

**SPECIAL MEETING  
BOARD OF REGENTS  
UNIVERSITY AND COMMUNITY COLLEGE SYSTEM OF NEVADA  
Rooms 201-202, Moyer Student Union  
University of Nevada, Las Vegas  
4505 Maryland Parkway, Las Vegas  
Thursday, May 10, 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; Dr. Stephen Carper, UNLV; Dr. Paul Neill, UNR; and Mr. Richard Kloes, WNCC. Student government leaders present included Ms. Kyle Estrada, CCSN; Ms. Michelle Lacerda, TMCC; Ms. Rana Koran, UNLV-GSA; Mr. Paul Moradkhan, UNLV; and Mr. Matthew Wolden, UNR.

Chair Thalia Dondero called the meeting to order at 10:45 a.m. on May 10, 2001 with all members present.

**1. Introductions** – President Huneycutt introduced Ms. Michelle Lacerda, the newly elected ASTM student body president for TMCC. President Wells thanked outgoing faculty senate chair, Dr. Paul Buck, for his work. Chair Dondero apologized to Regent Sisolak for referring to him by his last name only at the previous meeting.

**2. Approved**-Budget Report and Action - Vice Chancellor Dan Miles reviewed the status of the UCCSN Biennial Budget and legislative action taken to date. The Board took action to: 1) Support new proposed Estate Tax expenditures, and 2) Adopt any further budget changes to be recommended to the legislature.

Chancellor Nichols reported that, historically, the special May meeting was held to assess progress in the budget process. She noted that the UCCSN budget was scheduled to close the following day in Carson City with anticipated reductions in the governor's recommended budget. She related that the Economic Forum predicted a \$121 million revenue shortfall (\$34 million-2001, \$46.7 million-2002 and \$40.4 million-2003). As a result, the governor has recommended the UCCSN budget be cut \$36.84 million over the biennium. UCCSN will absorb approximately 42% of the statewide shortfall and will receive approximately 19% of the state general fund dollars (less than anticipated). Governor Guinn has also recommended additional Estate Tax expenditures.

Chancellor Nichols reported the following:

- Current budget-FY 2001 - \$459.6 million.
- Projected budget FY 2002 - \$494.9 million (7.7% increase).
- Projected budget FY 2003 - \$533.2 (7.7% increase).
- Percentage increase – 15.5% overall for the biennium; \$1.03 billion.
- Overall state general fund increase projected to be 17.8% in 2001-2003.

Budget Growth: 7.7% budget increase per year includes:

- 4% COLA for UCCSN employees (both classified and professional).
- Merit and step increases.
- O&M and lease increases.
- Other required adjustments to continue 'doing business as usual'.
- Limited dollars for growth at UNR and GBC.
- Nevada State College start-up.

New Formula Starts with Budget Shortfall:

- New formula being implemented for the first time.
- Formula was designed to achieve equity.
- Formula created on assumption of approximately 85% funding.
- Funding of new formula now at 81.55% (FY02) and 80.29% (FY03).
- Institutions lose ground in funding.

COLA Funded:

- Current budget includes full funding of 4% COLA.
- Avoids precedent of institutions funding salary increases out of their own budgets.
- Assists with employee morale at a critical time.

Enrollment Growth:

- Enrollment projections under new formula based on 3-year weighted rolling average.
- Institutional budgets based on these enrollment numbers.
- All institutions are projected to grow in 2001-03.

Enrollment Growth of 4.3% System-wide:

- WNCC 1.01%
- UNLV 2.93%
- TMCC 3.19%
- UNR 4.27%
- GBC 5.63%
- CCSN 6.56%

Hold Harmless: All institutions are budgeted to grow over the biennium. The formula is funded so low that the hold harmless clause comes into play.

- Four institutions are in Hold Harmless situation with this budget.

CCSN

TMCC

UNLV

WNCC

Governor used the Estate Tax for 'Hold Harmless' dollars; supported by legislative committee.

- Hold Harmless is an agreement that no institutions would fall below prior year's funding under new formula.
- Hold Harmless means status quo – no new dollars for growth.
- Definition now includes the 'adjusted base budget' since 'base budget' alone could mean layoffs.

Ongoing Programs Not Funded To Date:

- GBC ongoing baccalaureate program - \$.26 million.
- UNLV Law School Clinic - \$1.4 million.
- UNLV Dental School - \$3.5 million.

Issues:

- Should the Board authorize the expenditure of an additional \$13.68 million from the Estate Tax for this one-time emergency situation'
  - Additional funding needed to adjust base budgets at four institutions.
  - UNLV, CCSN, TMCC, and WNCC will all face layoffs and serious program cuts if budgets are reduced below adjusted base.
  - Even with adjusted base, new programs cannot come on line, such as High Tech Centers, nursing hires, and new library positions.
- Are there additional places where the budget could be cut that would help the situation'
  - Cutting specific budgets will not assist Hold Harmless institutions if Estate Tax expenditures approved.
  - Nevada State College is the only new program in state general fund budget.
  - \$6.9 million for 1,000 FTE - \$5.5 million in state dollars.
  - Reducing NSCH budget by \$1.5 million moves college to 500 FTE in second year of the biennium. This would only help if the reduction could be applied to some other part of the budget.

Budget Strategies:

- Reducing NSCH by \$1.5 million only helps if money diverted to non-formula area of budget.
- GBC baccalaureate program, Dental School, or Law School Clinic could be recommended to receive reallocated dollars.
- Legislature may or may not let these dollars stay within UCCSN budget.

#### Future Directions:

- Future Board actions needed to approve System-wide and institutional strategies in response to budget shortfall.
- RAND report assessment recommendations important for next legislative session.
- New state tax initiatives become critical to higher education in Nevada.

Chancellor Nichols reported that the institution presidents were very concerned about the potential issuance of terminal contracts, which could not be issued in the first year of the biennium. She stated they requested System Administration consider creative methods for providing discretionary funds for them should a financial exigency arise. The Handbook defines financial exigency as being justified when the Chancellor and the presidents are satisfied that all available means to reduce the expenditure levels are exhausted, would not be adequate, would not be feasible, or would not be appropriate. The presidents must then seek the advice of their faculty senate representatives and provide a recommendation to the Chancellor. She suggested the Board consider setting aside an emergency fund of \$1 million from the Estate Tax in order to potentially rescue those campuses, if needed, during the biennium. She stated the problem was due to inadequate state revenue to meet the needs of higher education. Chancellor Nichols said the state was not funding the System's growth. She related that if the System did not grow there would be less tuition and fees, and even less revenue on which to operate. She stated that new state tax initiatives would become critical to higher education in Nevada.

Vice Chancellor Dan Miles provided a summary of the proposed changes recommended by the governor's office to the legislature (on file in the Board office).

#### Summary of Re-projection/Correction General Fund Savings:

- Enrollment adjusted to reflect 3-year rolling average including 2001, resulting in a reduction in formula cost of \$24.81 million over the biennium.
- The governor requested a reduction in the formula funding level to 81.55% in the first year of the biennium and 80.29% in the second year, resulting in a \$41.38 million reduction for UCCSN.
- Due to lower enrollment projections, student fee revenues were also adjusted downward, resulting in a \$7.3 million reduction.
- Increases in law school fees and non-resident tuition resulted in an increase of \$2.38 million in the second year of the biennium.
- Adjustments made to System Computing and M-201 new space resulted in a \$1.51 million reduction.
- Total reductions - \$62 million returned to state general fund over the biennium.

Vice Chancellor Miles reported that formula corrections and technical adjustments within the formula budget totaled \$9.58 million, which would yield a gross savings to the state general fund of \$52.42 million. After deducting the 2% COLA match for professional employees (\$15.58 million), a net savings of \$36.84 million in state general funds was realized. Mr. Miles explained that using the reduced formula funding (from 85% to 81.55% and 80.29%) created hold harmless situations at four institutions. The total hold harmless expense for the biennium would be approximately \$13.68 million, which the governor and legislature both felt should be funded by the Estate Tax. Mr. Miles reported that the additional \$13.68 million would raise the proposed Estate Tax allocation for FY 02-03 to \$70.83 million. He explained that upon implementing the reduced formula funding over the biennia, the UCCSN budget growth would be reduced to 7.7% per year.

Regent Alden asked whether UCCSN would be allowed to take advantage of operating efficiencies recommended by the RAND report, which would not be complete until December. Mr. Miles replied that, within the state funded budget,

unexpended funds would be returned to the state at the end of the year. He felt that with the reductions there would be no substantial funds reverted. He noted that if enrollments grew beyond the level for which they were funded, UCCSN would approach the IFC for approval to spend those additional funds. Regent Alden asked whether funds could be transferred from one budget line item to another. Mr. Miles replied that the Board did have authority to transfer funds, but it required an accountability report at the end of the year, explaining exactly where the money was moved. Regent Alden asked whether UCCSN would be able to reflect changes in efficiencies realized from the RAND report (i.e. duplicate programs, more partnerships between institutions), and transfer that money before returning it to the state. Mr. Miles replied that they would, adding again that he did not believe there would be any money to revert. Regent Alden clarified that funds attributed to the dental school did not include any state funds and included only money from the Practice Plan. He asked whether athletic programs would ever be funded for actual activity instead of the flat rate provided by the state for both universities. Chancellor Nichols replied that, historically, the System had always been able to submit their desired budget. She noted that this budget cycle the System had been severely restricted with any new dollars.

Regent Sisolak expressed concern for \$27 million in Estate Tax expenditures (originally intended as one-time expenditures) with the understanding they would be funded under the new formulas. Mr. Miles replied that the expenditures were moved back due to the state revenue shortfall. Regent Sisolak asked whether they were planning to completely expend the Estate Tax since the System was spending double what was spent two biennia ago. He asked what would prevent those expenses from becoming permanent Estate Tax expenditures. Mr. Miles replied that the governor had that option. He was hopeful that through enrollment growth the campuses would grow out of their hold harmless status. He related that no campus should be in hold harmless for more than two biennia, adding they would need to devise programs to get themselves out (i.e. enrollment decreases, expenditure consolidation). Mr. Miles stated that the Funding Study Committee did not fully appreciate the ramifications of the new formula funding method. Estate Tax fund projections are based on a historical annual collection rate. One cannot project how much will be available per year. He noted that the System had averaged \$13-14 million annually in Estate Tax collections. Over the last two years, more than expected has been collected (2000-\$37 million, 2001-\$20 million). He explained that, in 1999, when the legislature approved moving the level of Estate Tax expenditures up, the endowment was not adversely affected due to the windfall collections.

Regent Kirkpatrick asked whether the hold harmless clause was based on a rolling 3-year average. Mr. Miles replied that it was, adding that it changed every year since the prior year enrollments would become the calculation base. He related that the institutions should grow out of the hold harmless situation or formulate plans to address the shortfalls. Regent Kirkpatrick asked about expenditures for GBC's 4-year programs. Mr. Miles replied that the \$1.86 million allocated from Estate Tax funds was to get the baccalaureate programs up and running. The original business plan included an additional phase-in of funds to cover library acquisitions. Mr. Miles stated that the System would attempt to put all formula-driven expenses into the state budget in the next budget cycle. Regent Kirkpatrick asked what would happen to those programs if the money were not provided. President Remington stated that they hoped enrollments would increase, adding that the original plan called for phasing the programs in over three biennia. He noted that the phase in was omitted and the original dollars were not folded into the state funded budget. Regent Kirkpatrick asked how the state arrived at the 81.55% and 80.29% funding levels. Mr. Miles replied that the governor originally funded the System at 85.75% (first year) and 84.59% (second year). With the shortfall, it was determined the formula would need to be reduced 4.5% per year to achieve the required \$37 million reduction.

Regent Gallagher felt the Board should realize that the Estate Tax could be taken away any time the legislature chose to put it back in the general fund. She had recommended endowing the money in the past and the legislature has continually forced the System to spend from it. She felt the System might as well spend the funds for the programs they really want because they will ultimately be unable to save it.

Regent Hill agreed with Regent Gallagher's assessment. He felt that while it was unpleasant, the Board really had no other choice. He asked about the possibility of setting aside \$1 million for a campus bail out situation. Chancellor Nichols stated that the state trying to maintain the current funding level did not mean that the institutions were fully funded, adding that each of them had difficult situations. She related that CCSN's FTE was recalculated causing a big cut. TMCC and WNCC have no margin, very small budgets, and have already had difficulty meeting student demand. UNLV is trying to grow research and community outreach, and are now unable to hire the necessary faculty. This money would need to be carefully decided (\$700,000 in the first year and \$300,000 in the second year) to rescue programs in jeopardy. She felt it made good sense to provide this avenue. Regent Hill asked whether the expenditures would be subject to Board approval. Chancellor Nichols replied that they would, adding that a method of justification would need to be determined as well as an application due date. She felt there would likely be more requests than there was money. That troubled Regent Hill. He thought the money would be set aside for an emergency and not for everyone to apply, adding that he was not happy with that scenario. Chancellor Nichols replied that her hope was not to have to spend any of it. She felt it would be necessary to be very careful when determining a grant under these circumstances. Regent Hill stated that if there was another low-revenue year, the situation would only get worse. He encouraged the campuses to do what was necessary to remove them from the hold harmless situation by the next biennium. He stated that he was not looking forward to dipping into the Estate Tax again next biennium.

Regent Hill moved approval of the new Estate Tax expenditure recommendation in addition to a \$1 million emergency contingency fund. Regent Rosenberg seconded.

Regent Kirkpatrick asked what effect not getting the money would have on the law school accreditation. President Harter replied that it could have a very negative effect on accreditation. She stated that they would need the law school clinic eventually in order to become accredited. She mentioned a bill sponsored by Assemblyman Arberry to help fund the law school. Regent Kirkpatrick asked whether the IFC could be approached in 6 months with the request to spend \$1 million in Estate Tax funds, rather than making that decision that day. Mr. Miles replied that, according to state law, Estate Tax funds could be expended to the limit of the authorization from the legislature or Interim Finance Committee.

Regent Alden proposed a friendly amendment to limit the motion to approval of the new Estate Tax expenditures (\$13.68 million) only. Motion died due to lack of acceptance.

Regent Sisolak asked about using Estate Tax funds for the law clinic or the dental school. Chancellor Nichols replied that they could. Regent Sisolak asked about using it for part-time faculty pay. Chancellor Nichols replied that it could certainly be made part of the recommendation to the legislature the following morning. She noted that it would be up to the legislature to approve spending from that source. Regent Gallagher established that if the \$1 million from the Estate Tax was not spent that it would be returned to the Estate Tax and not the general fund.

Regent Seastrand asked about campus flexibility for spending the 2% COLA. He asked whether it could be used for part-time faculty. Chancellor Nichols replied that the COLA was granted on the number of positions/employees (both professional and classified). She noted that part-time funding did not include COLA adjustments. She related that, with the current level of funding, it was very unlikely the campuses would be able to increase funding for part-time faculty. Regent Seastrand asked whether the Board could provide that flexibility. Vice Chancellor Miles replied that calculations for \$16 million to be added to the budget did include community college part-time salaries. Regent Seastrand asked about the cost to include an adjustment for part-time faculty at the universities. Mr. Miles replied there was some flexibility. If the 4% COLA was approved, the salary schedules would be enhanced. Salary savings from vacant positions could then be used for such a purpose. Regent Seastrand asked whether the Board could put a portion toward part-time salaries. President Harter stated that UNLV was operating with 117 fewer positions from

the governor's original recommended budget. She felt that holding open more positions in order to provide additional wages for part-time faculty would be unrealistic. She stated that she was sympathetic to the part-time situation, but felt the situation was already so dire as to not allow provision of additional part-time dollars. Regent Seastrand suggested making the adjustment less than 4% for full-time employees so the difference could be applied to part-time salaries. Mr. Miles replied that it would depend upon the language of the appropriation. He indicated that the adjustment was usually appropriated without stipulating a specific use, adding that the Board had never granted the increase in a manner other than what was specified by the legislature. Chancellor Nichols replied that she was very supportive of finding money for a COLA for part-time university faculty. She cautioned the Board that it was bad precedent to implement different pay increases at different campuses. She stated that the 4% adjustment would automatically be applied to the community college faculty schedule, adding that it would raise serious issues across the System and that the COLA was not the proper source to be used for increasing part-time faculty pay.

Regent Derby spoke in favor of the motion. She asked whether part-time community college faculty were getting a COLA increase. Mr. Miles replied that they were. He related that the universities calculated part-time faculty as a separate line item and were not included in the formula. Regent Derby also expressed support for the \$1 million contingency, adding that it could be important and reassuring for the institutions. She agreed with the understanding that funds not spent be returned to the Estate Tax fund.

Regent Howard asked why university presidents do not have discretion for spending the 4% COLA. President Harter replied that the allocation was specifically for full-time faculty.

Regent Alden asked about the ratio of fund sources. Mr. Miles replied that it was approximately 70%-state and 30%-tuition and fees. Regent Alden was frustrated that the state desired increased enrollments and economic diversity yet resources were not available.

He indicated that he would be voting no, adding that he felt they were asking the institutions to do too much with too little.

Regent Rosenberg understood Regent Alden's feelings. He related that he was aware of at least two institutions that would be in a very bad situation that would also affect students presently enrolled in programs. He did not want to harm the students.

Regent Sisolak felt the System constantly instituted new programs they would be unable to fund. He asked about an alternative to spending more Estate Tax funds. Vice Chancellor Miles replied that the legislature had two options. They could determine no provision for hold harmless and those four campus budgets would be cut so that they earn less than what they need to support operations. He related that it would mean additional positions left vacant or layoffs. Mr. Miles related that the legislature could also authorize the Estate Tax expenditure in spite of the Board recommendation.

Regent Howard asked whether the decision could be made later in the afternoon in order to provide time to contact the legislature. She wondered whether they could request the COLA be amended to include part-time university faculty. Chancellor Nichols stated that she would recommend against that. She felt it would facilitate giving the workers less than 4% and the money would be lost. She did not believe they would allow that flexibility, adding that it was not the proper source to address the issue. She recommended using more Estate Tax funds to cover the university part-time faculty.

Regent Gallagher requested clarification on Regent Alden's no vote. Regent Alden felt it was time to cap enrollments at each institution until the state realized more funds were necessary. Regent Gallagher asked what that would

accomplish. Regent Alden felt they were asking too much of the institutions, that the staff was underpaid, and did not pay part-time faculty adequately.

Regent Sisolak asked about the cost to give the 4% COLA to part-time university faculty. President Harter replied that it would cost \$408,000 for UNLV for two years. She felt that putting wage increases on the Estate Tax was risky business. Regent Sisolak felt that many Estate Tax expenditures were inappropriate. President Harter asked that the law school clinic be funded.

Regent Kirkpatrick asked whether it was a no-win situation. He stated that Regent Gallagher trained him to save the Estate Tax endowment. He noted a movement away from that philosophy in order to solve System problems with Estate Tax funds. President Lucey explained why the 4% COLA for part-time for community college faculty was in the budget. She related that student FTE at each campus generated a certain number of faculty FTE. The community college funding formula assumes a 40/60 faculty FTE split (60%-full-time; 40%-part-time). She noted that the university funding formula funds 100% full-time faculty, therefore it becomes a management issue for all of the campuses.

Regent Derby felt it would be reckless for the Board to fund everything (not funded by the state) out of the Estate Tax fund.

Regent Gallagher asked what would be left after the \$70 million expenditure. Vice Chancellor Miles estimated that, assuming the same level of collections and continued investment income, it would be worth approximately \$106 million at the end of the biennium. He estimated the value at \$123 million prior to the expenditure.

Chair Dondero commented that it would be a bad idea to cap enrollments.

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

Regent Rosenberg requested that Chancellor Nichols and Vice Chancellor Miles provide the cost of a 4% COLA for part-time university faculty at the next meeting, with the intent to ask the IFC for permission to fund such an increase.

The meeting recessed at 12:30 p.m. and reconvened at 1:20 p.m. with all members present. Chair Dondero sent the Board's best wishes to the family of recently deceased Mr. Allen Ruter.

Regent Sisolak stated that the Board's top four priorities included:

- \$1.4 million – law school clinic
- \$260,000 – Great Basin programs
- \$3.5 million – dental school
- 4% COLA adjustment for employees

Regent Sisolak stated that he had been informed it would cost \$500,000 for a 4% COLA for part-time university faculty.

Regent Sisolak moved approval of using additional Estate Tax funds to fund an increase to part-time university faculty. Regent Rosenberg seconded.



Regent Hill requested feedback from the community colleges. President Huneycutt stated that TMCC recently increased part-time faculty salaries at a cost of more than \$600,000. She explained they had to hold vacant positions open to pay for it, since they did not have additional dollars to fund the increase. She related that TMCC did not have additional money within the 60/40 split to add additional increases, adding that it put an institution of TMCC's size in a crisis situation. Regent Hill asked about part-time salaries at the universities. President McFarlane replied the salary increase for part-time faculty would be \$50,000 per year or \$100,000 for the biennium. Regent Hill asked what the current salary was for 3-credit hours. President Harter explained that it depended on the type of course and varied by discipline. Regent Hill asked what a 3-hour English course would pay. Regent Rosenberg replied that UNR paid approximately \$1,800 (\$600/credit). President Harter replied that UNLV paid approximately \$2,000 for one 3-credit course. She noted that UNLV paid the highest rate within the System for part-time faculty, ranging from \$2,000-\$2,700. Regent Hill asked what the community colleges paid.

- TMCC - \$625/credit hour; 3-credit course=\$1875 to match UNR.
- CCSN - \$630/credit hour.
- WNCC - \$450-\$520/credit hour. President Lucey mentioned that WNCC had hoped to make progress on part-time salaries this year, adding that the constraints of the budget would hold back that process.

Regent Hill asked whether the 4% COLA was built on the part-time salary. President Lucey replied that the 4% COLA was based upon actual part-time expenditures. Regent Hill asked about the source of the part-time allocation for the universities. President Harter replied that they hold positions open in order to do that. Regent Hill asked whether it was the institution's choice to pay based on the number of positions held open, or hiring fewer people at a lower rate. President Harter replied that they could, but it would be very difficult to do. Regent Hill asked whether they received a 4% COLA on open positions as well. Regent Sisolak stated that it was based on allocated positions. Regent Hill observed that they could use the money allocated for unfilled, full-time positions for part-time faculty. Regent Sisolak stated that the 4% was being used to hire more part-time faculty, adding that, theoretically, a 4% COLA would be provided for the open full-time positions. Regent Hill stated that, since the universities were already receiving a 4% COLA, it made no sense to provide an additional 4%. President Harter stated that no one received a COLA for the past two years. Regent Sisolak acknowledged that his proposal added additional monies specifically designated to part-time faculty. Regent Kirkpatrick stated that, for many courses taught by part-time faculty, the students' tuition generated sufficient revenue to pay the faculty salary. Regent Hill asked why they should add an additional 4% if both the universities and community colleges were getting a COLA. President Harter stated that the universities have a separate line item for part-time faculty with no COLA attached to it. She acknowledged that they spend considerably more than that by holding open positions on which the 4% COLA was provided. Picking and choosing expenses from the Estate Tax fund disturbed Regent Hill. He was appalled that GBC and the law school were not receiving the necessary state funding. He noted that Chancellor Nichols and Vice Chancellor Miles had presented a proposal and the Board was now considering raiding the Estate Tax even further. He agreed a message could be sent to the legislature that the Board felt those items were very important, but questioned what else had been left out.

Regent Rosenberg stated that UNR's Art department would need a minimum of 20 Letters of Appointment over the next year, adding they could not find qualified Ph.D.-level instructors at such a meager salary. He urged the System to devise a manner for enriching the pay scale for part-time teachers in all UCCSN institutions. He stated that this would provide a token raise that everyone acknowledged was not nearly sufficient. All of the proposed items were on the Board's priority list that the governor was unable to fund. He was not happy they had been unable to grow the endowment, but felt they were sending an important signal to the legislature.

Regent Gallagher cautioned against raiding the Estate Tax fund. She felt it was conceivable that the message could be interpreted as the Estate Tax could be raided, adding that it was a fallacy to believe that something funded by the

Estate Tax this biennium would be state funded in the next. She cited examples of EPSCoR and like programs that have never been state funded and remain funded by the Estate Tax.

Regent Derby expressed concern about the disparity of doing one thing for the universities but not the community colleges. She felt some of the items included in the proposal were very worthy, and if not funded, would be problematic. She had a problem with the additional 4% for part-time faculty. She noted that the Board had committed to study the part-time salary structure. She suggested not making an adjustment at this time.

Regent Wiesner called for the question.

Ms. Ernst repeated the motion on the floor: to utilize \$5.66 million from the Estate Tax for the first four priorities plus a 4% COLA for part-time university faculty.

Regent Derby proposed a friendly amendment that the 4% part-time university faculty portion be removed. Regent Rosenberg would not accept the amendment.

Regent Hill moved to amend the motion to include the same 4% COLA to all part-time community college faculty. Regent Howard seconded.

Regent Sisolak asked about the cost. Regent Rosenberg noted that part-time community college faculty was already receiving a 4% COLA. Regent Hill stated that the universities were also getting an increase as well. Regent Rosenberg asked about the cost. President Lucey stated that the business officers could provide an estimate.

Regent Rosenberg moved approval of postponing the decision to the end of the day. Regent Gallagher seconded. Upon a roll call vote the motion carried. Regents Alden, Derby, Dondero, Gallagher, Hill, Howard, Kirkpatrick, Rosenberg, Seastrand, Sisolak voted yes. Regent Wiesner voted no.

Regent Kirkpatrick moved approval of removing the NSCH allocation (\$6,913,462.00) from the 2001-03 budget proposal. Regent Sisolak seconded.

Regent Wiesner left the meeting.

Regent Kirkpatrick stated that, even with the budget shortfall, the System realized a 7.7% increase, which would still not keep pace with increased enrollments. He felt the program should have been justified prior to funding. He related that AB220 provided \$500,000 for a feasibility study to establish a 4-year college at Henderson. He recalled that General Counsel Ray reviewed the judicial background, and arrived at the opinion that it failed to meet constitutional requirements. He noted that General Counsel Ray then advised the Board that one option would be to sue the legislature, which the Board did not pursue. A legislative committee was established which included two Regents. Regent Kirkpatrick doubted the validity of the study, and felt it did not justify building a college in Henderson. He felt the conclusions were not based on facts. He felt the report was just the beginning of exploring whether or not to establish a new level of education within the System. He noted that the Board had not yet made that decision. Regent Kirkpatrick stated that a founding president was appointed prior to the completion of the study, adding that Dr. Moore had been selected without benefit of a search. Dr. Moore then appointed Mr. Orlando Sandoval as Vice President. Regent Kirkpatrick was disturbed by Mr. Sandoval's lack of credentials. He related that Dr. Moore used his alma mater as a model for the state college. Regent Kirkpatrick noted that Dr. Moore's school was a private school offering only degrees in the liberal arts. Regent Kirkpatrick was also bothered by the location of the college. The Board approved the original location, yet had to agree to another location due to the city not approving Landwell Corporation's land offer. Regent Kirkpatrick stated that the secondary location provided less land, and no feasibility

study was performed on the location. He noted that, if bus service was not available, minorities and lower income students would likely not be able to attend. He related that residents were opposed to college development in their neighborhood due to city requirements for sewer hook-up. Regent Kirkpatrick noted a plastic bag factory was proposed next to the college, as well as a 400-unit RV park along the highway. He contended that all of those things created an undesirable environment for a college. He stated that the college was intended to train future teachers and nurses, yet the curriculum established for teachers would not provide certification. Upon completion of the degree, those students would not have completed any student teaching, which is required by professional standards. He noted they would need a 5th year to complete their educational courses and student teaching. He was perturbed that the impression was it could be done cheaper at the state college level than is done at UNLV. He compared the cost-per-student in teaching by institution, noting that CCSN and TMCC produced teachers at the lowest costs. He related that nurses were actually produced for less at a 4-year college, adding they would not produce nurses very cheaply with a 7.5-8.5 average class size. He stated that nursing education was very expensive. He felt that money to be spent for NSCH (\$6.9 million) could be distributed equally amongst the other institutions. He felt that spending money only to spend it on higher education was not a valid reason. He begged the Board to reconsider funding NSCH.

Regent Sisolak left the meeting.

Chair Dondero stated that the Board voted to approve the college.

Regent Derby stated that she felt that NSCH was a great idea and was proud of Board actions. She felt the Board exercised due diligence and recognized the need to grow. She noted that staff provided a study showing what needs to be done to manage the anticipated future growth and the RAND study reaffirmed that decision as well. The RAND study recommended an additional 5-6 state colleges within the next decade in order to increase the college participation rate for Nevada. She felt it was time that Nevada students were provided another choice and was proud of the planning process involving community leaders.

Regent Alden stated that he respected Regent Kirkpatrick's hard work, and agreed Nevada State College had moved on a fast track. He felt that universities were inefficient undergraduate models because they do other things and to eliminate those inefficiencies a state college was introduced. He felt the state might eventually not be able to fund higher education because they operate so inefficiently. He stated he would vote no on this proposal, adding that the System must move forward with NSCH.

Regent Howard stated that she also respected Regent Kirkpatrick's work as well as Dr. Moore's and the committee's work. She was looking for a demonstrated need and failed to see how NSCH would increase the quality of education. She questioned the need for a state college when UNLV and CCSN provide the same services. She also had a problem with the private funding that was promised for this project. Her understanding was that private funding had not reached \$1 million and had been used for administrative salaries. She was also concerned with the neighborhood antagonism for the college location. She was concerned that the Board was in the business of counting bodies and not increasing quality. She indicated her support of Regent Kirkpatrick's motion.

## 2. Approved-Budget Report and Action – (Cont'd.)

Regent Hill recognized there had been opposition when the community colleges were instituted. He expected the System would likely experience the same with the establishment of a state college. He stated that he was somewhat jealous of the community spirit and the people of Henderson supporting this project. He noted that the System would definitely need this institution within the next 10 years, adding his support for the institution.

Regent Kirkpatrick noted that a branch campus of UNR was established long before Nevada Southern (UNLV) was

created.

Regent Sisolak entered the meeting.

Ms. Ernst restated the motion: to approve the 2001-2003 budget as presented by Vice Chancellor Miles, removing the \$6,913,462.00 for NSCH.

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

Regent Seastrand moved approval of the budget package as presented. Regent Rosenberg seconded.

Regent Alden complimented Chancellor Nichols and Vice Chancellor Miles for the excellent budget preparation. Regent Howard stated that the abbreviations were problematic for her.

Upon a roll call vote, the motion carried unanimously. Regent Wiesner was absent.

Regent Howard left the meeting.

**3. Approved-Appointment, Vice Chancellor, UCCSN** – The Board approved Chancellor Jane Nichols' request for the appointment of Dr. Richard A. Curry as Vice Chancellor for Academic and Student Affairs, effective July 17, 2001. Terms and conditions of the appointment included a 3-year contract and a \$170,000 salary, which was a 6% increase over his current salary. (Ref. A on file in the Board office)

Regent Alden moved approval of the appointment. Regent Rosenberg seconded.

Regent Gallagher commended the Chancellor for this appointment.

Motion carried. Regents Howard and Wiesner were absent.

Chancellor Nichols expressed her appreciation to Interim Vice Chancellor for Academic and Student Affairs, Dr. Sherwin Iverson, for serving so ably during the year. She reassured the Board that he had assured her he would continue to work in the department.

Regent Howard entered the meeting.

**4. Approved-Appointment, Provost, UNLV** – The Board approved President Carol Harter's request for approval of the appointment of Dr. Raymond Alden III as Provost, effective July 1, 2001, at an annual salary of \$170,000. Dr. Alden has served as Interim Provost since June 2000. (Ref. B on file in the Board office)

President Harter reported that a national search was conducted and Dr. Alden emerged as the number one candidate. She related that he was the former Dean of Sciences at UNLV, had completed over 200 publications, and was a superb candidate.

Regent Gallagher moved approval of the appointment. Regent Sisolak seconded.

Regent Alden stated that he did not want to hear any complaints about a combative attitude from that office. President Harter stated that the campus community would assure him that Provost Alden was very easy to get along

with. She apologized for any unfortunate occurrences.

Motion carried. Regent Wiesner was absent.

The meeting recessed at 2:25 p.m. and reconvened at 2:40 p.m. with all members present except Regents Howard and Wiesner.

**5. Approved-Site for State College** – The Board approved the following items related to the site for Nevada State College.

Regent Sisolak was impressed with the spirit of cooperation from the community members. He noted there was a lot of common ground in certain areas and appreciated the cooperation between the City of Henderson and the homeowners. He stated he was pleasantly surprised with concessions made on both sides.

Ms. Marica Lodge, a resident of the Mission Hills neighborhood, stated that she had originally intended to tell the Board why the college should not be built in this location, adding that the residents still had many concerns about how the college would fit in with the neighborhood. She stated that, while she represented the residents, she could not speak for all of them. She stated that she had a petition, adding they had big issues with access to the BLM land (zoned for horses) and the College Drive impact to the neighborhood. She was pleased that a committee was being formed, comprised of residents, members of the city council and the Board of Regents.

Mayor pro tem and city councilman Mr. Steve Kirk expressed his appreciation to Regent Sisolak for bringing the residents to him. He reported that Henderson has a long history of listening to the neighbors, adding they had stringent development guidelines. He pledged the city would work with the neighborhood and the Regents. He reported that, in 1998, a group of private citizens and public officials worked on a plan to address the growth of the community over the next 10 years. They identified a dramatic need to increase their ability to train teachers and health care professionals. The city envisioned a partnership with the System to provide additional education opportunities for Nevada citizens and offered a site for a state college. He asked the Board to direct their staff to pursue negotiation of the detailed agreements with the City of Henderson. He stated that the city would be unable to meet with the neighbors until the Board took action that day. He mentioned that he was a life-long resident of Henderson, adding that rural preservation was a priority and that he did not want the homes negatively impacted by the state college.

Mr. Kirk stated that the city wanted to pursue acquisition of BLM lands in order to preserve the future and protect the neighborhood. The initial concept was to have College Drive go through the neighborhood. He stated the city was willing to work with the neighbors on this issue.

Ms. Bonnie Rinaldi, Assistant City Manager, proposed the Board become a partner in the BLM lease application effort. She noted that the process could be expedited if the city funded several environmental and archeological studies/assessments on the site. The City of Henderson is proposing to fund those studies and use its staff to facilitate the process and requested the Board become a joint applicant. She indicated that the lease would be in the System's name and not the City of Henderson.

**5.1 Approved-Authorization to Proceed with Lease Application for B.L.M. Land**– The Board approved granting permission for the Board Chair, on behalf of the Board of Regents, to sign an addendum to the City of Henderson's application to the Bureau of Land Management for a Recreation & Public Purposes Lease or for the Board to submit a separate lease application to the BLM (Bureau of Land Management). The purpose of the lease application is for the construction and operation of a public state college facility on approximately 555 acres of federally owned land

located in portions of Sections 3, 4, and 5 of Township 23 South, Range 63 East, M.D.M. ( Ref. C on file in the Board office)

Regent Alden moved approval of authorizing the Board Chair, on behalf of the Board of Regents, to proceed with a lease application for B.L.M. land. Regent Gallagher seconded.

Regent Alden thanked the City of Henderson and Regent Sisolak for moving the process forward.

Regent Rosenberg asked about parcels 1-5. Ms. Rinaldi replied that those parcels were involved and owned by the City of Henderson. Parcels 6-7 are BLM land. Parcel 6 will likely be easier to get from the BLM faster than parcel 7. In conversations with System Administration staff regarding minimum campus size, the City of Henderson is proposing 283 acres for the initial phase of the project, consisting of parcel 3 (conveyed by the city), parcel 6 (BLM lease), and parcels 1, 2, and 4 (owned by the city). She reported that the city would like to reserve parcels 1,2, and 4. In a future phase, they would like those parcels to be released back to the City of Henderson to buffer the existing neighborhood. She related that parcel 7's shape would likely change after environmental studies are completed. Parcel 5 (owned by the city), adjacent to a proposed equestrian facility, would be made part of UCCSN property. Regent Rosenberg asked whether parcel 7 was closest to Mission Hills. Ms. Rinaldi replied that it was closest to private property (Paradise Hills). Regent Rosenberg asked about the total acreage for parcels 3 and 6. Ms. Rinaldi replied that they totaled 257 acres. Regent Rosenberg noted that the original site included 300 acres. He asked what other parcels were included with the 283 acres. Ms. Rinaldi replied that, if parcel 7 was not released, the city would grant parcels 1, 2, and 4. He asked about the likelihood of getting the BLM land. Ms. Rinaldi felt there was a good chance of getting parcel 6. She related that parcel 7 was outside the disposal boundary, but no different in character than parcel 6. She felt the chances for obtaining parcel 7 were also good. The city wanted to ensure UCCSN would have something close to 300 acres before starting to build.

Regent Kirkpatrick asked about entries to parcels 3 and 6 (Foothills and Dawson). Ms. Rinaldi replied that Dawson was currently available. She explained that Foothills was proposed as a future interchange. Regent Kirkpatrick asked about public transportation. Ms. Rinaldi replied that the city had not investigated those details, adding there were bus routes along Boulder Highway and a rail line that passed near the property. Regent Kirkpatrick asked about an underground transmission line. Ms. Rinaldi replied there was an above-ground transmission line, but no underground transmission line. Mr. Kirk noted there was existing underground sewer.

Regent Sisolak was concerned about the residents' concerns regarding power lines, sewer connections, and maintaining as much of their quality of life as possible.

Regent Hill asked about the process for obtaining parcels 6 and 7. Ms. Shauna Hughes, City Attorney, replied that the city submitted a \$1.3 billion application to the BLM for parcel 6. The city requires Board acceptance of using the land for education. She noted they were hoping to expedite the process by funding the studies and offering staff expertise. Regent Hill asked about parcel 7. Ms. Hughes replied that it would work the same way. Regent Hill asked whether the Board had priority or would be bidding with others. Ms. Hughes replied there would be no bidding process, but they would need to commit to use the land for educational purposes. She related the Board would preempt other private opportunities for use of that land. Regent Hill asked about the distance from the Boulder Highway and the proposed road that would intersect parcel 6. Ms. Hughes replied that it was approximately 400-500 yards.

Regent Rosenberg asked whether the Board could hold parcel 7 and not develop it if they were successful in their application. Ms. Hughes replied that they could, adding that a phase-in proposal or master plan would be required. Regent Rosenberg asked about making it an educational park so the community could have what it wants as well. He was interested in being a good neighbor. Ms. Hughes felt that the message was becoming clearer. She noted that

the City of Henderson had an excellent reputation for working with their communities.

Regent Gallagher noted that, historically, when the System had applied for BLM land for education they had always gotten it, adding that it was a high priority for them.

Regent Seastrand observed how rare it was for a city to be involved with helping higher education. He asked about off-site improvements. Ms. Hughes replied that parcel 3 had full infrastructure. She noted that parcels

1, 2, 3, and 4 all had infrastructure. Regent Seastrand asked whether dotted lines represented roads to be built. Ms. Hughes replied that they did. Regent Seastrand asked whether there was existing road around parcels 3 and 4. Ms. Hughes replied there was. Mr. Kirk reported there were two business located just north of parcel 4 and in the triangle just east of parcels 1 and 2 (engineering firm). Regent Seastrand asked about future off-sites. Ms. Hughes replied there had been no discussions to that level of detail.

Regent Rosenberg asked about the black box indicated on their maps. Ms. Hughes replied that it represented the city-owned building identified in item 5.3. She reported the city acquired that building several years ago and currently houses City of Henderson employees. She noted that the city was not using the entire building and that it could be retrofitted to provide office space for initial NSCH administrative and teaching staff. She related there was a legal requirement to charge \$1.00/year in rent. Regent Rosenberg asked about parking. Ms. Hughes replied that the city understood the students would require adequate parking, adding that the city also owned the adjacent land.

Motion carried. Regents Howard and Wiesner were absent.

**5.2 Approved-Authorization to Proceed with Negotiations on an Interlocal Agreement**—Conveyance of City-Owned Acreage – The Board approved authorizing the Chancellor to continue negotiations with the City of Henderson to execute an interlocal agreement to convey land owned by the City of Henderson (Wagon Wheel Industrial Park) to the UCCSN at the City's acquisition cost of \$55 per acre for phase 1 of the construction of Nevada State College at Henderson. The Nevada State College Foundation will assume the acquisitions costs. (Ref. D on file in the Board office)

Regent Seastrand moved approval of authorizing the Chancellor to proceed with negotiations on an interlocal agreement conveying City-owned acreage to the UCCSN. Regent Derby seconded. Motion carried. Regents Howard and Wiesner were absent.

**5.3 Approved-Authorization to Proceed with Negotiations on an Interlocal Agreement**—Lease of City-Owned Building – The Board approved and directed the Chancellor to continue negotiations with the City of Henderson to execute an interlocal agreement for the purposes of leasing to the UCCSN a portion (not to exceed 13,000 sq. ft.) of the Dawson Street Building (also known as the Winning Combination Building), an office/warehouse facility located at 1125 Dawson Avenue in Henderson, to accommodate the space requirements for the Nevada State College at Henderson administrative, faculty, and support staff. (Ref. E on file in the Board office)

Regent Alden moved approval of directing the Chancellor to proceed with negotiations on an interlocal agreement for the lease of a City-owned building. Regent Seastrand seconded.

Regent Rosenberg asked about the cost. Ms. Hughes replied that the proposal stated \$1.00/year for a 5-year lease, with a renewable 5-year clause. She noted there were options to purchase the building as well.

Regent Seastrand expressed his appreciation for the city's generosity.

Motion carried. Regents Howard and Wiesner were absent.

President Moore commended and thanked the City of Henderson for their support of his efforts throughout the entire process.

**6. Approved-Academic Medical Center** – The Board authorized the university presidents to enter into non-binding discussions with Held Properties, Inc., and other potential qualified developers who submitted proposals to the City, for possible inclusion in the overall site development plan and, if warranted, to provide this information in response to the City's request for additional information. The City of Las Vegas has requested the UCCSN submit additional information in connection with its response to request for proposal regarding the development of an Academic Medical Center (AMC) at 100 South Grand Central Parkway. The City requested that the UCCSN identify either an independent master developer or the developer that is part of a team who will master develop the property. President McFarlane introduced Dean Robert Miller.

Dean Miller introduced Ms. Lesa Coder, Director of the Office of Business Development, City of Las Vegas. He noted that the Board had previously approved submission of a proposal for the use of 20 acres of land at the Union Pacific site. He related that nine other groups submitted proposals as well. Two of those proposals included the AMC as part of their proposal, so the AMC was included in 3 proposals. The city has determined the land would best be used for:

- A Performing Arts Center
- An Academic Medical Center
- Office Space
- Urban Density Housing Area

The mayor sent a letter to all 10 developers, asking economic questions and for each developer to explain how their proposal fit with those recommendations. Dean Miller related that, since the AMC was identified by the city as a project they really want on this land many developers would likely include it in their proposals. He stated they were requesting permission to have discussions with the other developers about how the AMC might fit in with their designs.

Ms. Coder thanked the Board for their support. She related that respondents to the RFQ were required to include the four above-referenced recommendations be included in their proposals. They must reply to the city by May 31st. Recommendations should be presented to the city council by June 20th.

Regent Rosenberg clarified that this would involve discussion only. Ms. Coder replied that it was, adding that all respondents must include the AMC as part of their proposal in order to make it to the city council. She noted that it would put the university in a position of needing to communicate with those developers.

Regent Sisolak asked whether this had been done before (proceeding with discussions). Chair Dondero assured him it was purely discussions.

Regent Seastrand moved approval of authorizing Presidents Harter and McFarlane to enter into non-binding discussions with Held Properties, Inc., and other potential qualified developers who submitted proposals to the City of Las Vegas, for possible inclusion in the overall site development plan and, if warranted, to provide this information in response to the City's request for additional information. Regent Sisolak seconded.

Regent Seastrand thanked the City of Las Vegas, adding that the AMC had been determined to be a necessary use



of that land. He stated that he was looking forward to working with the city on this proposal. Regent Alden stated that the city should be considering expansion acreage and asked them to keep land acquisition in mind.

Regent Kirkpatrick proposed a friendly amendment to refer to 'university presidents' since President McFarlane only had a few days left of his term. Regents Seastrand and Sisolak accepted the friendly amendment.

Regent Hill stated that, while he approved of the concept, he thought it was somewhat of a pipe dream. He asked about money that had been raised. Dean Miller replied that the medical school had scheduled \$5 million, the Cancer Institute had a \$1.8 million appropriation that could be used for the project, and the dental school might receive funding from the legislature. He related that most of the funding would be raised through private philanthropy. He stated there were no firm commitments. He stated that a number of foundations and individuals in Las Vegas and Nevada should be able to step forward. Regent Hill asked how does President McFarlane viewed this fitting in with UNR's future plans. President McFarlane replied there had been considerable discussion with the dean, Dr. Crowley, and future President John Lilley. He felt it made very good sense to be looking at this. He related that, when talking about potential for teaching students, the AMC should be built in an area with sufficient population, which did not infer there would be abandonment or pirating of resources from the north. He thought it was a good means for growing the medical school, providing clinical research, and a very worthy opportunity to explore. He noted that the negotiations and discussion would be non-binding, adding they were seeking possible relationships with the developers. He felt it was a controlled way of growing the medical school into an Academic Medical Center. Regent Hill was concerned with plans getting ahead of the receipt of funds. He felt it was a magnificent idea, but was concerned about the required funding. He asked about Dr. Lilley's impressions. Dr. McFarlane stated that he had communicated with him about this, adding that he would stay on top of this. He stated that Dean Miller had been very responsive to direction. He noted that Dr. Lilley was very interested in philanthropy and taking the university to the next level. He felt that Dr. Lilley would work with Dean Miller on this project. Dean Miller stated that he had discussed the project with Dr. Lilley. He felt that Dr. Lilley had a clear understanding of what it would comprise, was comfortable with it, and knew they would need to work on fundraising. He pointed out that the medical school was growing rapidly in Las Vegas, with 2-4 faculty members sharing one office. He recently moved AHEC out of the building due to lack of space and the psychiatry department would be moving to rented space as well. He noted that Las Vegas was where the major growth would take place, adding that it made sense to put the building there. He stated they were not closing the school in Reno, adding that it would grow as well. Dr. McFarlane stated that UNR would be completing the medical education building in Reno within the next month. He related that they were looking for the best place for the medical school to take the next step, adding that the AMC made sense and the Reno programs would continue.

Regent Derby stated that she shared some of Regent Hill's concerns. She was intrigued by the concept and anxious to see more substantive information. She indicated she would support moving forward at this point, but would have many questions in the future. Dean Miller replied that it was a process in evolution. The architects are talking about phasing the project to reduce costs. He stated that it was clear he could not make commitments without future Board approval.

Motion carried. Regents Howard and Wiesner were absent.

**7. Accepted-Audit Committee Report** – Chair Steve Sisolak reported the Audit Committee met May 10, 2001 and received a report from Mrs. Sandi Cardinal, Director of Internal Audit, on the current status of the University of Nevada School of Medicine practice plan as it related to the OB/GYN Foundation. Dean Robert Miller reported on on-going efforts to collect receivables from the OBY/GYN Foundation. Dean Miller also reported that the OBY/GYN department was in a positive cash position for the month of April. It was noted that Regent Alden requested an update of the financial status of the UNR Fire Science Academy. UNR representatives will prepare a report for the

August Audit Committee meeting.

Regent Sisolak moved acceptance of the report. Regent Alden seconded.

Regent Kirkpatrick asked whether the practice plan was in the black. Regent Sisolak replied that it was for the first time. Dean Miller reported a past deficit of approximately \$600,000. He noted they were hiring new faculty members, which would cut expenses and generate more revenue. He related that \$100,000 received in the last two months was being applied directly to the deficit.

Motion carried. Regents Howard and Wiesner were absent.

**8. Approved-Investment Committee Recommendations** – Chair Mark Alden reported the Investment Committee met May 10, 2001 to review and set the distribution rate from the invested operating pool and to consider authorizing a request for proposal for custodial banking services. He requested Board action on the following Committee recommendations:

- Operating Pool Income Review – The Committee reviewed the status of the invested operating pool and recommended setting the distribution rate at 5.0% of the average cash balance effective July 1, 2001 for a period of six months, and establishing a .125% management fee on the endowment pool for Board and System Administration expenses.
- Endowment Custodian Review – The Committee authorized development of an RFP for custodial banking services.

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

**9. Approved-CCSN Presidential Search Committee Recommendations** – Chair Doug Seastrand reported the CCSN Presidential Search Committee met March 9, and May 4, 2001. The committees met jointly to review the Nevada Supreme Court decision regarding the open meeting interviews of CCSN presidential candidates and to consider future search activities. Chair Seastrand noted that Dr. Frank Vivello had withdrawn his candidacy due to accepting another position. General Counsel Tom Ray explained that the State Supreme Court had reversed the decision of the lower court, stating that a community college president is not a public officer, that candidates could be interviewed in closed session, and the search process being used was valid.

Ms. Narcisa Polonio presented a proposal for professional search services from ACCT (Association of Community College Trustees). She provided background material regarding ACCT, explaining that it is a membership, nonprofit organization with a commitment to enhancing governance of community colleges. Ms. Polonio noted the extensive pool of potential candidates available through this service and that ACCT had the best record for such consultancies in placing women and minorities at the presidential level. Members considered the desire for a diverse pool, the protocol for involving former candidates, and the costs to be incurred by using a consultant at this state of the search. Chair Seastrand indicated that the Committee had three options: interview the four remaining finalists, enrich the candidate pool by extending the search, or start a new search.

The Committee reiterated that its charge was to find the best president for the college; that it was essential the remaining candidates be treated honorably; and the importance of a credible process. By restarting the process, members believed their commitments could be met. Concerns addressed included the fee structure, the strength of the pool when preliminary consideration of a candidate is confidential, and the ability to place a new CCSN President by July 2001. Discussions concluded with consensus that the four remaining candidates from the first phase of the

search would be contacted by ACCT to determine whether they wanted to be included in the pool, and the advertisements should include an explanation for reopening the search.

Ms. Polonio stated that the top 15 names would be public, background checks would be completed, and Committee members could submit additional candidates to ACCT to be included as semifinalists. She noted that the American Association of Community Colleges Conference, to be held April 4-7, would be an excellent time to recruit candidates for the presidency. Chancellor Nichols requested that the consultant work with Board staff to formalize an activity timeline to be approved at the next meeting. Chair Seastrand indicated a preference for open interviews, and it was noted that the advertisement would reference the Open Meeting Law. Ms. Polonio stated that a five-member team would be formed for the search, and she would be the primary person coordinating the search.

At the May 4th meeting, Ms. Polonio presented the Committee with eleven semi-finalists for consideration, a brief profile of each candidate, and a current resume. Members accepted the semi-finalist candidate pool as presented and determined to call references as assigned individually by the consultant. At the May 11 meeting, members plan to report on references and select candidates for final interviews. The Committee continued discussion and approved a schedule of campus tours, forums, and final interviews.

Regent Seastrand requested Board action on the following Committee recommendations:

- Re-open the CCSN Presidential Search.
- Hire ACCT to conduct the search.
- The Chancellor negotiate a contract with ACCT not to exceed \$27,000 plus travel expenses.
- Revision of existing search materials by omitting the term 'learning college' from the Presidential Leadership Statement, and the Chancellor, in conjunction with the consultant, to make appropriate changes in the advertisement.
- The consultant bring a maximum of 15 candidate names to the Committee for selection of finalists.
- 11 semi-finalists to be considered for the CCSN presidency.
- Members call references as assigned and report their findings on May 11, 2001.
- Finalists to be selected on May 16, 2001.
- Finalists to be invited to participate in campus tours and forums on May 14 and May 15, with final interviews to be held on May 16, 2001.

Regent Seastrand moved approval of the Committee recommendations and acceptance of the report. Regent Alden seconded. Motion carried. Regents Howard and Wiesner were absent.

Regent Hill reported it would cost \$1,510,355.00 to provide the same 4% increase to the community colleges as the universities were receiving. He stated that he was not against the concept of the law school, dental school, and GBC programs, but he did have a big problem with the 4% increase. He felt the institutions should use funds provided by the legislature to provide the raises. He felt it was unfair to treat community colleges different from the universities. He acknowledged there was a study in process, adding that he was not happy with the part-time salaries. He felt it could be solved by putting the item on the agenda, adding that the presidents would not be pleased. He felt that providing the additional 4% was an unrealistic approach. He stated that he would support the amendment to provide the same increase for the community colleges. He stated that he would oppose the entire motion with the inclusion of the 4% increase.

Regent Rosenberg felt the presidents would be unable to provide raises without new money. He preferred the 4% increase remain in the motion and had no problem with adding the community colleges. He indicated his support for

the motion because he felt it important.

Regent Sisolak asked whether the first three priorities (law school clinic, dental school, and GBC programs) could be addressed separate from the 4% increase. Ms. Ernst related that they would first need to address the amendment. The Board members agreed to withdraw their motions.

Regent Hill withdrew his original motion. Regent Derby withdrew her second. Regent Sisolak withdrew his motion. Regent Rosenberg withdrew his second.

Regent Sisolak moved approval of additional Estate Tax expenditures: \$1.4 million (UNLV law school clinic), \$3.5 million (UNLV dental school), and \$0.26 million (GBC programs), totaling \$5.16 million. Regent Alden seconded.

Regent Alden clarified that the Board was voting on whether to use Estate Tax funds for the three top priority items on the one-shot list that were not included by the legislature. Regent Sisolak agreed. Regent Hill stated that, while he believed in those top priorities, he did not like using Estate Tax funds to fund them.

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

Regent Rosenberg moved approval of removing an amount from the Estate Tax equivalent to a 4% COLA for all part-time faculty at the community colleges and the universities; \$2.01 million.

Regent Gallagher asked whether it was a valid figure. Vice Chancellor Miles replied that the four business officers arrived at that figure, adding that he felt it was accurate (\$1,510,355.00). Regent Kirkpatrick commented that the community colleges would be receiving an 8% raise; 4% in steps plus the additional 4%. Chancellor Nichols stated that there is no step increase for part-time faculty because they are not included on the salary schedule and do not receive a step increase. Regent Kirkpatrick did not agree. President Lucey stated that the part-time faculty actually required more than 4%. Regent Kirkpatrick stated that the same 8% increase should be provided to everyone. Dr. Neill suggested following the Chancellor's suggestion of setting aside emergency funds for part-time faculty. Chancellor Nichols clarified that Dr. Neill suggested allowing the universities and colleges to use the emergency fund for additional part-time salaries if providing the 4% raise presented difficulty for the institutions in meeting class needs. Regent Seastrand asked why providing a 4% COLA to the universities constituted double payment. Regent Hill replied that the universities were getting a 4% COLA for full-time faculty. The universities also have a \$500,000 part-time faculty budget, which was not receiving a 4% COLA (\$20,000 shortage). He related the universities did not fill all of the full-time positions that were funded for the 4% increase. He clarified that the community colleges were receiving 4% for their part-time faculty and that the Board was providing an additional 4%. President McFarlane stated that, with the reduction in the budget and increase in students, UNR would not have enough money to offer enough classes for those students, so they would be unable to hire the necessary number of teachers. He related that some part-time faculty would be hired with those full-time funds. Regent Seastrand stated that he still was not clear. President Lucey clarified that, with the current budget, the institutions were having to replace full-time positions with the FTE in part-time positions. She noted that the institutions could not cover the needs of the students with the available budget. She stated that all institutions had been funded a 4% COLA for full-time positions, adding they were not funded for part-time positions. She was offended with the notion of 'double dipping' and felt that none of the part-time faculty were paid what they deserved. She too noted there was a committee in place to address the issue and suggested the committee pursue an equitable measure for raising all part-time faculty pay. She felt that Dr. Neill's idea might be worth pursuing. President Harter agreed, adding that it was a complex issue and that more time was necessary to provide a sensible recommendation. Regent Rosenberg suggested standardizing the per-credit fee across the System. Regent Derby felt it was terribly important to get into the study,

rather than make a quick decision. She felt the discussion had provided recognition of part-time faculty needs. She was not ready to support the motion, but urged the study be done and provide a long-range solution. Regent Seastrand agreed.

Regents Rosenberg and Seastrand withdrew their motion and second with the understanding that the issue needs to be studied and action is required.

Regent Gallagher felt the motion was a bandaid approach, adding they would face the same issue next biennium. Chair Dondero asked Chancellor Nichols for a coherent review of providing a 4% COLA for part-time faculty.

**10. Public Comment** – None.

**11. New Business** – None.

The meeting adjourned at 4:00 p.m.

Suzanne Ernst  
Chief Administrative Officer to the Board