

**SPECIAL MEETING
BOARD OF REGENTS
UNIVERSITY AND COMMUNITY COLLEGE SYSTEM OF NEVADA
Tam Alumni Center Tiberti Grand Hall
University of Nevada, Las Vegas
4505 Maryland Parkway, Las Vegas
9:30 a.m., Thursday, May 9, 2002**

Members Present:

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

Members Absent:

Mrs. Laura Hobbs (Excused)

Others present:

Chancellor Jane Nichols
Vice Chancellor, Finance & Administration Dan Miles
Vice Chancellor, Academic & Student Affairs Richard Curry
General Counsel Tom Ray
President Ron Remington, CCSN
President Stephen Wells, DRI
Interim President Carl Diekhans, GBC
Interim President Chris Chairsell, NSCH
Interim President Rita Huneycutt, TMCC
President Carol Harter, UNLV
President John Lilley, UNR
President Carol Lucey, WNCC
Chief Administrative Officer Suzanne Ernst

Also present were faculty senate chairs Mr. Ruell Fiant, CCSN; Ms. Lynn Fenstermaker, DRI; Mr. John Patrick Rice, GBC; Dr. Eun-Woo Chang, TMCC; Dr. Bill Robinson, UNLV; and Ms. Bourne Morris, UNR. Student government leaders present included Ms. Monica Moradkhan, UNLV; Ms. Jocelina Santos, UNLV-GSA; Ms. Alicia Lerud, UNR; and Ms. Melissa Dechert, UNR-GSA.

Chair Thalia Dondero called the meeting to order at 9:33 a.m. on May 9, 2002 with all members present except Regents Gallagher, Hill, and Hobbs.

1. Approved-Southern Nevada Science Center, Phase II, DRI Supplemental Lease Agreement - The Board approved the supplemental lease agreement between Desert Research Institute and the General Services Administration acting on behalf of the U.S.

Department of Energy relating to the Southern Nevada Science Center. Lease No. LNV01075. (Ref. D on file in the Board office.)

President Wells explained that the supplemental lease agreement was the result of the incredible diligence and commitment of his staff, Assistant General Counsel Brooke Nielsen, and DRI's congressional delegation. He reported that they facilitated the final details with GSA in Washington, D.C. The Board approved the original lease last summer. Language was included which allowed for the provision of a supplemental lease agreement to include details of rent and operating payments associated with the project. He indicated that, once the particulars of the financing package were matched to the actual cost of the construction, the State Public Works Board issued a Letter of Intent to award the project to Clark & Sullivan.

General Counsel Ray stated that the supplemental lease included a last minute substitution of one of the paragraphs in the original lease (on file in the Board office). He stated that the motion to approve would include the substituted paragraph 17.

Regent Alden moved approval of the supplemental lease agreement between DRI and the GSA acting on behalf of the DOE including the amended paragraph 17. Regent Seastrand seconded.

Regent Alden clarified that the building would be leased to GSA, the lease payments would be used to offset the debt on the building, and DRI would have use of the building. Mr. Alan Austin Jr., Vice President, Finance & Administration-DRI, agreed.

Motion carried. Regents Gallagher, Hill, and Hobbs were absent.

2. Approved-Resolution 01-14, Sale of Lease Revenue Bonds, Southern Nevada Science Center, Phase II, DRI - The Board approved authority for DRI to proceed with the sale of lease revenue bonds totaling \$8.6 million to pay for the construction of the Southern Nevada Science Center, Phase II. The Board of Regents, at its December 6-7, 2001 meeting, approved the selection of a bond underwriter for this bond issue. Morgan Stanley has been selected as the underwriter. The entire \$8.6 million in bonds authorized will be redeemed over time from the proceeds of a 20-year lease to the General Services Administration acting on behalf of the U.S. Department of Energy. The Board of Regents approved the lease at its August 16-17, 2001 meeting. (Ref. A on file in the Board office.)

Regent Alden moved approval of Resolution 01-14 regarding the sale of lease revenue bonds for the Southern Nevada Science Center, Phase II, DRI. Regent Howard seconded.

Regent Alden asked about the underwriter selection process. Mr. Austin replied that DRI solicited bids from a number of underwriters as part of an RFP process. Morgan Stanley was selected. Regent Alden asked about the interest rate. Mr. Austin replied that the rate would be determined following Board approval, adding that the Board had previously delegated authority to Vice Chancellor Dan Miles on this project. Regent Alden asked whether they would be tax-exempt bonds. Mr. Austin replied they would be taxable, municipal bonds. Regent Alden asked about the yield. Mr. Austin replied that the underwriter had indicated the bonds would be similar to 10-year treasury bonds plus 150-180 basis points. Mr. Scot Nash, with Johnson Consulting Group, estimated that the bonds would be in the high 6% or low 7% range, adding that they were 20-year bonds. He related that taxable, municipal bonds traded higher than treasury bonds.

Motion carried. Regents Gallagher, Hill, and Hobbs were absent.

3. Approved-Bill Drafts for 2003 Legislature - The Board approved potential bill drafts to be submitted to the 2003 legislature.

Chancellor Nichols presented three potential bill drafts, adding that the Board had seen them in previous years. Bill drafts are due to the governor by June 1st.

Bill Draft #1 - UCCSN's continuing effort to convince the state to allow carry forward balances from one fiscal year to the next. Currently, unspent appropriations are returned to the state general fund. Allowing a carry forward balance would eliminate the "spend it or lose it" mentality currently in practice and would allow a 50% carry forward of unexpended state funds to the next year. UCCSN feels it would provide incentive for prudent management of scarce resources. Chancellor Nichols reported that the System originally requested 100% carry forward, but had reduced it to 50%.

Regent Alden recalled that Regent Seastrand had previously proposed a 50% carry forward balance as a compromise position. Regent Seastrand agreed, adding that he was eager to see the elimination of the "spend it or lose it" mentality.

Bill Draft #2 - A routine request to review the bonding capacity limit. Since UCCSN has the capacity to sell revenue bonds, the limit is reviewed each biennium to ensure the institutions have the necessary capacity to sell revenue bonds (subject to revenue availability and Board approval). UCCSN is proposing an increased bond authorization to \$100 million and to allow a carry forward amount for both UNLV and UNR. She reported that material sent to Board members earlier had requested increasing the limit to \$25 million. Upon further review, it was decided to request \$100 million. She asked that the Board allow System Administration to set the amount based upon capability and need established by the universities by June 1st.

Bill Draft #3 - In the waning moments of the previous legislative process, this request was never passed. Funds had previously been appropriated to support scholarships for students pursuing degrees in teaching at UNLV and UNR. Legislation to continue this practice, and expand the program to include GBC and NSCH, was not passed in the previous session. This bill would restore the scholarships for UNR and UNLV and would expand the program to include GBC and NSCH. The annual appropriation would be \$230,680, which would maintain the former funding levels for UNLV and UNR.

Regent Alden asked about teaching scholarships for CCSN students. Chancellor Nichols replied that all of the UCCSN community colleges have a 2+2 program in teaching, with the first two years of the program taught at the community college level. The focus has been on those students accepted into the Teacher Education program in the 3rd and 4th years.

Regent Alden moved approval of the bill drafts for the 2003 legislature, allowing System staff to make the necessary adjustment to the bond rating. Regent Rosenberg seconded.

Regent Sisolak asked whether student fees would be used as a revenue stream for bonding on the Biotechnology Teaching/Research facility. President Lilley replied that bonding was predicated on the legislature's approval of full recovery of indirect costs. Regent Sisolak asked about the total revenue stream. President Lilley replied that full recovery of indirect costs by the university would provide the revenue stream. He explained that 25% of those costs are currently returned to the state. Were UNR able to recover those indirect costs, they would be able to pay the bond debt service. Regent Sisolak recalled that the System had previously agreed to forego this request, adding that Senator Raggio had made concessions in another area. Chancellor Nichols stated that Senator Raggio's remarks related to the request for indirect cost recovery being out of the scope of the interim study committee's work. She agreed that the universities did receive an adjustment in another area, but felt that the senator also said that the System could raise the issue again during the regular legislative session.

Vice Chancellor Miles shared the Chancellor's recollection. He related that UCCSN raised this issue during the committee hearing, and the interim study committee did not wish to address the matter at that time. After that meeting, it was indicated in discussion that the System should not drop the issue and was encouraged to bring it up at a future date. Regent Sisolak asked about risk to the other adjustment, adding that he did not want to jeopardize other concessions. Mr. Miles replied that this request would be presented as a separate issue, adding that he too would not want changes made to the formula. Regent Sisolak observed that no student fees were identified as part of that revenue stream, since they were directed to the Fire Science Academy. President Lilley replied that only new student fees were directed to the FSA.

Regent Sisolak asked whether the request for teaching scholarships would be new money. Chancellor Nichols replied that the source of those funds had not been state general funds. She asked Vice Chancellor Miles to discuss the source of funds for teaching scholarships. Vice Chancellor Miles stated that, when the estate tax started, a portion was dedicated to K-12 and directed to UNLV and UNR for teaching scholarships as a benefit to K-12. He related that those funds would eventually disappear. Regent Sisolak asked whether UCCSN was pursuing K-12's portion of the estate tax. Mr. Miles replied that they were, adding that it had been done in that manner for many years before. Regent Sisolak asked about the purpose of the bill draft request. Chancellor Nichols replied that UCCSN had attempted to expand the program to include GBC and NSCH (with the State Department of Education's blessing). The legislation was not passed and the historic pattern of what had transpired in the past was lost. The intent of the bill draft is to restore what had been done in the past plus add GBC and NSCH to the program. Regent Sisolak asked how the scholarships had been funded during that time period. Chancellor Nichols replied that they had not been funded. Regent Sisolak asked whether the System employed a grant writer. Chancellor Nichols replied they did not. Regent Sisolak suggested hiring a part-time grant writer to pursue federal money for these types of uses, adding that the return could be enormous and would reduce the System's state request. Regent Rosenberg agreed.

Regent Kirkpatrick asked about the value of the 50% return of indirect cost recovery. Regent Seastrand replied that, currently, it was nothing because the institutions spent it all. Mr. Larry Eardley, UCCSN Budget Director, replied that it varied by year, adding that they were estimating \$800,000 for FY02. Regent Kirkpatrick asked about the prospects for success. Chancellor Nichols replied that it would require a significant champion in the legislature who shared the belief of running the System like a business instead of spending the account empty. Regent Kirkpatrick felt it would comprise a significant savings to the state if UCCSN could convince the legislature that they would not spend the money unwisely.

President Harter stated that UNLV spent their account down as far as they possibly could on good things, adding that the process would be more thoughtful if the money could be carried forward. She felt it would be a useful planning tool.

Regent Seastrand felt there was not as much careful, thoughtful planning as there would be if the institutions could carry forward a portion. He noted that sometimes the legislature was concerned about releasing money to UCCSN without any strings attached. He suggested establishing predefined areas in which such funds would be spent. Regent Rosenberg suggested equipment. Chancellor Nichols suggested instruction. Regent Seastrand suggested cancer institutes or something the legislature supported, adding that the System's savings could help fund such projects.

Regent Alden felt there was likely some waste in last minute spending of state funds, adding that he felt requesting a carry forward balance was a good idea and he agreed with Regent Seastrand's idea for establishing a specific use for the funds.

Regent Sisolak disagreed there was a waste at the end of the fiscal year, adding that the institutions were very short of funds. He agreed with Regent Seastrand that the thoughtfulness of the expenditures was likely sacrificed due to the time limitation on the funds. He stated that there were massive needs to be met at all of the institutions.

Chancellor Nichols suggested that Vice Chancellor Miles would prepare an explanation for how the money might be used. Regent Seastrand stated that he was only offering that as a suggestion in case the legislature rejected the 50% return proposal.

Chair Dondero asked whether the Board would review the new bonding capacity once it was determined. Chancellor Nichols replied they would not, because bill drafts were due to the governor by June 1st. She indicated that the capacity would likely be determined at \$100 million, adding that staff would need to verify whether that was feasible. Chair Dondero asked whether the Board would be informed of the final figure. Chancellor Nichols replied that they would, but by approving the bill draft that day, the Board was providing staff with the latitude to set the figure. Regent Alden indicated that he accepted that.

Motion carried. Regents Gallagher, Hill, and Hobbs were absent.

4. Approved-Proposed Capital Improvement Priorities - The Board approved the capital improvement program request for submittal to the State Public Works Board. (Ref. B on file in the Board office.)

Regent Sisolak moved approval of the proposed capital improvement priorities to be submitted to the State Public Works Board. Regent Derby seconded.

Chancellor Nichols explained the process:

- The campuses make requests.
- Board input is received.
- The Council of Presidents and the Chancellor create a priority list.
- The list is presented to the Board for final approval.

She related that, after receiving final Board approval, the list would be sent to the SPWB. The SPWB then makes their changes and submits the list to the governor. The governor then makes his changes and submits the list to the legislature, where the process is repeated. She explained that this was the first step in funding capital projects. She provided a summary of each project by institution, providing justification for each project. She related that the Board also had a list of all projects, including those not on the capital priority list. She indicated that the Board had a copy of the space study summary, as well as a list of the capital projects requested for 2001-2003, and information on which ones were funded last biennium. For the first time, the Board also had a summary of funding by institution of public/private funds since 1991. She related there were some errors in the material, which would be corrected regarding the public/private partnerships. She noted there was a listing of classroom and class lab usage by day of the week. She indicated that a summary would be provided depicting hourly classroom utilization at a future date. She said that she and the presidents were shocked and surprised to see the patterns of classroom utilization. Further review of classroom utilization will be conducted, but she felt the System had a serious problem with the under utilization of classrooms on Fridays and weekends. She indicated that she intended to return with recommendations in the future.

Chancellor Nichols then reviewed the Capital Priority List, adding that System priorities included:

- The results of the space study.
- Institutional priorities and established needs.
- Prior ranking on previous priority lists.
- Prior approval of state planning dollars. Generally, when the state invested planning money and the System did not move on the project, those funds were lost.
- The commitment of private dollars and other sources of revenue - also depended upon the System acting in a timely fashion.
- The urgency of the need (health, legal and safety issues).
- Cost savings available through renovation.

She indicated that the list differed from past lists. A much higher priority was given to renovation and expansion of existing facilities and there are fewer new buildings on the list. She recalled the Board asked to consider a recommendation for a set percentage in private dollars for capital projects. She did not bring forward a recommendation for a set percentage because she felt the overall picture should be considered. She related that each project included very different circumstances, where one campus might be able to raise significant funds for one building and none for another. She indicated that it was almost impossible to raise private funds for expansion and renovation.

Priority #1 - TMCC, CCSN, NSCH FF&E - The list began with a recommendation for furniture, furnishings, and equipment for three buildings anticipated to open in 2003-05; \$1.6 million for TMCC, \$4 million for CCSN, and \$2 million for NSCH. Chancellor Nichols related that the SPWB had adopted a practice of providing funds for buildings without considering the associated FF&E.

Priority #2 - UNLV Science & Engineering Building - This building includes a significant state investment of \$8.8 million in planning money. The university decided to raise an additional \$10 million in private funds, reducing the state obligation to \$41.2 million.

Priority #3 - CCSN Health Sciences Building - CCSN is raising \$500,000 in private funds to support this building, which also had state planning funds dedicated to it. It was not funded in the previous biennium.

Priority #4 - UNLV Student Services Addition - The Student Services addition was not funded in previous years.

Thursday, May 9, 2002- GBC Electrical & Industrial Technology Building - This building was not previously funded in error. The SPWB had a misunderstanding that the building was a High Tech Center, which it is not.

Priority #6 - UNR Planning Funds, Science & Math Education Center - If the request is funded, the project will move up in the priority list next biennium.

Priority #7 - UNR Campus Renovations Package - UNR is requesting funds for campus renovations, demonstrating the System's desire to preserve current holdings. The renovation package includes \$9.1 million in private money dedicated to the project.

Priority #8 - TMCC, WNCC, CCSN Campus Renovations/Infrastructure - These requests for campus renovations/infrastructure were combined due to their similarity. The request includes the critical need for HVAC replacement in the Red Mountain building at TMCC and planning dollars for renovation of that building. Smaller amounts were dedicated to WNCC-Carson Campus and CCSN projects.

Priority #9 - DRI-NNSC/Maxey Building Renovation/Addition - DRI's modest request for renovation to the Northern Nevada Science Center would significantly change the building's usage and would provide much-needed laboratory space.

Priority #10 - CCSN Charleston Library Addition - The addition to the Charleston library was recognized as a significant need in the space study.

Priority #11 - UNR Biotech Facility - The building is high on the Regents' priority list for economic development and research. It also includes a large portion of non-state funding (\$10 million-state and \$50 million-private/other funds).

Priority #12 - WNCC Manufacturing Tech Addition - Satisfying a program need as well as many safety issues.

Priority #13 - UCCSN Planning Funds, Millennium Bound Outreach Center/CCSN Outreach Center - \$0.8 million in planning funds requested. The request includes a request from Regent Howard to consider the possibility of building a structure for the Millennium Bound Outreach Center. A possible land gift could make that building a reality. That request was combined with a request from CCSN for an outreach center in North Las Vegas.

Priority #14 - UNLV Greenspun Urban Affairs College - A private gift of \$9.7 million from the Greenspun family provided an opportunity to move forward on this project, which would leverage state resources.

Priority #15 - CCSN Cheyenne Library Addition - Planning funds for an addition to the Cheyenne library, which was recognized as a significant need in the space study.

Priority #16 - DRI/TMCC Multi-purpose Center - Planning funds for a unique project allowing the use of shared space between two campuses located closely together.

Priority #17 - WNCC Fallon Library Addition - The project includes a matching private gift of \$0.15 million, which would provide much-needed library space.

Priority #18 - GBC Relocation of State Animal Lab - A joint proposal with the State Department of Agriculture, which includes significant safety issues.

Priority #19 - Academic Medical Center - A placeholder with no request for state funds. Simply a means of notifying the state of System plans.

Priority #20 - Maintenance and Repairs - \$20 million request for maintenance and repairs. The System receives \$10 million from HECC and \$5 million from SHECC. This year, they are requesting an additional \$5 million due to the lengthy list of repairs needed.

Chancellor Nichols acknowledged that some Board members were very concerned about sending forward such a lengthy and expensive list. She related that the state uses the list as a planning document, adding that UCCSN had a responsibility to notify the state about the System's highest needs. There is a very small amount projected in the next biennium for capital. She felt UCCSN should establish the need and let the state make the decision to find new revenue sources to meet that need.

Vice Chancellor Miles stated that, historically, the state funded the capital program through surplus state dollars and, when needed, through general obligation bond authority. In recent years, there has been little state surplus money available so state bonds have funded the bulk of the capital program improvement list. There are limitations on the state bonds that can be issued by the state, including a constitutional limit for not having more in bonds than 2% of the total statewide assessed valuation (property tax computation). In recent years, that has not been a limiting factor. A second limiting factor is the amount of money available for bond redemption. The state has relied upon a statewide property tax of fifteen cents/hundred dollars of assessed valuation. The fifteen cents has been a limiting factor for the last two sessions, limiting the amount of the capital programs the legislature could approve. There are indications that very little will be available in bonding for the next biennium.

Regent Sisolak expressed displeasure in receiving reference material shortly before the meeting. He said that it would be helpful to receive such material earlier in order to provide sufficient time for review. He was troubled that the graphic representation of classroom usage was presented using different scales for each institution, adding that it was very misleading. Chancellor Nichols agreed it was misleading, but assured the Board it was not intentional. She agreed that the scale on the axis should have been the same. She felt that the first page provided the best comparison. Regent Sisolak stated that he was frustrated with the material.

Regent Seastrand left the meeting.

Regent Alden thanked the staff for providing well-prepared materials, adding that it would be helpful to receive the material sooner. He fervently disagreed with the priority schedule. He mentioned that the System has a problem with project oversight, adding that he was still waiting for feedback from UNLV. He was disturbed that a SPWB employee felt that Nevada architects and contractors were not qualified to work on buildings at UNLV. He felt the rules should be changed to provide more input by the institution president. He observed that CCSN's classroom utilization was significantly higher than the other institutions. He felt it would be very difficult to get beyond \$40-50 million in capital funding unless tax revenue streams increased. He stated that K-12 was under-funded, which directly affected UCCSN institutions. He proposed a different order for the capital priority list.

Regent Sisolak noted a point of order, stating there was a motion on the floor. Regent Alden stated that he was still in discussion.

Regent Alden stated that the first two items totaled \$49 million, adding that the list might end there due to financial constraints. He suggested that if UNLV could raise more private funds, the project would be more palatable. He said that he was not expecting Dr. Harter to make that kind of commitment. He observed that UNR was an older institution with more donors, adding that it was easier for UNR to raise private funds. He noted that in 2001-03 UNR provided \$42 million in private funds using only \$28 million in state funding. He also observed that during the same time period, UNLV provided only \$15 million in private funding using \$38 million in state funding. President Harter stated there was a correction on that data. She related that from 1991-2003 UNLV received \$110 million in state capital, while campus and private funds totaled \$142 million, of which \$54 million was private. During that same period, UNR received \$3 million more in state funding than UNLV, while UNLV brought in \$10 million more in private funding. She lamented that UNLV was often not acknowledged for what the institution brought forward in private and campus-based funding. She felt the 44-year old institution had done a remarkable job in obtaining non-state dollars for capital projects. Regent Alden asked that the document be corrected. He asked whether the figures could be provided prior to the end of the meeting.

Regent Alden then proposed a different priority order for the capital construction list: Items 1, 3, 4, 7, 11, 13, 14 totaling \$70 million, adding that he would not support the present motion.

Regent Rosenberg asked whether the utilization figures provided reflected regularly scheduled classes. Mr. John Amend, Director of Facilities & Planning-UCCSN, replied that they did. Regent Rosenberg asked whether class labs used on a continuing basis, but not regularly scheduled, had also been considered. Mr. Amend replied that if the class was in the schedule, it was reflected in the utilization study, adding that it was difficult to ascertain when classes were held if not in the schedule. Regent Rosenberg stated that he was most concerned with Friday usage. In the UNR Art department, Friday is lab day, all the instructors are there, but it was not regularly scheduled. He related that the same was true for Science. He expressed a desire to reflect actual usage. Mr. Amend replied that they were striving for that in the future. He indicated that only regularly scheduled courses were accounted for. Chancellor Nichols stated that the usage study also did not include community service or continuing education courses, which need to be added in. She affirmed that the study results only included the FTE-generating, state-supported instruction. She related there was more work to be done in that area. Chair Dondero asked whether those courses comprised a major part of the usage. Chancellor Nichols replied that they would not know until the data was retrieved, adding that it would take some work.

Regent Derby said that it would be difficult for her to defend the classroom utilization and encouraged the Chancellor to obtain additional data. She suspected that Fridays and weekends would still be very low. She acknowledged that the Board was aware how hard the faculty works and how much is required outside of the classroom. She noted there is

greater scrutiny on how UCCSN uses their facilities, adding that the governor and legislature would not be pleased with the results. She felt UCCSN should utilize their facilities better than they currently are and acknowledged the large difference in CCSN's usage.

Regent Kirkpatrick observed that class labs differed widely. He requested an explanation of the difference between campus and private contributions. Chancellor Nichols replied that campus contributions come from a variety of sources: lease money, student fees (i.e. UNR library). She explained that private dollars were donations received from outside the institution. Regent Kirkpatrick felt that was misleading. He noted that student fees not used for capital improvements could be used for other purposes. He was troubled by the appearance that the institutions had more money than they actually did. Regent Rosenberg stated that he perceived the need for student space and instruction as paramount. Locating revenue to accomplish that was a separate task. When private funds are available, they are used. He noted that if the students had not

been willing to support a number of Art programs, they would have been eliminated. He related that the students had been wonderful with their support. He felt the most important task was to provide space and instruction.

President Harter noted that federal dollars and indirect cost recovery involved the re-investment of federal dollars, which comprised an additional source of campus dollars to be used for facilities. Another source of student fees was the rent charged in residence halls. Capital improvement funds obtained with student fees are discussed with the students. She indicated that students were very supportive of those uses. Regent Kirkpatrick recalled that Regent Hill misunderstood the private contributions. He said that it appeared that one institution was using more private funds than others. He hoped that the governor and legislature would not make the same mistake.

President Wells stated that the UCCSN Capital Funding report did not reflect \$19 million in state funding and \$15 million in non-state funding from 1991-2003. He related that 42% of DRI's support came from non-state sources. Additionally, DRI has committed \$250,000 in private/other funding to item #9 (NNSC/Maxey Building Renovation/Addition).

President Diekhans stated that the figures listed for GBC were accurate. The state provided \$17 million, while GBC raised \$13 million privately, which he felt was phenomenal for an institution of this size.

Regent Alden stated that item #2 (UNLV Science & Engineering Building) would make a significant contribution in bringing research dollars to the state and would contribute to the economic diversification of the state. He asked Mr. Somer Hollingsworth to speak.

Mr. Somer Hollingsworth, President, Nevada Development Authority, stated that he and NDA wholeheartedly endorsed capital project item #2 (UNLV Science & Engineering Building). He felt the building would become the cornerstone for engineering, science and technology in southern Nevada. Companies recruited to locate in Nevada will have the assurance of a steady stream of well-educated employees. He noted that the project would also provide advanced degrees. He observed the need to entice eminent scholars, with great research projects accompanied by large grants, to the area. He felt the building would play an important role in the future of the Las Vegas community.

Mr. Ken Ladd, President, U.S. Bank, and Chairman, Nevada Development Authority, stated that the NDA had studied other successful communities: Atlanta, Georgia; Cleveland, Ohio; Salt Lake City, Utah; and San Diego, California. They discovered a link between aggressive economic development and applied research. He noted that Nevada was lagging in that arena, adding that this project would be a catalyst to bringing economic diversification to the state.

Mr. Steve Garafalo, President, Citibank Nevada, stated that he supports economic diversification for the state. He was convinced that Nevada should grow via economic diversification and by attracting and retaining the best professionals. He felt that a well-trained workforce was necessary in order to continue to grow the economy and raise the standard of living. He felt the building would attract the best scholars, engineering professors and students (future workforce).

Regent Seastrand entered the meeting.

Regent Sisolak added his support for item #2. He felt it was time to support economic diversity with this building. He felt the building would show Nevada's commitment to diversifying the economy, adding that it would also be a benefit to the state. He felt the project was vital to the economic diversification of the state.

Regent Seastrand asked about the status of Mesquite planning money, noting that it was not on the capital priority list. Chancellor Nichols replied that Mesquite planning money had been allocated two sessions prior. The project failed to receive a follow-up last time because the campus did not bring the item forward. President Remington stated that some planning work had been completed, including an architectural rendering which portrayed a campus to accommodate 15,000 students. He said that it appeared to be rather ambitious in scope, adding that Dixie State College was only 39 miles from Mesquite. He indicated that CCSN had reason to believe the governor was interested in helping with a project that would renovate a school and allow a reasonable growth rate that would still accommodate the community.

Regent Seastrand then stated that he would like to see something depicting institutional needs that would identify the areas of greatest need for the Board. He observed that four of seven institutions were serving 1/3 of the population. Conversely, the remaining three institutions served 2/3 of the population. He noted there was a huge need in southern Nevada created by the population. He wanted to ensure the Board had some means for justifying project priorities, adding his support for the current capital priority list. He agreed with Regent Sisolak that UNLV's Science & Engineering building was a critical need. He asked whether capital money could be used for technology infrastructure. Vice Chancellor Miles replied that, in the past, the state-approved capital program had included equipment (i.e. for High Tech Centers), adding that it had not been the case with the TMCC project. Regent Seastrand asked about a method for leveraging more money for technology. He urged more capital expenditures for technology and less for new buildings. Chancellor Nichols agreed, adding that, historically, capital expenditures for technology infrastructure were related to renovation or building new structures. She indicated that work was in progress on the operating budget for the June meeting, which would include this key theme for discussion.

Regent Gallagher joined the meeting via telephone from Elko.

Regent Derby indicated her support for Regent Seastrand's comments regarding the need to support technology infrastructure and to include that in the capital budget.

Chancellor Nichols clarified that the Board would be voting on the capital priority recommendation in its present form.

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

5. Approved-NSCH Presidential Search - The Board approved Committee Chair Mark Alden's request for authorizing the Chancellor to negotiate a contract with A.T. Kearney not to exceed \$75,000, not including travel and advertising expenses, to complete the search for the next President of Nevada State College at Henderson.

Regent Rosenberg moved approval of authorizing the Chancellor to negotiate a contract with A.T. Kearney not to exceed \$75,000, not including travel and advertising expenses, to complete the search for the next President of Nevada State College at Henderson. Regent Sisolak seconded.

Regent Howard asked about the source of funding. Chancellor Nichols replied that System policy established joint funding for a presidential search. She indicated that, since the campus budget was so small, the college would provide approximately \$10,000 and the System Administration budget would pay the remainder.

Regent Kirkpatrick asked about conducting an open search. Regent Alden replied that, after the committee determined the position description, the search firm would review 50-60 applicants and provide an estimated 10-15 names for committee consideration. He related that discussion regarding applicants' background, experience, and qualifications would be conducted in closed session. A recommendation will be made in open session for initial review. The committee will then narrow the list to 5 candidates, who will interview in open session.

Regent Derby stated that the search would be conducted in the same manner as other presidential searches.

Regent Hill joined the meeting via telephone from Texas.

Ms. Ernst clarified that the motion was to approve authorizing the Chancellor to negotiate a contract with A.T. Kearney not to exceed \$75,000, not including travel and advertising expenses, to complete the search for the next President of Nevada State College at Henderson

Motion carried. Regent Hobbs was absent.

Regents Alden and Derby left the meeting.

6. Approved-Request for Estate Tax Expenditure, CCSN - The Board approved Chancellor Jane Nichols' and President Ron Remington's request to seek authorization from the Interim Finance Committee to expend estate tax funds for fiscal year 2003 in order to remedy a budget shortfall at CCSN during the current biennium. (Ref. C on file in the Board office.)

Chancellor Nichols reported that an error was made in the last biennium with the distribution of high-, medium-, and low-cost courses for CCSN. Had the correction been made, CCSN would have received more funding. She related that the Board had an opportunity to restore those dollars to CCSN for the coming year. She stated that the impact to CCSN this year was minimal, adding that the real impact of the calculation would be realized in the coming year. In light of CCSN's growth and its hold harmless situation, System Administration felt it appropriate to restore the funding to the campus. A potential remedy would be the use of the estate tax, which requires Interim Finance Committee approval. She felt it was an appropriate use of those funds. She related that estate tax funds had been used this biennium to restore base funds at the hold harmless level.

Vice Chancellor Miles reported that restoration would total \$2.5 million in estate tax funds. Initially, the figure was reported as higher, but it was discovered that the total impact of the error for both years of the biennium had been calculated at 100% funding. The legislature only funded the System at 80.29% for 2003.

Regent Alden returned to the meeting.

Vice Chancellor Miles reported that the amount had been reduced to reflect the 80.29% funding level, for a correction totaling approximately \$3,073,000. Additionally, CCSN was one of four campuses that received hold harmless funds through the estate tax to bring them to their current level of operating. Had this been corrected earlier, they would not have received those hold harmless funds totaling approximately \$500,000. The correction was reduced by that amount, resulting in a correction of \$2,577,706.

Regent Rosenberg moved approval of allowing CCSN to seek authorization from the Interim Finance Committee to expend estate tax funds for fiscal year 2003 in order to remedy a budget shortfall at CCSN during the current biennium. Regent

Sisolak seconded.

Regent Kirkpatrick requested clarification of discrepancies in material he obtained.

Regent Derby returned to the meeting.

Regent Kirkpatrick related that certain courses at CCSN had been incorrectly classified into a lower funding category, which was included in CCSN's budget proposal to System Administration. The error totaled \$7.6 million. He related that former CCSN Vice President Allen Ruter realized the error and brought it to the attention of System Administration staff prior to the System submitting the total UCCSN budget to the governor's office, but no corrective action was taken. Chancellor Nichols replied that was not correct. She explained that the complicating issue, which made assignment of blame impossible, was that the System had begun a discussion to review the new taxonomy established by the new formula. The community colleges proposed a new taxonomy that generated a new dollar amount for each of the campuses. She said that System staff spoke regularly and often about the different numbers but attributed the difference to the changes in the taxonomy for the community colleges. There was never an understanding that there was a separate, unrelated error until President Remington brought the matter to her attention last Fall. Once the error was realized, System staff immediately tried to identify the difference. She related that it was a tragic error. Regent Kirkpatrick doubted that the error existed for a year without anyone knowing. Chancellor Nichols replied that the campuses calculate the distribution of their credit hours. System Administration has no means of double-checking their figures. In the future, the campuses have requested that System Administration develop a process where the System calculates the distribution. This kind of error will not occur in the future because System Administration will run the numbers first and return the figures to the campuses for verification. Regent Kirkpatrick was pleased that a procedure had been developed to prevent it from happening again in the future. He recalled that the Estate Tax Committee meeting passed a resolution to maintain the estate tax fund at a certain level.

Vice Chancellor Miles clarified that the proposal was to endow the amount left in the estate tax fund at the end of the biennium and to limit future expenditures to the amount authorized in state law (\$2.5 million/year). By doing this, it would provide eventual endowment growth through the equity of the fund with limited expenditures. He reported that, at that Committee meeting, a forecast of the estate tax fund was presented, with an estimated balance of \$77 million. Since that time more receipts have been realized, and he was now forecasting a slightly higher estimated balance of \$80 million at the end of the biennium.

Regent Seastrand left the meeting.

Regent Kirkpatrick stated that the Committee had hoped the endowment would reach \$100 million in order to provide funding for EPSCoR and student financial aid. He expressed concern about CCSN's situation, adding that he felt the institution should be helped. He noted that CCSN was operating on a leaner budget than any other institution. He felt it would have been more appropriate, had the error been realized earlier, to re-compute the budget. He asked about the amount of estate tax funds devoted to hold harmless. Vice Chancellor Miles replied the amount was \$13 million for the biennium. Regent Kirkpatrick lamented that the estate tax fund had nearly been depleted. He said that he would like to support refunding the money to CCSN, but was opposed to using estate tax funds.

Regent Derby stated that she too was reluctant to raid the estate tax fund. She agreed that it could be a valuable resource if protected and endowed. She was disappointed that the Chancellor's office was blamed for the error, adding that it was undeserved. She was disappointed with CCSN and hoped that the matter had been clarified. She was pleased that procedures had been developed to prevent such mistakes in the future. She felt it was important to focus on solutions.

Regent Sisolak felt there was enough finger pointing, blame, and excuses. He observed that many institutions were currently in a hold harmless situation, so the funds could not be redistributed. He felt it was inappropriate to put President Remington in an uncomfortable position. He noted that CCSN had been through an awful lot. He felt it was important for the faculty and students to realize that the president had addressed the issue. He also felt it important for the Board to support the president on this issue, adding there would have been more appetite to do so had it involved one of the two universities. He said that the community colleges were equally important. He agreed with protecting the estate tax fund, but felt it was the most logical source of funds. He felt it would send an important message of support to CCSN students and faculty.

Regent Alden agreed with Regents Kirkpatrick and Derby that the funds should not be taken from the estate tax, adding that the proper method would be to recalculate the budgets. He related that Chancellor Nichols, Vice Chancellor Miles and General Counsel Ray had told him it could not be done. He said that he would reluctantly support the motion. He recommended a review of the procedures. He observed that the estate tax would soon be eliminated, adding that the System would lose this valuable resource. He implored the Board to continue to protect the estate tax fund and agreed with the Estate Tax Committee's recommendation to endow the funds.

Regent Kirkpatrick hoped that Board action would not encourage other institutions to approach the Board to correct their mistakes. He acknowledged that CCSN needed the money. He hoped that other institutions would not follow suit.

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

7. Approved-Regents' Award/Distinguished Nevadan - The Board approved the nomination of Mr. Tom Wiesner for the Distinguished Nevadan Award in accordance with Title IV, Chapter 1, Section 11.1.

Chair Dondero welcomed Mr. Wiesner's daughter, Carrie, who was present in the audience. Chair Dondero asked to say a few words about her friend, Tom Wiesner, adding that she served with him on the County Commission. She said that, over the years, Mr. Wiesner had done so much for the community and the state, adding that she was a big supporter of his.

Regent Alden moved approval of suspending the Board's policies (Title IV, Chapter 1, Section 11.1), for the purpose of conveying the Distinguished Nevadan award to Mr. Tom Wiesner. Regent Derby seconded.

Regent Kirkpatrick stated that he had a great deal of respect for Tom Wiesner, adding that he would like to see him get an award. He suggested the award be made the following year. He noted that the Board was deviating from their procedures. He related that nominations for Distinguished Nevadan were supposed to be made by December 31st, with the award to be conveyed before March 31st of the following year. He related that the Board made a commitment that no more than five persons per year would receive the Distinguished Nevadan award. He said that the Board would need to decide to award six medals this year, or one less next year. He hoped to keep the prestige of the award in place by limiting the number awarded each year. He said he could not support the motion, adding that he was not voting against Mr. Wiesner, but he could not support deviating from normal procedure at this time.

Regent Alden called for the vote.

Regent Derby clarified that the Board was voting on waiving policy in order to move forward. She said that the Board had the opportunity to honor and recognize someone so deserving of the highest tribute for his service to higher education, the State of Nevada, and the Las Vegas community. She felt that no policy or regulation should interfere with that. She recalled a biblical passage about a time to reap and a time to sow, a time to laugh and a time to cry. She felt there was a time to quibble over policy regulations and a time to not let anything get in the way of honoring someone so deeply deserving of this tribute. She encouraged Board support of the motion.

Regent Gallagher stated that she would be very disappointed in this Board if anything stood in the way of honoring Tom Wiesner.

Regent Alden stated that Mr. Wiesner was a great family man, with great devotion to his wife and children. He recalled a trip he made to Provo, Utah with Mr. Wiesner to attend a UNLV vs. BYU game. The two of them went in search of an old-fashioned hot dog and ice cream sodas. He stated that Mr. Wiesner was humble, caring, dedicated and one of the most decent human beings he ever met.

Regent Sisolak stated that everyone in the room would have kind words to say about Tom Wiesner. He recalled that he and Mr. Wiesner used to joke about the length of the meetings and excess commentary. In the interest of brevity, Regent Sisolak simply stated that he thought the world of Mr. Wiesner, adding that this was a great honor for him.

Regent Hill asked Wiesner family members to convey his greetings to Mr. Wiesner, adding that he really missed Mr. Wiesner.

Regent Howard asked about the duration of the policy suspension. Chair Dondero replied that it was just to convey this award.

Motion to suspend policy carried. Regent Kirkpatrick voted no. Regent Hobbs was absent.

Regent Alden moved approval of the nomination of Mr. Tom Wiesner for the Distinguished Nevadan award. Regent Rosenberg seconded.

Regent Kirkpatrick stated that he was only opposed to deviating from standard procedure, adding that he was not opposed to Mr. Wiesner receiving the Distinguished Nevadan award. He felt that Mr. Wiesner deserved the award, adding that he had great respect for Mr. Wiesner. He wished Mr. Wiesner and his family well. Regent Kirkpatrick stated that Mr. Wiesner had been a great contributor to the state, adding that he was a great supporter of athletics in southern Nevada. He said that he was pleased to support Mr. Wiesner's nomination for Distinguished Nevadan.

Regent Rosenberg observed that Mr. Wiesner had undertaken the difficult task of teaching Regent Rosenberg about basketball. He said that Mr. Wiesner's efforts had been successful.

Regent Sisolak asked Mr. Wiesner's daughter to tell Mr. Wiesner that Board members love him.

Motion carried. Regent Hobbs was absent.

8. Public Comment - Mr. Todd Veranda suggested making CCSN a 4-year college rather than developing a new state college, adding that many people favored that idea. He said he had spoken with CCSN-Henderson Provost Dr. Ron Meeks, who agreed it would be in the best interest of the Henderson campus. Mr. Veranda reported that Dr. Meeks felt the college could support a four-year program and not lose the community college mission. Mr. Veranda suggested that President Remington favored making NSCH a community college as well. Mr. Veranda felt it would take less time to realize nursing and teaching graduates with this method, noting the state's dire need for those professions. Mr. Veranda stated that CCSN already had the facilities at its three branch campuses. He noted an on-going collaboration between the West Charleston campus and UMC with nursing students. He felt it was a waste of money to build a new building for the state college. He was hopeful that contracts for new buildings would include a clause protecting the System from cost overruns and construction delays. He felt that he could not change the four northern Regents' opinions on this matter, but hoped that the southern Regents would agree with him that CCSN should be a four-year college. He asked the Board why they agreed to form a new institution when the state was facing a \$244 million shortfall. He asked about the revenue source for the college. He asked whether the Board knew how to raise funds for such a venture or whether any Board members had participated in fundraising efforts. He suggested employing a lottery for the state. He suggested allowing CCSN to have a football team as well as a basketball team. He felt that funds for the new college would only come from private donations. Mr. Veranda said that the state could not afford to build a new four-year institution at this time. Chair Dondero thanked him for his comments. Mr. Veranda indicated that he would discuss the matter with President Remington. He asked the Board to reconsider their stand on NSCH.

9. New Business - Chair Dondero announced that the Health Care Education Committee would convene immediately following the adjournment of the Board meeting.

Regent Sisolak noted that the Fire Science Academy had reopened and requested an update on the facility. President Lilley replied that UNR held a rededication the previous Monday and it was met with a lot of enthusiasm. The first students arrived Monday afternoon. The FSA is currently exceeding its business plan, but there are still major challenges to be faced. Chair Dondero announced that the forest service was training 2,000 people at the FSA and had agreed to provide 200 students monthly in the future.

President Harter introduced UNLV Student Body President Ms. Monica Moradkhan, UNLV-GSA Student Body President Ms. Jocelina Santos, and Faculty Senate Chair Dr. Bill Robinson.

President Wells introduced DRI's new Faculty Senate Chair, Ms. Lynn Fenstermaker.

President Lilley introduced UNR Faculty Senate Chair Ms. Bourne Morris and Student Body President Ms. Alicia Lerud.

Chair Dondero thanked President Rita Huneycutt and President Carl Diekhans for their service and welcomed the new representatives

The meeting adjourned at 11:58 a.m.

Suzanne Ernst
Chief Administrative Officer to the Board