that this would not be the last contract for Coach Robinson, adding that he made a very impressive, positive impression on the young people in the program.

Regent Howard commended Coach Robinson on his work, adding that he made UNLV more comparable to UNR's football team. She encouraged him to stay with UNLV.

12. Approved-Basketball Coach Contract, UNLV – The Board approved the terms and conditions of a contract for Mr. Charles Spoonhour, new Head Basketball Coach.

President Harter reported the following terms and conditions:

- Term: 3-year contract.
- Base Salary: \$135,000.
- Radio and Television Appearances: \$200,000.
- Personal Appearances: \$90,000.
- Total guarantee of \$425,000 for each of the three years.
- Comparable automobile and expense accounts.
- Attendance incentives.
- GPA and graduation incentives.

President Harter related that basketball was a less expensive sport to administer and actually helped support most of the other sports. Because it is easier to fill a basketball stadium, a series of incentives were included related to filling more of the seats in the Thomas & Mack Center. The university makes 80% and the coach 20% of the new revenue.

Regent Alden indicated his approval of the contract, adding that he was pleased the incentives addressed academics as well as having Coach Spoonhour on campus.

Regent Derby moved approval of the contract. Regent Sisolak seconded.

Regent Derby stated that she was very proud of UNLV's athletic program.

Motion carried. Regent Hill was absent.

Coach Spoonhour expressed his appreciation for the opportunity, adding that he was comfortable with the challenge of bringing UNLV basketball back to its apex. He was appreciative of Coach Robinson's support, adding that he was glad to be at UNLV.

Chair Dondero congratulated Coach Spoonhour and thanked him for being present.

13. Approved-Bill Draft Approval, TMCC – The Board approved a bill draft authorizing the issuance of state general obligation bonds to acquire a portion of Reno (Old) Town Mall for Truckee Meadows Community College and providing repayment of such bonds from the amount appropriated to pay rent for the facility. (Ref. I on file in the Board office)

President Huneycutt introduced Mr. Paul Perkins, a TMCC Foundation member. She noted that he was the courageous, distinguished leader who helped obtain the Edison site and was now working on the Reno Town Mall site. She reported that proposed Senate Bill 497 referred to one of TMCC's sites located on South Virginia Street,

adjacent to the Reno Convention Center and Atlantis Casino. She noted that it was a popular location in south Reno providing easy access to residents, senior citizens, and ethnic minority students. The owner recently refaced the facility (\$250,000). TMCC has leased space there since 1989 using state-appropriated funds. The operation has grown from an initial 10,000 sq. ft. to 60,000 sq. ft. In 1997, the Board of Regents approved the negotiation of a purchase price for this facility. In 1998, Reno Town Mall was appraised for \$6.25 million not including the 11 acres now under discussion with the owner, which would provide additional space for parking. She noted that the owner was intending to remove the mobile home park on the south side of the building by August 2001. President Huneycutt thanked Regents Alden, Kirkpatrick, and Sisolak for taking time to survey the facility. She noted that TMCC conducted an 'available land comparison study' in 1998. An updated appraisal will be completed in May 2001. In 1999, TMCC updated the Board of Regents on future plans for Reno Town Mall. The major considerations for purchasing Reno Town Mall (RTM) include:

- Student Access – strategic location incorporating Reno's growing Latino community.
 - 31% of TMCC's ethnic minority students attend RTM center.
 - Studies predict a 46% increase in the Hispanic population in the next seven years.
 - The site has 115 bus stops during the day, making access easier for students.
- Program Offerings – RTM center supports many remedial and general education courses. It also supports seven of TMCC's workforce place development programs:
 - Business & Industry.
 - Smart Starts.
 - TMCC Re-entry Center.
 - Veteran's Upward Bound Center.
- Business Decision –
 - Current lease payment - \$642,000/year.
 - Proposed purchase - \$660,000/year for 15 years.
 - TMCC currently leases 60,398 sq. ft. The purchase would increase the space to 157,000 sq. ft., as well as 11 acres in a prime Reno location.
 - Money from leased space within RTM would go to deferred maintenance.
 - The TRM meets current building code requirements.

President Huneycutt discussed the following issues:

- Program Offerings – TMCC provides remedial and general education courses to a large population of students at RTM. TMCC's community service re-entry and business & industry programs are critical portions of the college's mission. RTM allows the college to continue to expand its services to the community. Future plans for RTM include an expansion of the theatre and performing arts programs, increase workforce development services, and development of ESL and ABE centers. Currently enrollment is capped because the main campus cannot accommodate more students or programs. Existing abandoned movie theaters would allow TMCC's theater program to expand.
- SB497 – TMCC must purchase RTM or risk losing access to the facility when the current lease contract expires in December 2001.
- Purchasing RTM is cost effective.
 - Purchase price - \$51/sq. ft.
 - New construction - \$150/sq. ft. resulting in a savings of \$15.6 million.
 - \$8 million purchase price through general obligation bond.
 - Conversion of lease payment to mortgage payment.

TMCC has a long-term presence at RTM. It has proven to be a convenient location for students and supports current and future programs. President Huneycutt felt the purchase made good fiscal sense and that the bill draft was an innovative financing tool.

Regent Wiesner felt the purchase price was too high, adding that he thought it was inappropriate to negotiate property in a public meeting. He asked whether commissions would be paid. President Huneycutt related that no one had been commissioned at the present time. Mr. Perkins related that he and others had been in negotiations for the college on a pro bono basis. His office currently manages the property and would lose the account if TMCC were to buy it. He asked why Regent Wiesner felt the price was excessive. Regent Wiesner felt that it was a good business stance to take, adding that it appeared as if the System was accommodating the seller. Regent Wiesner expressed his appreciation for Mr. Perkins donating his time on this matter.

Regent Rosenberg established that the purchase did not include the Raley's market (on the west side) and the Burlington Coat Factory (on the east). He asked about the length of Syufy's lease on the theaters. Mr. Steve Salaber, Assistant Vice President for Administrative Services, stated there was a right of first refusal on the property. Syufy could lease the theater from TMCC or TMCC could take it over.

Regent Derby observed that the location was valuable to the college mission as well as the community it served. She noted that bus access allowed many students access to that particular campus.

Regent Sisolak asked whether the other retailers were paying less for leased space. Mr. Salaber replied that they actually paid more and TMCC would sub-lease some of those properties back to those retailers, resulting in approximately \$220,000/year. Regent Sisolak asked about other obligations of the future owner. Mr. Salaber replied that utilities, maintenance, property taxes, and federal income tax would be required. Regent Sisolak established that utilities were included in the current lease payment. He felt that utilities could be astronomical. Mr. Salaber replied that the state would cover those costs as part of state property, adding that the owner currently paid those utility costs. Regent Sisolak established that TMCC was proposing to buy one building in the mall and that the Burlington Coat Factory and the bank were both owned by different owners. He asked about maintenance costs for the common parking area. Mr. Salaber replied that \$2,000/month would be charged for parking on the north and south side of the building. President Huneycutt stated that those costs were currently covered by the lease payment. Regent Sisolak requested a breakdown of the overall costs and Mr. Salaber agreed to provide it for him. He noted that the issue that day was to use the lease payments to finance floating a bond. Regent Sisolak asked about the amortized rate. Mr. Salaber replied that it was for a 20-year bond at 5%.

Regent Gallagher stated that she was not initially thrilled with the location, but felt it had been serving an area and population that would not be able to access the main campus easily.

Regent Alden stated that it was a good location, adding that he believed there was a real need for the facility. He was unwilling to support the motion without more information. He asked about the current cost factors vs. purchasing obligations. Dr. Huneycutt stated that the purpose of the proposal was to allow TMCC to have discussion with the Legislature regarding alternative funding. The final purchase would return to the Board for final approval. Regent Alden was unwilling to discuss the matter without further information.

Regent Seastrand asked for the Chancellor's recommendation. Chancellor Nichols replied that her office reviewed this project worked with TMCC regarding potential uses for the lease money. Vice Chancellor Miles stated that the bill would require concurrence of both the Board and the State Treasurer. He noted there would be a great deal of research done prior to proceeding with a project of this nature. He stated that a bond consultant and bond counsel would be retained to review the project and ensure its viability. He observed that the yearly lease payments now

exceeded the proposed bond redemption. He reported that the lease would expire at the end of this calendar year and that the owner was anxious to sell. He observed that TMCC could lose this valuable space. He noted that the agenda item was only to allow discussion with the Legislature. Regent Seastrand asked about a recommendation to proceed. Mr. Miles felt it was reasonable to allow TMCC to proceed with the negotiations.

Regent Alden requested a current appraisal on what exactly was to be purchased. He thanked Mr. Perkins for his expertise and assistance. He expressed concern for having other institutions pursuing similar ventures. Dr. Huneycutt stated that the most recent appraisal would be completed in May.

Regent Rosenberg moved approval of a bill draft authorizing the issuance of state general obligation bonds to acquire a portion of Reno (Old) Town Mall for TMCC and providing repayment from the amount appropriated to pay rent for the facility. Regent Kirkpatrick seconded. Upon a role call vote, the motion carried. Regents Derby, Dondero, Gallagher, Howard, Kirkpatrick, Rosenberg, Seastrand, and Wiesner voted yes. Regents Alden and Sisolak voted no. Regent Hill was absent.

14. Information Only-Nevada State College Update – Discussion was held on Nevada State College (NSCH) including the faculty salary schedule and the proposed site. Chancellor Nichols reported there was no final information or recommendation regarding the potential site. She stated that faculty salary schedules would be provided at the June meeting. She acknowledged that many Regents had been contacted by people in the adjacent neighborhood. Regent Sisolak stated that he had received petitions and letters that he had sent to the Chancellor. He noted that residents in the neighborhood were extremely concerned about the impact of the college to their quality of life. They felt they were not invited to the forums and that they should have some input due to the investment in their homes. He suggested holding a weekend meeting to answer some of their questions.

Regent Rosenberg stated that he was uncomfortable with changes in the size of the property. He agreed the neighbors should be heard, adding that he hoped to reach some compromise. Chair Dondero stated that she was not opposed to arranging meetings with the public. President Moore indicated his respect for the comments made, adding that he was looking forward to working with the neighbors. Chancellor Nichols offered to work with Chair Dondero to arrange a Sunday afternoon opportunity for discussion. She noted that the City of Henderson had been wonderful in trying to locate a good site, but had not been in a position to talk to the neighbors impacted by the proposed site. She stated that the actual boundaries of the site were yet to be determined. Dr. Moore requested that questions regarding the architectural competition be routed through his office. He explained that he was trying to protect the integrity of that competition. Regent Alden stated that the Board had no intention of disrupting the neighborhood, adding that discussion with the concerned neighbors was necessary.

Regents Alden and Sisolak left the meeting.

15. Accepted-UCCSN Biennial Budget Update - In light of the actual 2000-01 AAFTE (Annual Average Full-Time Enrollment), Vice Chancellor Dan Miles provided an update on the progress of the UCCSN's biennial budget and capital budget. The Board also took action regarding changes in the Regents' budget request and Estate Tax fund allocations. (Ref. A on file in the Board office)

Mr. Miles reported that UCCSN met with the joint sub-committee of the Senate Finance Committee and Ways and Means Committee. He anticipated closure of the budget by April 26th. System enrollment growth for 2001 was lower than in prior years. The re-projection of full-time equivalent and headcount positions released \$24.8 million over the biennium. Additionally, lower enrollments resulted in \$8.5 million less in anticipated revenue. The System was concerned that the Legislature might use those funds for other purposes, so they presented a solution to the

Legislature that would protect money allocated in the Governor's budget. There were also technical adjustments and formula corrections the System felt were necessary (#11 on file in the Board office). The System also requested funds for TMCC and WNCC (under the 'hold harmless' clause) and a COLA match. The subcommittee will address these items and any other issues on April 26th. The Economic Forum reports on May 1st.

Regent Kirkpatrick asked about the value of the COLA match. Mr. Miles replied that the Governor had recommended a 4% COLA for everyone in both years of the biennium. He only provided funds for the professional positions for a 2% COLA and challenged higher education to match those funds. Mr. Miles reported that the additional 4% COLA for both years was approximately \$16 million.

Regent Seastrand asked about under-estimated enrollments and what would happen to those positions. Mr. Miles replied that those positions would not be filled and the number of hires would be reduced. The new funding formula considers actual enrollment growth over the past 3 years. He related that, in the past when there were excess enrollments, the institutions had been under-funded.

Regent Gallagher asked whether the Legislature would hold the System responsible for mistakes made in the budget. Mr. Miles replied that he felt comfortable that the Legislature would not blame UCCSN since many parties were involved with the formula. He noted that the new formula was a dramatic departure from the previous one, adding that he expected some errors to be made. Regent Gallagher stated that the Legislature was projecting a \$150 million shortfall. Mr. Miles replied that likely the 3-year shortfall would result in less one-shot dollars available. The legislature has given the governor first opportunity to recommend where those reductions would occur.

Mr. Miles discussed items that had been returned to the Estate Tax account, which increased the current request from \$40.12 to \$54.77 million. He noted a list of positions currently funded in the Estate Tax account. UCCSN requested those positions be funded from the formula (state-funded), but the Governor did not include them in his recommendation. None of those positions have been funded for regular merit or COLA increases. Those increases would cost \$1.1 million over the 2-year period. He suggested including that in addition to the Estate Tax funds requested. He reported that performance funding (recommended by the funding study) to be allocated as incentives to the campuses based upon their performance to achieve certain goals was the only new request in the Estate Tax. He stated that there would likely be no money for enhancements. Included in the request is a match for EPSCoR research grants. He asked whether the Board wished to reprioritize.

Regent Derby expressed a preference for retaining some performance funding, adding that she felt it was a good tool. She requested a proposal from the Chancellor to retain \$1 million for performance funding and \$2 million towards the EPSCoR match. Chancellor Nichols stated that she too did not want to see performance funding excluded. She noted that the EPSCoR program was under funded in the previous budget and was now at serious risk for losing NSF funding. She felt that allowing \$1 million for performance funding and \$3 million for EPSCoR, bringing the total to \$56.9 million to be spent from the Estate Tax.

Regent Gallagher stated that the System had been unable to save Estate Tax money. She agreed that the EPSCoR funding was critical to the entire System and strongly supported the Chancellor's recommendation. She felt the money should be spent where it did the most good. She acknowledged that a determination would be required regarding how to fund such projects in the future without Estate Tax funds.

Regent Rosenberg moved approval of expending \$56.9 million in Estate Tax funds to cover the additions presented (Performance Funding, EPSCoR, COLA and merit). Regent Derby seconded. Motion carried. Regents Alden, Hill, and Sisolak were absent.

16. Information Only-UCCSN Millennium Bound Outreach Center - Regent Linda Howard requested a discussion of the North Las Vegas Millennium Bound Outreach Center, which will represent a consortium of UCCSN institutions for the purpose of supporting recruiting, advising, and outreach efforts for underrepresented groups. Estimated cost for the first year is \$147,050. (Ref. B on file in the Board office)

Chancellor Nichols stated that she felt that such an effort was more appropriate at the campus level. Regent Howard stated that she had received requests from students, constituents, and members of the UCCSN community for such a proposal. She noted that the 2000 census revealed there were over 1.3 million people in Clark County; 115, 488 people in North Las Vegas. She stated that the numbers did not include multi-racial people or the surrounding areas of North Las Vegas, which has a substantial concentration of people of color. She felt the System should do more in addition to individual campus efforts. She stated that the System Outreach Center would help attain System diversity goals, access goals, and recruiting goals. She felt it would also reinforce campus activities and help them meet their campus goals. She reported there was overwhelming community support for this concept, adding that she felt the taxpayers deserved these requested services. She requested Board input.

Regent Derby acknowledged Regent Howard's commitment to underrepresented groups in Las Vegas. She agreed the System should seek methods of outreach to those people and increased participation in higher education. She asked about the type of facility and services, and how it would be funded. Chancellor Nichols suggested that the System could make a difference in access by concentrating on a program that extended to high schools, adding that it could be included in the next budget cycle.

Regent Kirkpatrick stated that the diversity report presented at the prior meeting had not been complete because some statistics were still being calculated. He felt that such data was required in order to consider a project of this nature. Ms. Tamela Gorden, Interim Director of Institutional Research, replied that the data would be available in June.

Regent Rosenberg was supportive of the concept, adding that early intervention was a key component. He observed that waiting for a normal budget cycle would take some time. He suggested approaching the business community as well as the boosters for support.

Chair Dondero suggested Regent Howard form a group of community volunteers to research such a program and what would be required to get it operating. Regent Rosenberg observed that the community task forces had been very effective for the state college.

Regent Seastrand asked about the A.D. Guy Center associated with the System. Regent Howard replied that it was a computer lab associated with CCSN. The proposed outreach center would not provide the same services, but would be representative of all of the campuses.

Regent Wiesner asked about funding the center. Regent Howard replied that she originally requested funding from the UCCSN budget (\$147,000 for the first year and \$90,000 after that). She reported that the Chancellor indicated that the money was not in the budget. Regent Howard reported that she met with the Mayor of North Las Vegas and he had been very receptive and that there was interest in partnerships. She was interested in determining whether UCCSN wanted to play a role. She noted that she had also spoken with a representative from Senator Harry Reid's office and that some institution presidents had expressed interest in possible funding assistance.

Interim President McFarlane stated that UNR had applied for and received a \$125,000 grant to institute a similar program reaching out to three urban and three rural at-risk elementary schools to help prepare students for the Millennium Scholarship.

President Wells stated that discussions had been held with UNR regarding creation of internships for underrepresented groups. He suggested that it could provide the mechanism for multiple institution involvement.

Regent Gallagher agreed that Regent Howard had a good idea, but felt it should be a collaboration of the institutions in that area. Regent Kirkpatrick believed that the need Regent Howard identified was real. He was unsure of the proper manner to address it. He felt the Board should be able to determine a way to serve that population and help them obtain a higher education. Chair Dondero encouraged Regent Howard to assemble an exploratory group, adding that the Board was willing to help.

The meeting recessed at 12:10 p.m. and reconvened at 1:15 p.m. with all members present except Regents Alden, Hill, Sisolak, and Wiesner.

17. Approved-Appointment, Vice President, UNLV – The Board approved the appointment of Dr. Rebecca Mills as Vice President for Student Life at a salary of \$136,000. Dr. Mills has served as the Interim Vice President since May 2000. (Ref. D on file in the Board office)

President Harter reported that Dr. Mills had been a long-term and extraordinary faculty member at UNLV. She stated that a national search had been conducted.

Regent Derby moved approval of the appointment. Regent Rosenberg seconded. Motion carried. Regents Alden, Hill, Sisolak, and Wiesner were absent.

Regent Wiesner entered the meeting.

18. Approved-Handbook Revision, Regents' Bylaw Amendment – The Board approved amending the Handbook, Title 1, Article IV, Section 2, Election of Officers. The amendment would clarify and/or limit the number of successive terms a Board Chairperson could serve. (Ref. F on file in the Board office)

General Counsel Tom Ray explained that it was a proposed amendment to Article IV, Section 2 of the Bylaws relating to the number of terms that the Chair and Vice Chair could serve. It was intended to clarify that the Chair and Vice Chair could only serve two consecutive terms. Two alternatives were presented in the reference. The only difference was whether or not a partial term would count as one term.

Regent Kirkpatrick moved approval of the Handbook revision, proposal #2. Regent Derby seconded.

Regent Seastrand requested clarification of proposal #2. General Counsel Ray replied that a partial term would not count as a term.

Regent Derby stated that she had always believed in providing maximum flexibility for the Board when choosing its leadership. She noted that the flexibility was provided in that the Board could always suspend its Bylaws and take any action they desire. She was supportive of clarifying formerly ambiguous language.

Motion carried. Regents Alden, Hill, and Sisolak were absent.

19. Approved-Handbook Revision, Student/Special Fees – The Board approved proposed student fee changes for the institutions. This item was previously reviewed as an information item at the March meeting. (Ref. G on file in the Board office)

Mrs. Sandi Cardinal reported that the fees were as originally presented at the March meeting.

Regent Kirkpatrick moved approval of the Handbook revision. Regent Gallagher seconded. Motion carried. Regents Alden, Hill, and Sisolak were absent.

20. Approved-Consent Agenda – The Board approved the Consent Agenda:

(1)Approved-Minutes – The Board approved the minutes from the meeting held March 1-2, 2001 and the workshop held March 16, 2001.

(2)Approved-Capital Improvement Fee Funds, CCSN – The Board approved the use of \$2,000 in Capital Improvement Fee funds to erect a new partial wall in the photography lab on the Charleston Campus. The wall will not extend to the ceiling and will allow for utilization of existing lighting and ventilation.

(3)Approved-Distribution of Tuition and Fee Revenues – In May 2000, the Board approved the tuition and fee levels for all UCCSN institutions. The revenue distributions found in Ref. C-3 provide the institutions with the flexibility necessary to target areas of greatest need at each institution. This did not include distribution of fee revenues for the School of Medicine and the School of Law.

(4)Approved-Handbook Revision, Summer Term Salary Schedules – The Board approved a Handbook revision, Title 4, Chapter 3, to update the UNLV and UNR summer term salary schedules for 2001. (Ref. C-4 on file in the Board office)

(5)Approved-Handbook Revision, GSA Constitution, UNR – The Board approved a complete revision to the University of Nevada, Reno Graduate Student Association Constitution, Title 5, Chapter 18. (Ref. C-5 on file in the Board office)

(6)Approved-Handbook Revision, Emeritus/Emerita – The Board approved an amendment to Board policy, Title 4, Chapter 3, Section 29, concerning emeritus/emerita designations for System Administration staff. (Ref. C-6 on file in the Board office)

(7)Approved-Sale of Ginocchio Property, UNR – The Board approved the sale of a 2.39-acre parcel of vacant land south of Reno located at 1550 Eli Drive. Mr. Joe Ginocchio, who passed away in 1998, bequeathed this property to UNR. The property, including irrigation rights, has recently been appraised for \$140,000. Proceeds from the sale are to be directed to the School of Nursing for the establishment of a scholarship program. (Ref. C-7 on file in the Board office)

Regent Seastrand moved approval of the Consent Agenda with the exception of the last sentence in item #3 (Distribution of fee revenues for the School of Medicine and the School of Law). Regent Kirkpatrick seconded. Motion carried. Regents Alden, Hill, and Sisolak were absent. Regent Rosenberg abstained.

21. Information Only-Handbook Revision, Non-Resident Tuition, UCCSN - This was the first reading of a proposal to increase non-resident tuition to become effective in 2002-2003.

Chancellor Nichols reported the UCCSN felt it appropriate to make an adjustment, since the Legislature had warned System Administration that the non-resident fees were too low. She reported the following proposed changes:

- Full-time non-resident tuition-universities = \$335.00/year increase (for the second year of the biennium only).
 - Tuition = \$7,785.00.
 - Fees = \$2,370.00
 - Annual Tuition and Fees = \$10,155.00 (undergraduates) and \$9,497.00 (graduates).
- Part-time non-resident tuition-community colleges (lower division courses) = \$25.00/credit increase.
- Upper division community college courses (GBC) = \$34.00/credit.
- Nevada State College = \$34.00/credit.

Regent Seastrand asked why UCCSN institutions did not charge what other WICHE states did or more. Chancellor Nichols replied that it had been Board practice and policy when setting tuition and fees to arrive at a low tuition. The System consistently aimed for the median. She noted that the Board needed to decide whether they want high fee institutions. Regent Seastrand asked whether a distinction was made between in-state and out-of-state. He questioned the rationale for keeping out-of-state tuition low. Chancellor Nichols replied that they were seeking a balance. It appeared that a low-medium tuition would attract students and still serve Nevada residents. The actual policy on non-resident tuition was to recover the actual cost of education, which was difficult to establish.

Regent Kirkpatrick asked whether the proposal included international students. Chancellor Nichols replied that it did. Regent Kirkpatrick asked about waiving out-of-state tuition for student athletes and the cost to the institutions. President Harter replied that scholarship students actually cost the institution the amount of the scholarship. She noted that, between the two universities, there were 8300 out-of-state students many of whom were graduate students. She felt that raising tuition would negatively affect student enrollment. She stated that out-of-state students tended to provide an enriching experience for all students. Ms. Cheryl Radeloff stated that encouraging out-of-state students increased diversity. President McFarlane noted that being a member of WICHE did benefit UCCSN students by affording them the opportunity to take courses not offered within the System.

22. Information Only-Legislative Session Update - Assistant to the Chancellor for Legislative Relations, Dr. Joe Crowley, reported on current bills and other legislative initiatives relevant to UCCSN. He noted there had been a good effort in Carson City, adding that he was there most of the time. The legislative relations group was working very well together. He felt the secret to success was for the entities to be credible, unified and have access to the Legislature. He introduced members of the legislative relations group: Mr. Rick Bennett, UNLV; Mr. John Cummings, CCSN; Mr. Fred Davis, DRI; Mr. Bob Dickens, UNR; Ms. Helene Jessie, WNCC; and Mr. Fred Lokken, TMCC. Dr. Crowley reported that they meet regularly and had been very cooperative. He noted that the System was blessed with a Chancellor who understood the legislative process and was a credible presence in Carson City. He stated that Vice Chancellor Dan Miles also brought a measure of credibility that only a long-time, former fiscal staffer could enjoy. He felt it made a big difference to have Mr. Miles and Mr. Eardley speaking on behalf of the UCCSN budget. He noted that the General Counsel's office had also helped with providing interpretation of the legislation. He reported that three issues were looming:

- Reapportionment – will likely be accomplished without great angst or controversy.
- Energy costs – proposed exigency fund to help state agencies address additional energy needs.
- Anticipated revenue shortfall – Important to retain funds in order to retain our fair share of the state general fund.

Dr. Crowley provided the following update:

- SB113 - Millennium Scholarship awards for upper-division courses at GBC and NSC passed through the Senate and now move to the Assembly.
- SB543 – Intellectual property; changes concerning contracts that UCCSN faculty and other employees may

enter into or benefit from passed in Senate Human Resources earlier this week.

- SB500 – Universities securities law; no apparent opposition.
- Budget carry-over proposal bill is dead.
- AB378 - Incorporates nursing students into the Millennium Scholarship program and would require doubling UCCSN nursing programs. Heard and passed in Assembly Education, referred to Assembly Ways & Means. Would cost \$11 million over two years to implement doubling requirement.
- SB258 - Would require Millennium Scholarship students sign a non-smoking pledge.
- SB488 - Would secure tobacco dollars by taking one-third of the anticipated total and managing it effectively out of the State Treasurer's Office.
- AB589 – High Tech facility at Rancho High School in North Las Vegas not likely to be heard.
- AB591 - Funding for a feasibility study and needs assessment for WNCC-Fallon campus. No hearing yet.
- AB303 - Continues funding for the northern and southern Nevada writing projects.

Dr. Crowley noted the large number of requests for High Tech centers. He felt that serious discussion was necessary regarding the operating costs for those centers.

- AB26 – Requires audit of UCCSN. Passed by Assembly. Will try to amend while in the Senate.
- AB479 - Proposal for presidents to be considered public officers. UCCSN has testified in opposition, particularly regarding the presidential evaluation process.
- AB253 – Enacts uniform athletes agent legislation; supported by UCCSN, heard and passed in Education Committee. Provisions were added to include boosters.
- AB454 – Provides separate presidents on separate campuses for CCSN institutions. No hearing yet is a good sign.
- AB634 - Police review boards; passed with UCCSN amendments.
- SB195 - Govern rights of way with telecommunications; fraught with controversy, the bill is now dead.

Dr. Crowley noted that he was tracking 34 bills affecting state employees, covering matters such as health benefits, retirement benefits, compensation issues, and leave provisions. He stated that four resolutions of interest had been introduced that he was also tracking:

- SCR17 – Encourages various entities, including UCCSN, to cooperate in increasing public awareness of eating disorders.
- SCR18 – Encourages agencies and organizations, including UCCSN, to promote safety and reduce juvenile violence.
- SCR31 – Requests an interim study of the Cooperative Extension Service.
- SCR34 – Honoring the University Studies Abroad Consortium, headquartered at UNR and involving UNLV and 21 other universities in sending students to study in 24 countries.

Regent Gallagher asked about a report from leaderships meeting with the Governor. Dr. Crowley replied there had been no reports from any conversations.

Regent Howard asked about Assemblyman Arberry's bill regarding CCSN. Dr. Crowley replied that AB-454 did not get a hearing and had now missed the deadline to pass out of committee. He noted that UCCSN representatives had conversations with Mr. Arberry and Mr. Williams about that bill, adding that it was not likely to go anywhere. Regent Howard asked about the nursing bill. Dr. Crowley replied that the bill has appropriations in it and did secure a hearing. It was heard and passed in Education Committee, and was referred to Ways & Means. He noted that the bill proposed to change the definition of Millennium Scholarship eligibility so a student who graduated from a Nevada high school in 1985 (rather than 2000) would qualify, solely applying to nursing students. The UCCSN did not take a

position on the bill. It also included small appropriations for loans to nursing students, promotion of the nursing profession, and a significant concern (Section 8), which would require the System to double the number of nursing seats with no appropriation. Dr. Mike Harter consulted with the campuses and revealed a cost in excess of \$11 million to do so. Regent Howard asked about the Rancho High School bill and whether it would become a priority in the future. Dr. Crowley replied that he could not recall past history on that project or whether it was ever a System priority. Regent Howard stated that it was a priority project from a space study that had been conducted. Vice President Allen Ruter explained that the space study was conducted for the entire System. CCSN had the first three projects on the list, which was then re-arranged by the Regents. Chancellor Nichols added that the project was introduced in bill form even though it fell lower on the priority list. Dr. Crowley reported that bill had not had a hearing. Regent Howard asked why money was spent on studies if the Board did not adhere to the recommendations. Chancellor Nichols stated that the purpose of the space study was to establish a definition of space by category and to inventory all existing campus space. The second purpose was to establish a means for prioritizing building new buildings and allocating funds for capital projects. She noted that she prioritized that list with the help of the campus facilities officers and business officers. The study completed after priorities had been set for the last biennium. She noted that the study was not the guiding document for making those decisions. It was intended to provide a better method for approaching capital projects. She noted they were waiting to hire a System staff person for physical plant, space, and property. Dr. Crowley noted that the institutions approached the criteria for space priorities differently. The underlying recommendation was that a System presence was required to ensure the same criteria was employed by all institutions. Regent Howard asked how that related to enrollment projections. Dr. Crowley explained that the space priorities were driven by enrollment projections.

Regent Seastrand noted there had also been a resolution to recognize Dr. Crowley as a contributor to the UCCSN, which passed with a standing ovation. Dr. Crowley replied that he had been startled, adding that it was a nice thing for the legislature to do. Chair Dondero offered her congratulations.

Regent Gallagher left the meeting.

23. Approved-Handbook Revision, Proposed Mission Statement Intercollegiate Athletics, UCCSN – The Board approved adoption of the proposed UCCSN mission statement, Title 4, Chapter 10, Section 17, regarding Intercollegiate Athletics. (Ref. E on file in the Board office)

General Counsel Ray reported that this was language requested by Regent Alden to the existing policy.

Regent Rosenberg moved approval of the Handbook revision. Regent Kirkpatrick seconded. Motion carried. Regents Alden, Gallagher, Hill, and Sisolak were absent.

24. Approved-Academic, Research & Student Affairs Committee Report -Chair Jill Derby reported the Academic, Research & Student Affairs Committee met April 20, 2001. Vice President for Research-UNR, Dr. Linda Brinkley, and Associate Provost for Research-UNLV, Dr. Stephen Rice, reported on Nevada's success in the National Science Foundations CAREER program, which rewards exemplary programs linking research and education. Currently, there are eight NSF CAREER awardees in the System. The two most recent awardees are Amy Childress, Engineering-UNR and Barbara Luke-Civil Engineering –UNLV. The Student Affairs Council and Academic Affairs Council reports were postponed until the next meeting. Regent Derby requested Board action on the following Committee recommendation:

- Performance Funding – The Committee recommended approval of the UCCSN's plan for the distribution of performance linked funding. (Ref. ARSA-2 on file in the Board office)

Regent Derby moved approval of the Committee recommendation and acceptance of the report. Regent Rosenberg seconded. Motion carried. Regents Alden, Gallagher, Hill, and Sisolak were absent.

25. Approved Audit Committee Report – Regent Tom Wiesner reported the Audit Committee met April 19, 2001 and received a follow-up response for one internal audit report that was presented to the Audit Committee in October 2000. All recommendations from the audit have been implemented by the institution. Mrs. Sandi Cardinal, Director of Internal Audit, reported that the institution bank reconciliations were up-to-date. Mr. Tom Judy, Associate Vice President for Finance and Administration-UNR, reported on the status of the University of Nevada School of Medicine Practice Plan. Mr. Judy indicated that the external debt has declined slightly to \$1.1 million and the internal debt from Pediatrics and OB/GYN has increased slightly to \$611,000. They are continuing to work with Wells Fargo to reduce the interest rate on the Letter of Credit. Mr. Judy stated they cannot project when the debt will be paid off due to some long-term commitments. Two internal audit findings relating to contracts and the structure of the Practice Plan remain open from the internal audit performed in 1999. The Committee requested that a report be prepared on the current status of the OB/GYN Foundation for the May 10, 2001 Audit Committee meeting. Regent Wiesner requested Board action on the following Committee recommendations:

- Internal Audit Reports – The Committee reviewed the following Internal Audit reports: (Ref. H on file in the Board office)
 - Facilities Maintenance Department, UNLV
 - Surplus Inventory, UNLV
 - Food Services Department, TMCC
 - Security Administration, WNCC

Regent Wiesner moved approval of the Committee recommendations and acceptance of the report. Regent Kirkpatrick seconded. Motion carried. Regents Alden, Gallagher, Hill, and Sisolak were absent.

26. Approved-Campus Environment Committee Report – Chair Tom Kirkpatrick reported the Campus Environment Committee met April 19, 2001. Dr. Chris Chairsell, Interim Associate Vice Chancellor for Academic and Student Affairs, updated the Committee on the status of the faculty climate survey. The approximate cost of the survey will be \$15,000 for professional, clerical, and staff time and general office expenditures. The finalized survey will be brought before the Committee at the June meeting and will be distributed to faculty in the Fall. No action was taken by the Committee. Dr. Chairsell reported that institutions have provided their diversity goals. Presidents' Council and faculty senates will review the goals. The goals will be compared to the information and recommendations in the RAND report. The finalized diversity goals will be submitted to the Committee for approval at the June meeting. Campus crime statistics were provided to the Committee for review. The report contained only actual arrests. Regent Derby requested that longitudinal data be provided with the report. Regent Seastrand requested a summary of campus crime information. More extensive information regarding reported incidents will be provided by System Administration staff. The action on the report was tabled until the June meeting.

Regent Kirkpatrick moved acceptance of the report. Regent Seastrand seconded. Motion carried. Regents Alden, Gallagher, Hill, and Sisolak were absent.

27. Approved-Finance & Planning Committee Report – Regent Tom Kirkpatrick reported the Finance & Planning Committee met April 20, 2001 to receive two reports and consider two requests from UNR and the Boyd School of Law to approach the Interim Finance Committee (IFC) for budget augmentations. The Committee reviewed the 3rd Qtr. Fiscal 2000-2001 Self-Supporting Budget Revisions Report and the 3rd Qtr. Fiscal 2000-2001 Budget Transfers Report as informational items. The Committee also reviewed requests from the University of Nevada, Reno and the Boyd School of Law for authorization to seek IFC approval of an augmentation to their respective fiscal year 2000-

2001 budgets for receipt of student fees in excess of the level budgeted. State law allows UCCSN to augment current budgets if student fee revenue exceeds the level authorized in the legislatively approved budget. Both UNR and the law school project student fee revenue will be exceeded this year. Regent Kirkpatrick requested Board action on the following Committee recommendations:

- v Interim Finance Committee request to augment the UNR budget.

- v Interim Finance Committee request to augment the budget of the Boyd School of Law and to request that the Legislature allow other funds that would normally revert to the state general fund be used instead for energy cost over-runs.

Regent Kirkpatrick moved approval of the Committee recommendations and acceptance of the report. Regent Rosenberg seconded. Motion carried. Regents Alden, Gallagher, Hill, and Sisolak were absent.

28. Approved-Investment Committee Report – Regent Howard Rosenberg reported the Investment Committee met April 19, 2001 to receive reports from Cambridge Associates on investment performance for the pooled endowment and operating funds for the quarter ended March 31, 2001. The System's endowment funds declined by 4.9% over the first quarter of 2001. The weak absolute performance was the result of dismal performance by the world's equity markets, with U.S. stocks declining by 12.3% and international stocks declining by 13.7%. While the System's U.S. and non-U.S. equity managers were down for the quarter, they actually outperformed their benchmarks. The System's operating funds were flat for the quarter. For the trailing one-year period, the operating funds generated a return of 4.5%, which was lower than the 6.2% payout rate, resulting in a deficit in the reserve account. The Committee voted to table discussion on the operating funds payment rate to the May 10th special meeting. Regent Rosenberg requested Board action on the following Committee recommendations:

- v Investment Recommendation – The Committee considered two potential investment opportunities to a previously set investment goal of allocating 7% of the endowment to private equity. The Committee approved two separate \$4 million commitments to Commonfund Capital Private Equity Partners V, L.P. and Commonfund Capital International partners IV, L.P.

Regent Rosenberg moved approval of the Committee recommendations and acceptance of the report. Regent Kirkpatrick seconded. Motion carried. Regents Alden, Gallagher, Hill, and Sisolak were absent.

29. Public Comment – Regent Rosenberg asked President Harter to address the part-time faculty pay. President Harter replied that UNLV had formed a committee and made a public commitment to try to do so. She noted there were budgetary considerations and that they would need the COLA. She stated that UNLV paid part-time faculty more than any other institution in the System, adding that she was not singularly responsible for this issue. Regent Rosenberg stated that the Board cares a great deal about the part-time faculty pay issue. President Harter stated that the presidents cared a great deal as well. Regent Derby asked about the status of the task force looking into this issue. Chancellor Nichols replied that she had solicited presidential and faculty senate input on the membership of that committee. Invitations have been submitted and they are trying to set that calendar. She noted they were working around a lot of people's schedules. Chancellor Nichols stated that Regent Derby would be involved on that task force.

30. New Business – None.

The meeting adjourned at 2:40 p.m.

Suzanne Ernst

Chief Administrative Officer