

BOARD OF REGENTS
UNIVERSITY AND COMMUNITY COLLEGE SYSTEM OF NEVADA
Elizabeth Sturm Library
Truckee Meadows Community College
7000 Dandini Boulevard, Reno
Thursday-Friday, August 15-16, 2002

Members Present:

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

Members Absent:

Mrs. Linda Howard

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
President Paul Killpatrick, GBC
Interim President Chris Chairsell, NSCH
President Philip Ringle, TMCC
President Carol Harter, UNLV
President John Lilley, UNR
President Carol Lucey, WNCC
Chief Administrative Officer Suzanne Ernst

Also present were faculty senate chairs Dr. Joan McGee, CCSN; Dr. Alan Gertler, DRI; Mr. Pete Bagley, GBC; Mr. John Tully, System Administration; Dr. Eun-Woo Chang, TMCC; Dr. Bill Robinson, UNLV; Ms. Bourne Morris, UNR; and Ms. Winnie Kortemeier, WNCC. Student government leaders present included Ms. Kerri Hamrick, CCSN; Mr. Steve Houk, GBC; Mr. Kiyoshi "Teddy" Noda, TMCC; Ms. Monica Moradkhan, UNLV; Ms. Jocelina Santos, UNLV-GSA; Ms. Alicia Lerud, UNR; Ms. Marilou Woolm, UNR-GSA, and Mr. Leoney Berg, WNCC.

Chair Douglas Seastrand called the meeting to order at 12:05 p.m. on August 15, 2002 with all members present except Regent Howard.

1. Information Only-Personnel Sessions – The Board held a closed personnel session.

1.1 Approved-Closed Session - In compliance with NRS 241.030, closed sessions were held for purposes of discussion of the character, alleged misconduct, professional competence, or physical or mental health of certain executive employees of the UCCSN.

Regent Rosenberg moved approval of moving to a closed personnel session. Regent Gallagher seconded. Motion carried. Regent Howard was absent.

The meeting recessed at 12:06 p.m. and reconvened at 1:30 p.m. with all members present except Regent Howard.

1.2 Information Only-Return to Open Session – The Board returned to open session.

2. Introductions – President Lucey introduced WNCC’s new student body president, Mr. Leoney Berg. President Ringle introduced the chair elect of the TMCC faculty senate, Ms. Bridgett Boulton. President Wells introduced DRI’s faculty senate vice chair, Dr. Alan Gertler. Regent Alden introduced Dr. Chris Chairsell, Interim President, NSC, and expressed his gratitude for her service to the college.

3. Chair’s Report – Chair Seastrand thanked those present for making time to attend the meeting. He expressed his gratitude to President Ringle and his staff for hosting the meeting. Chair Seastrand noted the passing of former Regent Tom Wiesner, adding that his influence would remain with the Board. He expressed his appreciation for the work of past Chair Thalia Dondero and past Vice Chair Howard Rosenberg. He then presented Regent Dondero with a beautiful pen in appreciation from the Board and Chancellor. Chair Seastrand then suggested ideas to help the Board operate more efficiently and better serve their constituents. He applauded Regent Kirkpatrick for reminding Board members to take the time to work on important issues. Chair Seastrand observed that Regent Wiesner easily recognized when the point had been made and when it was time to move on for action. Chair Seastrand noted that “information” items had been moved to the end of the agenda, adding that he would like to set aside time to address major issues affecting the future of higher education. He related that, whenever possible, agenda items having substantial ramifications would be presented once for information and at a subsequent meeting for action, thereby providing time for the presidents and System staff to respond. He related that the first day of the Board meeting would be used to address “action” items. He observed that extended discussion sometimes indicated that an item was not ready for action, adding that he would encourage Board members to remain focused on the item before them. He recommended that committee reports be moved to the beginning of the first day. In an attempt to be more streamlined and to reduce the burden on staff, he recommended the elimination of two committees (Campus Environment and Health Care Education) and shifting their duties to other committees or the full Board. He observed that all Regents could now attend Finance & Planning Committee meetings. He thanked all those who served on the Health Care Education Committee, adding that he had not reorganized the Committee at this time, but might do so in the future. He noted there would be new Regents joining the Board after the next election. He then announced the membership of the new Board Orientation Committee: Regent Howard Rosenberg-Chair, Regent Jill Derby, Regent Linda Howard, Chancellor Jane Nichols, and Chief Administrative Officer Suzanne Ernst. He also announced the membership of the Chancellor Evaluation Committee: Chair Douglas Seastrand, Past Chair Thalia Dondero, and Regents Douglas Roman Hill, Tom Kirkpatrick, and Steve Sisolak. Chair Seastrand felt it crucial to accommodate the public whenever possible, adding that he had moved “public comment” to earlier in the meeting in order to provide a more time certain for the public. Chair Seastrand praised TMCC’s record for success with distance education programs. He announced that item #35 (2002-2003 Salaries, UCCSN Presidents) had been withdrawn from the main agenda and #(6) (Handbook Revision, ASB Constitution, GBC) had been withdrawn from the Consent Agenda.

4. Chancellor’s Report – Chancellor Nichols reported that a misprint occurred in the April 2002 minutes concerning the UNLV dental fees. The dates should have been 2004-2005 to increase the tuition to \$30,000. She related that three institutions (WNCC, GBC, and CCSN) recently had their accreditation reaffirmed by the Northwest Association of Schools and Colleges and were commended for the progress made since their last full-scale evaluation. Additionally, UNLV’s most recent progress report was accepted with no additional comments. She expressed her pleasure that System campuses remain in good standing with the major accrediting body. The System office launched an online directory of distance education courses for Fall Semester 2002, making it possible for students to scan available courses from all UCCSN institutions at once. She thanked Vice Chancellor Curry and his staff for their efforts to develop the site in cooperation with the campuses. System Administration is tracking recent federal legislation regarding the Nurse Reinvestment Act, which allows Congress to authorize money for several new programs geared toward increasing nursing school enrollments, including loan repayment plans and need-based scholarships for nursing students. The bill has not been funded yet, but she related that future developments would be reported to the Board. Following the close of the special legislative session, Chancellor Nichols sent the Board an update on the details of SB3, which raised the contribution required from state agencies to the Public Employees Benefits Program to support the self-insurance program for employees. In a conference call earlier that week, she and the presidents agreed to proceed with current Fall classes and to rely upon legislative funding of the money to fund the insurance program for state-funded employees. In the absence of that funding, UCCSN will face an inability to offer a full complement of courses in the Spring. She reported that the insurance cost was \$5.1 million. The System also has a \$1.48 million reversion to the State, an estimated cost of \$3.2 million with the loss of the energy overrun pool, and an expected reversion of non-formula equipment totaling over \$600,000. The decrease in the formula percentage will place an additional hardship on the System’s ability to offer classes to students (approximate \$15 million decrease). She reported that Governor Guinn announced that he is requesting all state agencies reduce their current budgets by 3% (approximately \$11.1 million) in order to meet a higher than expected shortfall. She then called for a report from President Lucey.

President Lucey introduced Professor Marilee Swirczek, a member of WNCC’s English faculty. Professor Swirczek won the Regents’ award for teaching excellence at the community colleges. WNCC has a five-part strategic plan. The fourth goal references the college’s desire to support the community’s cultural life. She related that Professor Swirczek was involved with work that supports that goal.

Ms. Swirczek thanked everyone from the Orvis School of Nursing for preparing her daughter for a 3-month internship with the Mayo Clinic in Rochester, Minnesota. She was the first Nevada student to be invited by the Mayo Clinic.

Ms. Swirczek reported that WNCC likes to include the community in as many cultural activities as possible. Two former students formed the WNCC Writer's Group in 1991. Members range in age from 14-89 years. Some members have never set foot on a college campus while others hold advanced degrees. The group meets every other week, coming from as far away as Coleville, Bishop, Susanville, and San Francisco. Most members are from the WNCC service area and the Reno-Tahoe area. The group sponsors special events, holds book signings, and regularly invites guest speakers. The group has networked with other groups in the area. The Chamber of Commerce refers newcomers to the writer's group and the college. The group's name has been changed to the Lone Mountain Writers and the group has grown so much they have split into two groups (beginners and advanced). The group has served as a catalyst and feeder for regular college courses. Six new courses are now regularly offered, all well attended, as a result of requests from members of the writer's group. Many students retake the same course and people who would ordinarily not come back to college do so because they are writing. Ms. Swirczek observed that writers also take other courses to help them write their books. She related that many participants had realized public success with the publishing of their stories, books, and articles. She concluded by saying that Lone Mountain Writers was a valuable resource for the college as well as the community.

5. Public Comment – None.

6. Approved-Academic, Research & Student Affairs Committee Report – Committee Chair Jill Derby reported the Academic, Research & Student Affairs Committee met August 15, 2002 and heard reports on the National Science Foundation EPSCoR Research Infrastructure Improvement grant and on the DRI/UNR Atmospheric Sciences Program. Regent Derby requested Board action on the following Committee recommendations:

- New Program Proposals:
 - BS, Mathematics, Concentration in Secondary Education, NSC (Ref. ARSA-2 on file in the Board office.)
 - AA, Early Childhood Education, TMCC (Ref. ARSA-3 on file in the Board office.)
 - MA, Criminal Justice, UNR (Ref. ARSA-4 on file in the Board office.)
- New Unit Proposals:
 - Center for Democratic Culture, UNLV (Ref. ARSA-5 on file in the Board office.)
 - American Indian Research & Education Center, UNLV (Ref. ARSA-6 on file in the Board office.)
 - Biomechanics Laboratory, UNLV (Ref. ARSA-7 on file in the Board office.)

Regent Derby moved approval of the Committee recommendations and acceptance of the report. Regent Rosenberg seconded. Motion carried. Regent Howard was absent.

7. Approved-Audit Committee Report - Chair Steve Sisolak reported the Audit Committee met August 15, 2002. Mrs. Sandi Cardinal, Director of Internal Audit, reported that the institution bank reconciliations were up-to-date. Mr. Jerry Koloskie, Senior Associate Athletic Director-UNLV, Mr. Eric Toliver, Associate Athletic Director-UNLV, and Dr. Chris Exline, Faculty Athletics Representative-UNR, reviewed the process for monitoring NCAA compliance at their institutions. They indicated that compliance monitoring was an on-going and challenging process. Dr. Stephen McFarlane, Interim Dean, University of Nevada School of Medicine, reported on the status of the University of Nevada School of Medicine Practice Plan. Mr. Tom Judy, Associate Vice President, Business and Finance-UNR, presented a financial statement for the Practice Plan for the year ended June 30, 2002. The overall financial position of the Practice Plan for the year showed a net profit of \$1.2 million. Ms. Denise Baclawski, Executive Director, Fire Science Academy-UNR, reported on the financial status of the UNR Fire Science Academy. She indicated the deficit was \$5.4 million at June 30, 2002. The Business Plan prepared in Fall 2001 projected the deficit is estimated to reach \$7.7 million in 2005 before starting to decline. President Lilley indicated they were pursuing a possible sale of the Fire Science Academy to another governmental entity. The Committee deferred taking action on the UNR Lake Tahoe Music Camp internal audit report pending review of a student employment issue by General Counsel Tom Ray. Regent Sisolak requested Board action on the following Committee recommendations:

- Internal Audit Reports – The Committee reviewed the following Internal Audit reports: (Ref. A on file in the Board office.)
 - Construction, UNR (Ref. A-2 on file in the Board office.)
 - Reprographics, UNLV (Ref. A-4 on file in the Board office.)
 - System Administration Financial Review, UCCSN (Ref. A-5 on file in the Board office.)
- Audit Department Work Plan – The Committee discussed the Internal Audit Department work plan for the year ending June 30, 2003. (Ref. A-11 on file in the Board office.)
- Audit Exception Report – The Committee discussed the Audit Exception Report for the six-months ended June 30, 2002. (Bound Report on file in the Board office.)

Regent Sisolak moved approval of the Committee recommendations and acceptance of the report. Regent Gallagher seconded. Motion carried. Regent Howard was absent.

8. Accepted-Finance & Planning Committee Report - Chair Douglas Roman Hill reported the Finance & Planning Committee met August 15, 2002 to review three budget reports for FY02 and the 4th Quarter Fiscal Exceptions Report. The Committee reviewed the Annual Budget Revisions Report-Self-Supporting Budgets. Policy requires revisions that exceed

10% of expenditures or \$50,000 when the budget exceeds \$500,000 to be reported to the Committee. These revisions occur when projected revenues or expenditures are significantly higher or lower than planned. Revisions totaling about \$18 million were reviewed. The Committee also reviewed the annual Budget Transfer Report. Board policy requires that transfers between functions in state-supported accounts in excess of \$25,000 be reported to the Committee. The Committee reviewed transfers reported by UNR, UNLV, GBC, WNCC, and TMCC. The Committee reviewed the Annual Report of Transfers of Non-State Budget Expenditures to State Funds after May 1st. Transfers of expenditures to state funds after May 1st each year must be approved by each president and reported to the Board. The Committee reviewed the report that contained thirteen minor transfers required, in most cases, to correct erroneous postings. The final report reviewed was the 4th Quarter Fiscal Exceptions Report. This report includes self-supporting budgets that are experiencing deficits or negative cash balances. The Fire Science Academy is the only account experiencing a material deficit at this time.

Regent Hill moved acceptance of the report. Regent Alden seconded. Motion carried. Regent Howard was absent.

9. Accepted-CCSN Organizational Advisory Committee Report – Chair Thalia Dondero reported the CCSN Organizational Advisory Committee met June 26, 2002. Consultants Dr. James Samels and Dr. James Martin of The Education Alliance formally presented the Committee with the final report of their organizational study of CCSN as well as a supplemental report on potential partnerships between CCSN and Nevada State College. The study contained two key findings: (1) CCSN should not be divided into separate institutions at this time but this issue should be revisited in 7-8 years, given CCSN's projected growth and (2) the community college is understaffed for an institution of its size and should be reorganized for better efficiency. The Committee voted to accept the consultants' reports, which will be incorporated as appendices to the Committee's final report to the Board of Regents and the Legislature. There was consensus that the consultant's report was good, and President Remington reported that his campus fully supports the recommendations contained in it. The Committee also reviewed an initial draft of the Committee's final report. The Committee provided feedback to staff on changes to the report. At President Remington's request, a section will be added about the internal reorganization efforts that have been underway at the college. The Committee also discussed the formal recommendations it wanted to include in the final report. A new draft of the report will be circulated to the Committee in the next month. It is anticipated that it will be presented at the Board's October meeting. The Committee agreed that no further meetings were necessary. Chair Dondero thanked Committee members for their efforts, adding that she believed the Board had met its responsibility to the Legislature in carrying out an effective and helpful study of CCSN's organizational structure.

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

Chair Seastrand noted that the Committee's recommendation was for CCSN to remain as one institution at this point.

Motion carried. Regent Howard was absent

10. Approved-Investment Committee Report - Chair Mark Alden reported the Investment Committee met August 14, 2002. Mr. Lindsay Van Voorhis, Cambridge Associates, reviewed the asset allocation and performance for the pooled endowment and pooled operating funds of the UCCSN for the year ended June 30, 2002. Endowment investments returned -3.5% for the quarter (compared to the -4.3% benchmark) and -2.8% for the fiscal year (compared to the -4.6% benchmark). The total return for the pooled operating funds was -0.8% for the quarter (compared to the -0.6% benchmark) and 1.5% for the fiscal year (compared to the 0.9% benchmark). The Committee reviewed the current status of the operating pool reserve. The reserve was at -\$15.1 million as of August 13, 2002. The Committee also discussed shortfalls that the institutions were already facing and the impact to the reserve and the institutions if the payout rate was changed. In May, the Investment Committee approved changing the payout rate to 3.5% for fiscal 2003 and to not revisit the issue for one year. Regent Alden requested Board action on the following Committee recommendations:

- Rescinded the May Decision – The Committee rescinded the decision to not revisit the payout rate for one year.
- Adding a Cap to the Operating Fund Reserve – The Committee added a cap of (-\$20) million to the payout reserve. If the cap is reached, an emergency meeting of the Investment Committee will be called.

Regent Alden moved approval of the Committee recommendation and acceptance of the report. Regent Derby seconded.

Regent Sisolak reported that the investment pool payout was normally at a guaranteed rate, but had been decreased in recent years. The reserve paid is now more than what has been earned (in excess of \$15 million). He reported that the Committee felt compelled to take action if the reserve reached a deficit of \$20 million. The campuses presented documentation displaying the great need for continuing the payout. He related that it had been a difficult issue for the Committee to address.

Motion carried. Regent Howard was absent.

11. Approved-Consent Agenda – The Board approved the Consent Agenda with the exception of item (6) (Handbook Revision, ASB Constitution, GBC), which was withdrawn:

(1) Approved-Minutes – The Board approved the minutes from the regular meeting held June 19-20, 2002.

(2) Approved-Appointment, WestEd Board of Directors – The Board approved three-year reappointments to the WestEd Board of Directors for Ms. Betty Elliott, Vice President, Academic Affairs, GBC; and Dr. Gene Hall, Dean, College of Education, UNLV.

(3) Approved-Appointment With Tenure, UNLV – The Board approved President Carol Harter's recommendation for tenure upon hire for Dr. Patrick J. Ferrillo, Jr., DDS, Professor and Dean of the UNLV School of Dentistry, effective September 1, 2002. The Executive Committee of the School of Dentistry, including the tenured faculty chairs, unanimously recommended the appointment with tenure. (Ref. C-3 on file in the Board office.)

(4) Approved-Leave of Absence, UNLV – The Board approved President Carol Harter's request for Associate Professor Ranel Erickson to be given a third year's leave of absence without pay during the 2002-2003 academic year with the following conditions:

1. Dr. Erickson return to UNLV for at least one year at the completion of his leave;
2. The university will not pay Dr. Erickson's health benefits while on leave.

Professor Erickson will continue to assist in the planning of a unified mathematics research center at UNLV. (Ref. C-4 on file in the Board office.)

(5) Approved-Capital Improvement Fee Funds, CCSN – The Board approved the use of Capital Improvement Fee funds for the following CCSN projects:

- Elevator upgrade in D Building (Charleston Campus) 48,000
At this time, repairs are not feasible, and the only long-term solution is to replace all of the elevator controls.
- Lobby Refurbishment (Cheyenne Campus) 25,000
Refurbish a portion of the main lobby at the Cheyenne Campus to provide additional space for counselors to advise students, answer questions, etc. A part of this project will be to replace the furniture.
- Administrative Offices Remodel (Cheyenne Campus) 15,000
This project involves combining two small offices into one executive office for the President. This will provide adequate space for the President to conduct business on the days that he is on the Cheyenne Campus.
TOTAL: \$88,000

(7) Approved-Handbook Revision, Parking Permits, TMCC – The Board approved a revision in the UCCSN Handbook, (Title IV, Chapter 13D, Section 6) concerning a change in the location of where handicapped parking permits are issued on the TMCC campus. (Ref. C-7 on file in the Board office.)

(8) Approved-Easement and Rights-of-Way, DRI – The Board approved President Stephen G. Wells' request for Grant of Easement and Rights-of-Way for the Las Vegas Valley Water District. The easement was requested in connection with the construction of the Southern Nevada Science Center Phase II at the DRI campus. (Ref. C-8 on file in the Board office.)

(9) Approved-Additions to UCCSN Endowment Pool – The Board approved fiscal 2002 additions to the UCCSN Endowment Pool. (Ref. C-9 on file in the Board office.)

(10) Approved-Resolution 02-01, Donald W. Reynolds Foundation Grant Application, CCSN – The Board approved CCSN's request for a Resolution required for submitting a grant application to the Donald W. Reynolds Foundation. (Ref. C-10 on file in the Board office.)

RESOLUTION 02-01

The Board of Regents of the University and Community College System of Nevada do hereby resolve that the Science Center proposed by the Community College of Southern Nevada Foundation and the CCSN Science Department conforms to the Community College of Southern Nevada's Strategic Plan and Facilities Master Plan.

Be it resolved that the governing board approves the submission of the Donald W. Reynolds Foundation Proposal being prepared by the CCSN Science Department and the Community College of Southern Nevada Foundation.

(11) Approved-Policies, NSC – The Board approved the following temporary policy statement for Nevada State College until such time as initial student and faculty policies can be developed:

Where no specific policy is in place for Nevada State College, the state college will follow the current applicable policy in force at the University of Nevada, Reno.

(12) Approved-UCCSN/CCSD Facilities Use Agreement – The Board approved expanding the educational access and facility use agreement between the UCCSN and the Clark County School District to permit CCSN, UNLV, and NSC to conduct classes in school district facilities. The original agreement, approved in 1996, applied solely to CCSN. The agreement has no

fiscal impact unless a UCCSN institution uses the facilities at a time when there is no custodial support, such as during summer and winter breaks. In such instances, the UCCSN institution would reimburse the CCSD for custodial services. (Ref. C-12 on file in the Board office.)

(13) Approved-Rehire of P.E.R.S. Retiree, GBC – The Board approved the rehire of a P.E.R.S. retiree from GBC. Under Assembly Bill 555, passed during the 2001 Legislature, the Board of Regents must approve requests made by System institutions to hire persons who have retired under the Public Employees Retirement System. Due to the finding of a critical labor shortage in a particular job position, GBC sought approval to rehire Mr. Stan Aiazzi on a part-time basis to develop and implement the Wildhorse Program and the Western Guild. Mr. Aiazzi originally began this project and is the only person qualified to complete it.

Regent Alden moved approval of the Consent Agenda with the exception of item (6) (Handbook Revision, ASB Constitution, GBC), which was withdrawn. Regent Kirkpatrick seconded. Motion carried. Regent Rosenberg abstained. Regent Howard was absent.

12. Approved-Appointment, Vice Presidents, DRI – The Board approved President Stephen G. Wells' request to appoint the following vice presidents at DRI:

Dr. Roger L. Jacobson, Vice President for Academic Affairs. Dr. Jacobson has been serving as the Interim Vice President at an annual salary of \$150,396. The appointment carried no additional compensation. (Ref. B on file in the Board office.)

President Wells related that an internal search had been conducted. Dr. Jacobson has been serving in an interim capacity since Dr. Jack Hess left the position.

Regent Dondero moved approval of the appointment of Dr. Roger Jacobson as Vice President for Academic Affairs at DRI. Regent Gallagher seconded.

Regent Alden stated that he did not favor having the Board approve vice presidential appointments, adding that he felt it should be recommended on the advice and consent of the Chancellor. He asked whether a national search had been conducted. President Wells replied that they had utilized an internal search for this position and a promotion for the next position. Regent Alden asked whether the institution was budgeted properly for both positions. President Wells replied that they were.

Regent Sisolak asked whether there would be additional compensation for either position. President Wells replied there would be no additional compensation.

Motion carried. Regent Howard was absent.

Dr. Claudia A. Miner, internal promotion to Vice President for Institutional Advancement. Dr. Miner has been serving as the Executive Director for Institutional Advancement at an annual salary of \$130,320. The promotion carried no additional compensation. (Ref. C on file in the Board office.)

President Wells reported that numerous duties had been added to the position over the years, adding that Dr. Miner served at the vice presidential level but did not have that recognition.

Regent Sisolak moved approval of the appointment of Dr. Claudia Miner as Vice President for Institutional Advancement at DRI. Regent Rosenberg seconded.

Regents Derby and Gallagher felt that presidents should be able to appoint their own vice presidents without Board approval.

Motion carried. Regent Howard was absent.

13. Approved-Appointment, Vice Presidents, UNR – The Board approved President John Lilley's request to appoint the following vice presidents at UNR:

Mr. Robert K. Bruce, Vice President for University Relations. The position start date was September 23, 2002, at a salary of \$130,000. (Ref. D on file in the Board office.)

Regent Hill moved approval of the appointment of Mr. Robert K. Bruce as Vice President for University Relations at UNR. Regent Derby seconded.

Regent Alden felt that recommendations for vice presidents should not require Board approval, but rather the advice and consent of the Chancellor. He said that he had some concerns about the appointment. He referred to UNR organizational charts provided to Board members by President Lilley. He related that the reason for having administration was to provide oversight of academic programs, accreditation, long-range planning and the daily operations of the university; to bring in

research and grants; and to bring in soft money. He noted that President Lilley had provided a listing of university gifts for 2001-2002. He asked whether the proposed organizational structure would make the university operate more efficiently within the Mission Statement guidelines as well as provide the necessary administrative functions. President Lilley replied that it would. Regent Alden then referred to UNR's institutional support budgets for 2001-2003 and asked whether fringe overhead was included in the budget provided. President Lilley replied that it was. Regent Alden asked whether all other items in the budget were designated for educating students. President Lilley replied that more was included. Regent Alden explained that he was referring strictly to UNR's budget. He indicated that \$10.6 million was labeled administration/institutional support. Chancellor Nichols and President Lilley replied that was correct. Regent Alden noted the following: 10.2% for 2001, 9.95% for 2002, 10.39% for 2003 and asked whether those were reasonable administrative costs for a university of that size and operation. Chancellor Nichols replied that she had not researched that, but felt that a 10% administrative cost was very reasonable. Regent Alden noted actual expenditures of \$107,310,000 for 2001. He noted that it appeared that more had been spent than was allocated in 2001. He asked whether those figures were within 10%. President Lilley replied that they were. He asked whether both promotions met the need to operate the university in order to accomplish the mission and remain within cost guidelines. President Lilley replied that they did.

Motion carried. Regent Howard was absent.

Dr. Marilyn Johnson, Vice President for University Development and Alumni Relations and Executive Director of the University of Nevada Foundation. The position start date is September 9, 2002, at a salary of \$185,400. (Ref. E on file in the Board office.)

Regent Hill moved approval of the appointment of Dr. Marilyn Johnson as Vice President for University Development and Alumni Relations and Executive Director of the University of Nevada Foundation. Regent Derby seconded.

Regent Sisolak stated that Dr. Johnson appeared to be very qualified for the job, adding that his concerns related to her proposed salary. He noted that he had requested information regarding vice presidential salaries at both universities. He acknowledged a combination of duties, but noted that Dr. Johnson's proposed salary was \$20,000 higher than her predecessor and \$30,000 higher than the comparable position at UNLV. In light of the current economic situation, slumping gaming revenues, increased tuition and fees, no raises in part-time salaries, and in spite of having to pay more when recruiting outside the System, he felt it was grossly unfair to existing System officers. He noted that those officers had done phenomenal work, had been with the System for a length of time and had received COLA and merit increases, yet did not approach the recommended salary for Dr. Johnson. He felt the other employees were entitled to just compensation. He asked about the position's salary range. Chancellor Nichols replied that the range was set by the Board with a minimum of \$113,000 and a maximum of \$211,000. Regent Sisolak felt the maximum ranges should be reviewed since they were higher than any of the System presidents' current salaries. He understood that it was a presidential decision, but felt this justified having vice presidential appointments come before the Board. He was opposed to paying that kind of money in light of the fact that most presidents do not make as much. He stated that he could not support the motion, though it was not related to Dr. Johnson's qualifications, adding that he would like to pay existing vice presidents more money.

Regent Rosenberg stated that he wanted UNR to have the best it could possibly afford, but he also could not support the motion. He stated that the Board had just heard the System might not be able to offer classes in the Spring, adding that he was having difficulty getting students into classes now. He did not see the logic in telling the legislature that the System needs money and then paying this kind of salary, adding that it had nothing to do with Dr. Johnson. He wished that UNR could have offered her a somewhat lower salary with a pay increase after she demonstrated her abilities. He apologized for questioning Dr. Lilley's judgment.

Regent Derby felt that Board approval of vice presidential appointments was a kind of micromanagement. She noted that the Board charged the presidents with the responsibility for running their institutions. She felt that, particularly in tight economic times, the area of development became more critical to the institutions. She felt that telling a president that he/she could not have the vice president selected from a pool of candidates was shortsighted. She related that salaries were a function of the market. She noted that the presidents run multi-million dollar institutions and that it was not appropriate to tell them they could not have the candidate that would help them raise those necessary private funds. She indicated her support of the motion, recognizing that it was a higher salary. She felt it was not fair to the presidents to turn down the leadership team they were trying to build.

Regent Gallagher observed that the Board had this discussion every time someone was hired from the marketplace. She related that she did not like to pay this kind of money, agreeing that times were tough. She said the institutions would need to raise private funds in such tight economic times, adding that it required a great deal of talent. She said that Dr. Johnson was reported to be very good at what she does. She said that she hesitated to criticize a president for doing exactly what needed to be done and suggested Board support of the motion.

Regent Hobbs asked whether a mid-point salary range was targeted when hiring. Chancellor Nichols stated that the Board set salary schedules approximately every three years. The System target is the median of the range. If the recommendation exceeds the median (\$162,711 in this case), persuasive justification must be provided. She noted the letter from Dr. Lilley to the Chancellor justifying the salary, adding that it was an exception to System policy.

Chair Seastrand put the item on hold at 2:40 p.m. to address another item for Vice Chair Thalia Dondero who needed to leave the meeting early.

14. Approved-Recommendation from NSC Presidential Search Committee - Committee Chair Mark Alden reported the NSC Presidential Search Committee met July 12, and 29-30, 2002. During the July 12, 2002 meeting, Committee members were provided resumes of 11 applicants for the position of President of Nevada State College. After reviewing the applications, six semi-finalists were chosen. Reference checks were assigned to Committee members and interviews were scheduled to be held July 29-30. On July 29-30, 2002, the committees met jointly to hold interviews for NSC president. It was noted that Dr. Robert Hoover had withdrawn his name from the pool of candidates. The five remaining semi-finalist candidates were interviewed and the Committee voted to recommend Dr. Kerry Romesburg for the presidency at NSC. Regent Alden requested approval of the appointment of Dr. Kerry Romesburg as the new President of Nevada State College. Terms and conditions of the appointment included a \$195,000 annual salary, 3-year contract through June 30, 2005, standard automobile and hosting allowances, and a \$15,000 housing allowance. The housing allowance was a departure from Board policy (Title IV, Chapter 3, Section 23.5.b), which specifies \$12,000 for community college and state college presidents and \$18,000 for university presidents. (Ref. G on file in the Board office.)

Regent Alden moved approval of the Committee recommendation and to suspend Title IV, Chapter 3, Section 23.5b. to approve a housing allowance of \$15,000 per year. Regent Dondero seconded.

Regent Sisolak asked whether the housing allowance was commensurate with the university presidents. Chancellor Nichols replied that the university presidents received \$18,000/year. Regent Sisolak stated that he was very impressed by Dr. Romesburg, but he had a problem with the salary as it related to other presidents' salaries. He felt that Dr. Romesburg is extremely qualified and would do a great job. But in support of the other presidents, he said that he had a problem with the figure. He asked why the salary was not determined at the beginning of the search. He observed that the System was facing tough economic times. He said that he could not in good conscience to the existing presidents support a salary of that magnitude. He noted for the record that he supported the individual, but not the salary.

Regent Derby stated that Dr. Romesburg was an outstanding person. She explained that a search committee goes through a complex process. At the end of the process, an individual is identified that fits. Then negotiations begin with that person. The range is to accommodate different levels of experience. She said that, after months of work, the Committee wanted to get the person they identified as the right one for the position. She related that the salary could not be determined at the beginning of the search because it would limit the candidate pool. She said that she was thrilled with Dr. Kerry Romesburg. She observed that hiring a person to launch a new college was a special challenge and responsibility, and very different from entering an existing institution. She commended Regent Alden for his leadership on the Committee, adding that the Committee was thrilled with the pool of candidates attracted.

Regent Rosenberg observed that the Board had resolutely refused to consider presidential compensation from Foundation sources. He questioned how he could support this salary and not the salary of UNR's Development officer. Given the economic state of Nevada, he was very uncomfortable with the salary, adding that it had nothing to do with Dr. Romesburg. He related that his vote would be symbolic.

Regent Hill agreed that the System underpays its presidents, yet the Board votes against presidential pay increases. He stated that the most expensive money ever saved was encountered when hiring an incompetent/unqualified person for a job. He related that the converse was also true. He suggested that UNLV might be getting a tremendous deal for their Development officer. He felt the Board was foolish to criticize the salaries when reviewing their job responsibilities, adding that the Board must pay what the market bears. He observed that a similar debate was held about presidential salaries a year ago. He agreed with the concept of equity, but felt this was reflective of real-world situations. He cautioned that standing on principle was foolish, adding that the System required good people. He observed that football coaches were generously compensated for their efforts, adding that the System had to pay money for good people.

Chair Seastrand called for the question.

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

Dr. Chairsell stated that the college was grateful to be receiving one of the best and brightest in the nation.

Regent Dondero left the meeting.

Regent Kirkpatrick asked whom Dr. Johnson would be replacing. President Lilley replied that she would replace Dr. Paul Page. Regent Kirkpatrick asked how the duties differed.

President Lilley replied that they had done some restructuring and he was seeking a person who had the qualifications to lead a major capital campaign in order to raise substantial new dollars. He related that they were also looking for diversity. This was the best person they found and the recommended salary is what it would cost to bring her here. Regent Kirkpatrick

asked about Dr. Page's salary. President Lilley replied that he did not know the salary. Regent Sisolak noted that it was included with the information provided to Board members. It was established that Dr. Page's salary had been \$164,900. Regent Kirkpatrick observed that the proposed salary was \$21,000 more than the predecessor earned. He related that he did not want to encourage equity adjustments for the other vice presidents, adding that he was uncomfortable with the disparity in salaries.

Regent Sisolak noted that the recommended salary was \$23,000 above the median. He asked whether the System paid more for diversity. General Counsel Ray replied that it was an inappropriate question. Regent Sisolak stated that he was asking a question in response to one of the justifications. General Counsel Ray replied that the reference had been made in relation to recruitment, which was not under discussion. He said it would not be an appropriate basis to make a decision on hiring or salary. He said that it was a relevant factor and important as it related to a recruitment item, which was not under discussion. He recommended the conversation end. Regent Sisolak said that he was responding to something that President Lilley had said. Regent Sisolak asked what position it would put President Harter in with her vice presidents. President Harter replied that what the Board decided to do about Dr. Lilley's recommendation was entirely between the Board and Dr. Lilley. She said that she would have to deal with that question with her vice presidents, adding that she did not want that to influence the Board's decision.

Regent Alden stated that the Board appoints presidents to do a job, gives them a charge, and holds them accountable. He felt the discussion was inappropriate. He felt the key questions were:

- Does it meet the mission definition of the unit?
- Is it within the budgetary constraints of the unit?
- What were the ranges in the search?

Regent Alden noted that Dr. Lilley had provided a letter of justification. He urged the Board to cease the discussion and to talk about governance and not micromanagement.

President Lilley stated that both people were seasoned professionals coming with similar levels of experience. Different salaries were recommended because the candidates came from very different markets. He stated that he was proud of his vice presidents, adding that they work very hard and were all from different markets. He acknowledged that meeting the market was a challenge. He said the institutions would be unable to get qualified personnel if they were not prepared to meet the market.

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

15. Approved-2002-2003 Salaries, System & Board Executive Officers – The Board approved the 2002-2003 salaries for System and Board executive officers. At the June 2002 meeting, the Chancellor provided recommendations for the 2002-03 salaries for System executive officers and the Board Chair provided a recommendation for the 2002-03 salary for the Chief Administrative Officer to the Board of Regents. (Ref. F on file in the Board office.)

Chancellor Nichols requested merit increases for three members of her staff (Ms. Nancy Flagg, Mr. Dan Miles, and Mr. Van Weddle). She also requested a merit increase for Ms. Suzanne Ernst, noting that she did not receive a merit increase last year.

Regent Alden moved approval of the 2002-2003 salaries for System and Board executive officers. Regent Hill seconded. Motion carried. Regents Dondero and Howard were absent.

16. Denied-Estate Tax Fund Expenditure, Nevada Student Incentive Grant Program – The Board denied a request to seek Interim Finance Committee approval to expend additional Estate Tax funds in FY2003. The State Department of Education had requested an additional \$65,420 in Estate Tax funds to match available federal funds. These funds provide grants to students who demonstrate financial need. (Ref. H on file in the Board office.)

Chancellor Nichols reported that this was a routine request from the State Department of Education for matching funds to use with federal dollars available for a low-income student program. Since no System funds were available, System staff recommended the use of Estate Tax dollars. Chancellor Nichols recommended that the Board not approve the item this year, adding that the Board had not entertained a full discussion about using the Estate Tax fund for this purpose. She related that the Board had taken the position that they do not wish to spend any more Estate Tax funds, but rather save them and request permission to endow the remainder.

Regent Alden moved approval of the Estate Tax fund expenditure for the Nevada Student Incentive Grant Program. Regent Derby seconded.

Regent Derby withdrew her second. Motion died for lack of second.

Regent Gallagher stated that she opposed using Estate Tax funds for this purpose.

Regent Hill felt that the majority of the Estate Tax fund would be used for the current budget request. He asked whether this was an important enough item to warrant using Estate Tax funds before the legislature appropriated them in another manner. Chancellor Nichols stated that System Administration was reluctant not to fund the request. However, the impact of not funding the request was limited to this opportunity only, and would not affect future funds in future years that could be matched. She related that the State Department of Education might locate matching funds for this request. She said it was a difficult answer to provide, recalling that the Board had taken a position to ask the legislature to put the remaining Estate Tax funds in an endowment. She acknowledged that, given the difficult economic situation, it would be a difficult decision for them to make.

Regent Sisolak asked about the ratio for matching federal funds (\$0.50 per \$1.00), and was upset that money was available for salaries but not for financial aid.

Regent Sisolak moved approval of the Estate Tax fund expenditure for the Nevada Student Incentive Grant Program. Regent Hill seconded.

Regent Kirkpatrick agreed with Regent Hill's assessment of the future viability of the Estate Tax fund. He also agreed with Regent Gallagher's reluctance to use those funds. He asked whether the Interim Finance Committee might fund the request. Chancellor Nichols replied that it would be the next step if the Board approved the request. She explained that there was no other source of funds that could be used.

Regent Derby asked whether the funds could be located from some source. She asked about the reasoning for the Chancellor's recommendation. Chancellor Nichols said that it was difficult to make the recommendation because UCCSN had always done everything possible to find money for scholarships for students. The request was for an additional \$65,000 in the middle of the budgeting process. She acknowledged that sacrifices would have to be made, adding that the System would need to turn down a number of worthy projects. Part of her concern in approaching the IFC with this request was in creating the assumption that all problems could be solved with these funds. Regent Derby said that she could not think of a more worthy project than student financial aid, adding her support for the motion.

Chair Seastrand observed that this program had been in existence for a long time, adding that the original distribution had been matched with UCCSN funds. This would be in addition to what had already been done. He asked about the source of funding for this in the past. Vice Chancellor Miles replied that, two years ago, a similar request came from the State Department of Education for a smaller sum of money. The Board used Estate Tax funds to provide that match. The current match for this program comes from higher education's portion of the Estate Tax. This request would require UCCSN to go deeper into the Estate Tax fund. Chancellor Nichols suggested holding the item until the State Department of Education representative arrived.

Regent Sisolak observed that the Board was struggling with a decision to spend \$65,000 for student aid immediately following the vote on the vice presidential salaries.

Regent Rosenberg asked whether the foundations could assist with matching funds. No response received.

Regent Hobbs asked about the original amount funded. Vice Chancellor Miles replied that the original amount totaled \$376,195.00, adding that this would be an additional \$65,420.

The meeting recessed at 3:13 p.m. and reconvened at 3:33 p.m. with all members present except Regents Dondero and Howard.

Ms. Wendi Skibinski, Program Coordinator with the State Department of Education, reported that additional federal funds had been received for the Nevada Student Incentive Grant and the request was to match those federal funds.

Chair Seastrand asked about the ramifications if the Board did not approve the request. Ms. Skibinski replied that many students would be unable to attend college, adding that UNR and UNLV would be affected. Chair Seastrand noted that the request was for additional funding. Ms. Skibinski agreed. Chair Seastrand asked whether the State Board of Education had committed any funds. Ms. Skibinski replied they had not. Chair Seastrand asked whether the Department of Education had contributed. Ms. Skibinski replied that the Department of Education distributed the funds to the institutions.

Regent Alden asked whether the money was used for need-based aid. Ms. Skibinski replied that it was based upon financial need only, but the students must maintain a "C" average or better.

Regent Hobbs asked whether the \$65,420 had been committed. Ms. Skibinski replied that it had not, adding that it was an increase. Regent Hobbs asked whether 100% of the funds had been committed in the past. Ms. Skibinski replied that, to her knowledge, the Department of Education had always received the funds requested.

Regent Alden noted that it would be difficult for the Chancellor to make this additional request. He said that he was not against the purpose of the money, but did oppose an additional IFC request.

Chair Seastrand agreed it was a difficult decision and that the money would be used for a good cause. He decided to go with the Chancellor's recommendation and called for a roll call vote.

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

Regent Kirkpatrick asked about the length of time provided to achieve the matching funds. Ms. Skibinski replied that if it were approved later in the year she could distribute the additional funds later in the year.

Regent Sisolak asked about using reserves. Vice Chancellor Miles advised the Board to be cautious and to work through the known impacts for 2003 before spending any reserves. Regent Sisolak asked about the level of reserves. Vice Chancellor Miles replied there was \$1.9 million in the Board account and -\$31,000 in the System account. The account had been reduced to \$1.4 million with the last payroll expense.

Regent Derby asked how many students the \$65,000 would support. Ms. Skibinski replied that the maximum was \$5,000 per student per year. There are 14,712 students receiving Pell Grants for this purpose. Regent Derby noted that this would make a difference in a student's life and implored the Board to find the money to support this request. Chancellor Nichols said that she heard the Board's concerns and shared them. By the October meeting, System staff will have a better sense of investment income and possible budget ramifications due to the state shortfall. She suggested that System staff and the presidents could seek alternate funding sources and return with a recommendation for the Board. Ms. Skibinski reported that she received 20-30 letters per week regarding financial aid. Chair Seastrand directed System staff to proceed with the Chancellor's suggestion.

17. Approved-Handbook Revision, UCCSN Trade-Out Policy – The Board approved General Counsel Tom Ray's recommendation for adoption of a new System-wide policy (Title IV, Chapter 10, New Section 19) to require all UCCSN institutions to establish written trade-out policies for any department or unit that engages in trade-out agreements. Campus policies will be subject to approval by the Board of Regents. (Ref. I on file in the Board office.)

General Counsel Ray reported that the proposal arose from prior Audit Committee meetings. The Board currently has a trade-out policy in place for athletic departments, but it was revealed that many other departments also use trade-outs. The proposal broadened the definition of a trade-out to clarify that any institution, or any entity within the institutions, would be subject to the trade-out policy. The institutions must develop their own policies in conformance with Board policy.

Regent Rosenberg moved approval of the UCCSN trade-out policy. Regent Kirkpatrick seconded. Motion carried. Regents Dondero and Howard were absent.

18. Approved-Handbook Revision, Annual Leave Policies – The Board approved a UCCSN Personnel/Benefits Council recommendation for changes to the annual leave policies for UCCSN professional staff (Title IV, Chapter 3, Section 13 and Title IV, Chapter 3, Section 17). The amendment updated Handbook language to reflect current practices and provided for the carry-forward of annual leave to the end of each fiscal year, a benefit currently provided to other state employees. The new language becomes effective September 1, 2002. (Ref. J on file in the Board office.)

Regent Alden moved approval of the annual leave policies. Regent Gallagher seconded. Motion carried. Regents Dondero and Howard were absent.

19. Approved-Handbook Revision, Enrollment Requirements for Millennium Scholarship – The Board approved revisions to the Board of Regents' Handbook (Title IV, Chapter 18, Section 18) to clarify enrollment requirements for receipt of a Millennium Scholarship. (Ref. K on file in the Board office.)

Regent Alden moved approval of the enrollment requirements for Millennium Scholarship. Regent Hill seconded.

Vice Chancellor Dick Curry reported that this was not a change of policy, but simply a change in language to aid interpretation.

Regent Kirkpatrick asked whether a student could receive a community college scholarship as well as a university scholarship. Chancellor Nichols replied that students eligible for a Millennium Scholarship could use the scholarship at any System institution and could attend two institutions simultaneously. Vice Chancellor Curry stated that not many students took advantage of that. Regent Kirkpatrick established that the maximum allowable amount was \$10,000 and students would use it quicker with simultaneous enrollment. Chancellor Nichols reported that students must meet the minimum enrollment requirements and maintain their GPA. By meeting their university requirement, they are able to take less than 6 credits at the community colleges.

Motion carried. Regents Dondero and Howard were absent.

20. Approved-Handbook, Revision, Capital Improvement Fee Funds – The Board approved an amendment to the Board of Regents' Handbook (Title IV, Chapter 10, Section 11) for expenditures of Capital Improvement Fee funds of less than \$25,000. (Ref. L on file in the Board office.)

Vice Chancellor Miles reported that the amendment clarified the procedure necessary for approval of these funds. Current Board policy describes a capital improvement as costing a minimum of \$25,000. Presidents have discretion over items costing less than \$25,000, however specific standards must be met. Items not meeting the new definition must come before the Board for approval.

Chair Seastrand asked whether the amendment eased the policy and provided more authority to the presidents. Vice Chancellor Miles replied that it restricted the use of capital improvement funds and further restricted property purchases.

Regent Kirkpatrick moved approval of the Capital Improvement Fee Fund requirement. Regent Derby seconded. Motion carried. Regents Dondero and Howard were absent.

Chair Seastrand announced that the Board would attempt to recess by 5:00 p.m. and would begin at 8:00 a.m. the following morning instead of 7:30 a.m.

21. Approved-2003-2005 UCCSN Biennial Budget – The Board approved the proposed 2003-2005 UCCSN Biennial Budget, including the operating budget and enhancement requests. The Governor's Budget Division must receive the UCCSN budget no later than September 1, 2002. (Bound Report on file in the Board office.)

Vice Chancellor Miles reported that the Board had been involved in the budget building process since January. He related that Board approval was required at the August meeting because the budget was due to the Governor by September 1st. UCCSN is operating under two sets of budget instructions: the funding formula adopted by the legislature and the governor's expectations. The budget does not include enhancements, but UCCSN is allowed to request items for special consideration. The base budget is adjusted for known changes (classified staff step increases, professional staff merit increases, known adjustments for contracts, licenses and rent), as well as removal of one-time requests. Maintenance and growth items are then added to the base budget (primarily enrollment growth). He related that the Board had discussed seeking replacement of Estate Tax funds for ongoing programs. He noted adjustments for the operation and maintenance of new plant and land coming online, growth-driven costs for System Computing Services, Business Center North, and Business Center South. A baseline number has been established for student financial aid at Nevada State College. Library acquisitions for Nevada State College and the law library were also included. A small item was included for caseload growth at Cooperative Extension reflecting Mineral County's decision to participate. Adjustments were also made for inflation and federal/other mandates. The budget request does not include funds for the professional and classified Cost of Living Adjustment because the governor prefers to present a composite proposal to the legislature. System Administration will forward the Board's recommendation for a 3% and 4% COLA. The request does not include general inflation factors, which the governor will add upon finalizing the budget. No funds were included for occupational studies that could impact pay levels. The governor's staff will add the State Department of Personnel's recommendations before the budget is presented to the legislature. UCCSN has requested, and the State Department of Personnel has agreed to review, an occupational study for campus police employees. Mr. Miles related that the budget was a combination of formula-driven (directly related to enrollment) and line item driven (non-formula; i.e. System Administration, School of Medicine, School of Law, Business Center North, Business Center South, Cooperative Extension) budgets. The formula budgets represent approximately 80% of the total budget. Historically, UCCSN has received between 19-20% of the state appropriation. This biennium, the System was funded at 18.9%. He noted that enrollment growth was significantly higher than in previous budgets. The biennial budget represents a 24.7% increase from the current biennium and totals \$1.284 billion. The largest new expense (approximately \$144 million) is attributed to enrollment. The budget also includes a \$61.7 million request for Estate Tax conversion. He recalled the current authorization for \$78 million in Estate Tax expenditures would be reduced by items covered under the new funding formula. UCCSN is proposing a percentage of funding that would remove all campuses from "hold harmless" situations. Items for special consideration total \$55 million and will be included on a separate list. Mr. Miles explained the following departures from the formula:

- NSCH does not have a 3-year weighted average enrollment, so one must be assumed. They were budgeted for 500 FTE this year, so 750 and 1000 FTE was assumed for the biennium. Adjustments can be requested once the actual Fall and Spring enrollments are tallied.
- GBC formula funding – Institutions reporting a negative enrollment in the most recent year (weighted 50%) can result in a negative figure once the formula is applied. GBC did report a negative figure. He said that the formula was never intended to continually decrease enrollments, adding that GBC's actual enrollments would likely increase. A small incremental enrollment was inserted for GBC. He related that the formula study did provide for exceptions for legislative consideration.

Mr. Miles then reviewed the funding sources. Currently the state provides 69.68%, students provide 20.16% and other (primarily Estate Tax funds) provides 10.16% of the budget. The new budget increases the state's share to 77.23% and the

students' share to 19.93%. The "other" category has been decreased to 2.84%, primarily due to the conversion of Estate Tax funds into state funds.

Regent Gallagher asked about UCCSN's chances for successfully replacing Estate Tax funds with state dollars. Mr. Miles replied that there was a Task Force on Tax Policy. He felt it was a possibility, if that group produced recommendations that the governor and legislature could agree with, and a new tax structure was derived. The governor realizes that this is their second opportunity to save the Estate Tax fund. He related that there might not be enough Estate Tax funds to make it through another biennium.

Mr. Miles reported that UCCSN was allowed to restore the mandatory vacancy savings temporarily, adding that it would likely be removed at the end of the session. The budget reflects a maintenance adjustment to move UCCSN from the current 80.29% funding level to 87%, which would remove all institutions from the "hold harmless" condition. A \$10.38 million request for new space includes UNLV's Wright Hall and the Shadow Lane Complex; CCSN's telecom building; System Computing Services (in order to keep operating at an acceptable level); and BCN & BCS, which have not been addressed in many years. Mr. Miles related that maintenance funds could not be distributed until approved by the legislature. Each campus will be able to use those maintenance funds in the manner they feel is most necessary. Mr. Miles reported that Estate Tax funding would be reduced to simply funding the EPSCoR match. All other ongoing programs will be requested to be funded with state funds. He reported that an explanation was included for each budget adjustment as well as the maintenance and growth items. Slight adjustments have been made to the list of items for special consideration since the June meeting. He related that the Chancellor had provided a memo of explanation for each of the changes to Board members.

Regent Alden asked whether non-formula driven items were returned to a zero-based budget. Vice Chancellor Miles replied they would revert to the current level of budget funding. Regent Alden asked whether that applied to the law and dental schools. Mr. Miles replied that they used their current budget and adjusted it for known items (merit increases, classified step increases, and contractual obligations). He explained that those budgets were not increased as a result of increases in students, adding that the medical school had the same number of students every year. He related that the budget instructions required a review of the current base budget. One-time requests are removed or are requested again. Regent Alden noted for the record that he had voted against the tuition and fee increases. He noted the \$4.7 million allotted for the purchase of additional dental school equipment, and asked whether the amount originally provided included funding for that purpose. President Harter replied that no money had been provided for that purpose. Last biennium, UNLV reported that they would request equipment in the following biennium for the building being renovated. Regent Alden asked whether a thorough review had been performed regarding the price of the dental equipment. President Harter replied there were only two major vendors of the kind of equipment needed. She said that UNLV was working with both of them and expected to receive some gifts from them, which made the request less than it would have been. She related that UNLV had pared down the list of equipment significantly. Regent Alden stated that he wanted to ensure that access, student needs, and undergraduate education were addressed. He asked whether the budget addressed student needs for access. President Harter reported that none of the dental school operating costs were supported by undergraduate tuition. She related that the dental school tuition was very high (\$15,000 in-state; \$30,000 out-of-state). She said that dental school students would pay at least one-third of the cost of their education and no undergraduate tuition would support the dental school. Regent Alden felt that the Board's major charge was to address undergraduate education. He felt that access was limited when tuition was increased.

Regent Sisolak asked about the \$80.8 million maintenance request. Vice Chancellor Miles replied that it represented the cost in the first year of items that could be added to the budget for maintenance purposes (i.e. to maintain the current level of service), primarily those funds computed by formula for enrollment growth and movement to the 87% funding level. Additionally, it included requests for System Computing Services and BCN and BCS. Regent Sisolak questioned the amount allocated to SCS as maintenance. Mr. Miles explained that "maintenance" referred to what was required to keep what is in place operating and working, or to replace it in the future. Regent Sisolak asked about the \$3.4 million for NSC. Mr. Miles replied that it represented the increase in enrollment from 500 FTE to 750 and then later 1,000 FTE.

Regent Hill objected to setting up the Millennium Bound Outreach Center as a functional department under System Administration. He explained that System officers would be operating, hiring, firing, issuing paychecks, etc. to have a Millennium Outreach Center. He felt that would put the Chancellor in conflict with the hiring and firing of people in the Center. He was also concerned about the influence that would be exerted by Regents. He felt the Board was setting up the Chancellor and System office for a tremendous conflict and an operational nightmare. He suggested restructuring the Center so part of it operated as a joint operation of all of the Clark County institutions. He said that the Board did not need an operational function at the System level, adding that it was a bad idea. He expressed concern for having a System employee having the opportunity to influence Board constituents in a particular district. He felt that approving the Millennium Bound Center was a fine idea but that it should be restructured as a joint venture between the institutions.

Regent Hill moved approval of the 2003-2005 UCCSN biennial budget request as presented. Regent Gallagher seconded.

Chair Seastrand reported that a state senator had asked to speak on this issue, adding that he was not present. Chair Seastrand related that the state senator had expressed concern that the Board had not included the incentive grants for

research chairs (\$15 million) in the enhancement budget. The senator felt there was an interest for this in the senate and that it should be included with the budget request.

Regent Hill offered a friendly amendment to include that particular item in the overall proposal. Regent Gallagher accepted the friendly amendment.

Chair Seastrand explained that, at the previous meeting, the Board had asked System staff to reduce the list of items for special consideration to a total of \$55 million. Subsequently, the senator told Chair Seastrand that he wished the Board had not removed that item since the senator would have supported the incentive grants.

Regent Kirkpatrick observed that the legislature would not approve the entire list of items for special consideration. He asked how the legislature might prioritize those items. Vice Chancellor Miles replied that it would be difficult to predict, adding that, historically, higher education had never gotten everything it requested, nor had any other state agency. The dynamic has changed due to significant financial problems and an ongoing comprehensive study program outside of the legislature and governor. Regent Kirkpatrick asked whether the enhancement list represented the Board's priorities. Vice Chancellor Miles replied that it did. Chair Seastrand stated that one of the state budget officers told him that the System had no chance of receiving funding for items that were not submitted. Regent Kirkpatrick stated that the Millennium Bound Outreach Center was somewhat of a duplication of what the campuses were currently doing. He said that he would prefer that the Center was not as high on the priority list.

Regent Sisolak said that he knew a senator that advocated for the law school. He suggested reinstalling the law school clinic request as well.

Regent Sisolak offered a friendly amendment to include the law school clinic as well. Regent Hill accepted. Regent Gallagher did not accept the friendly amendment.

Regent Derby recalled the Board's lengthy discussion to limit the list to \$55 million. She observed that the Board was now willing to accommodate a senator's suggestion. She said that she too could find support for other programs not included, adding that she was uneasy with the process.

Regent Hobbs said that she knew of someone on the governor's Task Force that would like to see the soccer team get more money. She noted that the legislature would not necessarily observe the Board's priorities or fund items in the order requested. Vice Chancellor Miles stated that, if a list was provided and the governor and legislature were able to accommodate the entire list, they would. It's when they can't fund everything that they pick and choose. He related that, if nothing changed, the System would not receive any enhancements.

Regent Alden stated that the campuses understand they have to outreach to students. He agreed that the Millennium Bound Center should not be on the list.

Regent Hill requested input from the presidents, adding that his motion would entail having a group of institutions somehow get in bed with each other and figure out how to run the Center if it were funded. He asked which presidents were interested. There was no response from the presidents. General Counsel Ray stated that the agenda item was to approve the budget and dollar amounts, while the proposal being discussed related to the organization of a particular item of the budget and was not within the scope of the agenda item. He felt it would be in violation of the Open Meeting Law to take action on that proposal, adding that they would need to discuss the organization of the Center at a separate meeting. Regent Hill asked whether the Board's options included either voting the item out of the budget or approving the budget as proposed. General Counsel Ray indicated that was correct.

Chancellor Nichols reminded the Board that the Millennium Bound Outreach Center was on the agenda for discussion later in the meeting. Chair Seastrand clarified that the Board needed to take action on approving the numbers in the budget. Regent Hill asked whether the Center could be restructured at a later time. Chair Seastrand replied that it could.

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

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

The meeting recessed at 4:55 p.m. and reconvened at 8:02 a.m. on Friday, August 16, 2002 with all members present except Regents Dondero and Howard.

1. Information Only-Personnel Sessions – (Cont'd.) The Board held a closed personnel session.

1.1 Approved-Closed Session - In compliance with NRS 241.030, closed sessions were held for purposes of discussion of the character, alleged misconduct, professional competence, or physical or mental health of certain executive employees of the UCCSN.

Regent Rosenberg moved approval of moving to a closed personnel session. Regent Gallagher seconded. Motion carried. Regents Derby, Dondero, Howard, and Sisolak were absent.

1.2 Information Only-Return to Open Session – The Board returned to open session.

The meeting recessed at 8:04 a.m. and reconvened at 9:40 a.m. with all members present except Regent Howard.

22. Approved-Presidential Contracts, DRI & WNCC - The Board made a decision regarding the employment terms and conditions for the following UCCSN presidents:

Stephen Wells, Desert Research Institute

Regent Gallagher moved approval of a 3-year extension to President Wells' employment contract, extending the contract from July 1, 2003 through June 30, 2006. All other terms and conditions contained in the employment contract to remain in effect. Regent Derby seconded. Motion carried. Regent Howard was absent.

Carol Lucey, Western Nevada Community College

Regent Derby moved approval of a 3-year extension to President Lucey's employment contract, extending the contract from July 1, 2003 through June 30, 2006. All other terms and conditions contained in the employment contract to remain in effect. Regent Alden seconded. Motion carried. Regent Howard absent.

23. Approved-Appointment, P-16 Council – The Board approved the membership of a statewide P-16 Council. This initiative is an outgrowth of a previous discussion between the Board of Regents and the State Board of Education, the approved agenda of the Nevada Collaborative for Academic Success: A Blueprint for Nevada P-16 Initiatives 2002-2007, and the goals of the American Diploma Project. (Ref. M on file in the Board office.)

Chancellor Nichols reported that part of the collaborative with K-12 included the creation of a P-16 Council. She related that, beginning this Fall, UCCSN must have a working statewide P-16 group as a condition of the American Diploma Project grant. A tentative list of names was presented for Board approval, having already received State Board of Education approval. Most states have them and the characteristics of successful P-16 councils across the country include:

- They generally address issues that crossover between K-12 and higher education.
- They generally are valuable in the state because they speak with one voice and represent the interests of the community.
- They include a majority of community people (not a majority of K-12 or higher education) and are reasonably small.

Chancellor Nichols related that the Council membership was suggested by the leadership team for the grant, which includes eighteen voting members, plus two non-voting members. She related that membership included the selection of specific individuals and positions. A teacher from K-12 and a UCCSN faculty member have been added to the list. The faculty senate chairs were asked to select the faculty member and to look at the balance of representation from universities, community colleges, the state college, as well as north and south. She recommended limiting the voting membership to 18 members. Another suggestion was to include student representation on the Council.

Regent Kirkpatrick moved approval of the P-16 Council appointments. Regent Rosenberg seconded.

Regent Dondero asked how the members were selected. Chancellor Nichols replied that the recommendation was provided by the American Diploma Project steering committee (Mr. Mike Hillerby, Chancellor Nichols, State Superintendent McLaughlin, and Mr. Ray Bacon). Regent Dondero asked whether they accepted recommendations. Chair Seastrand replied that recommendations would be accepted, adding that most of the positions had been filled. Chancellor Nichols stated that the Board could approve the appointments and allow the Board Chair to approve the remaining unfilled positions. Regent Dondero stated that she knew a former principal who recently went to work for the City Games.

Regent Kirkpatrick added a friendly amendment so the Board Chair could appoint any vacant positions. Regent Rosenberg agreed.

Chair Seastrand asked whether it made sense to have a student on the Council as a non-voting member. He felt that a student's input would be valuable in addressing the transition from high school to college. Chancellor Nichols agreed, adding that student government leaders could select a student from higher education. She stated that they would ask K-12 to select a student as well.

Chair Seastrand proposed a friendly amend to include two non-voting student representatives. Regents Kirkpatrick and Rosenberg agreed. Motion as amended carried. Regent Howard was absent.

3. Chair's Report – (Cont'd.)

Chair Seastrand stated that, because the Chair and Vice Chair were both in the south, he had considered appointing a Board ambassador for ceremonial duties, particularly in the north, to represent the Board. He appointed Regent Howard Rosenberg to fulfill those duties.

24. Approved-Naming of Reading Room, DRI – The Board approved President Stephen G. Wells' request to name the public reading room in its Southern Nevada Science Center Phase II in honor of Nevada State Senator Dr. Dina Titus. (Ref. N on file in the Board office.)

Regent Alden moved approval of naming the new reading room in honor of Nevada State Senator Dr. Dina Titus. Regent Gallagher seconded.

President Wells observed that Senator Dina Titus had been instrumental in supporting funding for the building. Additionally, she is a scholar who studies Nevada Test Site history. The reading room will provide access to over 400,000 Cold War documents. He felt it fitting to recognize her for her efforts.

Chair Seastrand noted that, at the groundbreaking, a time capsule was installed that included a book written by Senator Titus titled Bombs in the Backyard. He agreed that it was a fitting tribute to her. He acknowledged that the naming was contrary to existing Board policy, adding that the policy provided for exceptions for sitting politicians.

Regent Sisolak noted Senator Titus' deep commitment to DRI and higher education. He said that she was a tireless advocate of UCCSN and students and commended the recommendation.

Motion carried. Regent Howard was absent.

25. Approved-Request for Bank Loan & Use of CIP Funds, WNCC – The Board approved the following two actions for the purpose of financing the construction of the Jack C. Davis Observatory on the Western Nevada Community College Carson campus:

- A bank loan of \$450,000.
- Use of up to \$300,000 of Capital Improvement Fee funds to repay bank loan.

WNCC Foundation pledges will also be used to repay the bank loan. (Ref. O on file in the Board office.)

President Lucey reported that the college had an ongoing \$1.3 million observatory construction project, funded largely with private funds. Senator John Ensign assisted in obtaining a federal grant for \$300,000 in construction costs. Conditions of the grant do not allow the money to be used for building costs, so it will be used for equipment. She reported that the college has \$150,000 in pledges, which will not materialize until after the construction season has ended. The project is being constructed with volunteer labor from the Building Association of Western Nevada and WNCC's Construction Tech program. She requested Board approval to use Capital Improvement fee money to complete the project, adding that at least \$150,000 would be covered by the pledges.

Regent Derby moved approval of the bank loan request and use of CIP funds at WNCC. Regent Sisolak seconded.

Regent Kirkpatrick established that the college would use \$300,000 of Capital Improvement fees, which would be partially repaid by the \$150,000 in pledges.

Chair Seastrand observed that it did not appear that interest had been calculated for the loan. Mr. Dane Apalategui, Vice President, Finance & Administration-WNCC, reported that a 10-year schedule was prepared for projected expenditures of CIP funds. In the next 10 years, the fund should grow to \$1.2 million. He related that interest was calculated at 5.5%, adding that it could be lower. Chair Seastrand established that expenditures would not exceed the CIP balance. Mr. Apalategui replied that the fund would grow.

Motion carried. Regent Howard was absent.

26. Approved-Negotiation of Tenant Leases, TMCC – The Board approved TMCC's request to hire Premier Properties to negotiate tenant leases on the Neil Road property and allowed the authority for approving final lease terms be granted to the Chancellor. All lease terms will be reported to the Board when finalized. (Ref. P on file in the Board office.)

Chancellor Nichols reported that Board policy provided for Board approval of all leases. Recently, a few requests were received asking that the Chancellor, legal staff, and the president be allowed to sign the leases and then report back to the

Board. She hoped the information provided would provide a comfort level that would allow the Board to deviate from their policy.

President Ringle reported that TMCC was leasing the 5250 Neil Road building and did not want to be in a position of seeking tenants or negotiating the leases. Business Center North's Purchasing Director suggested this 6-month arrangement with Premier Properties to handle that work for the college. The arrangement will terminate on December 31, 2002. During the six months, bids will be issued for these services and a more permanent recommendation will be brought to the Board.

Regent Derby moved approval of hiring Premier Properties to negotiate tenant leases on the Neil Road property and allowing authority for approving final lease terms be granted to the Chancellor. Regent Rosenberg seconded.

Regent Sisolak established that an RFP process would be used. He noted problems inherent to becoming a landlord (i.e., tenant problems, plumbing, air conditioning, etc.) and asked whether sufficient reserves were in place to handle long-term maintenance and what lease terms would be negotiated. Dr. Ringle replied that the leases would not extend longer than a few years. TMCC's intention is to grow the program into the new facility. He related that it would be a very short-term arrangement, adding that TMCC hoped to move into that facility as rapidly as the program expanded.

Mr. Steve Salaber, Acting Vice President, Finance & Administration-TMCC, reported that TMCC had a rolling schedule with 18 tenants. Two tenants will be lost every year except for one with a 10-year option. Regent Sisolak asked about the length of the leases. Mr. Salaber replied the leases would have a two-year maximum. Regent Sisolak asked about reserves to handle maintenance. Mr. Salaber replied that TMCC had approximately \$30,000 to pay for the air conditioner with hopes of building the reserve over time. The funds would be segregated in a separate account. Regent Sisolak observed that property management was not part of TMCC's expertise and that it could be complex and expensive. He asked if the college was prepared to deal with that. Mr. Salaber agreed, adding that all money earned from the leases would be held in a separate account to address maintenance issues.

Regent Alden asked about financial statements concerning lease revenue, adding that he would like to see them before voting on the issue. Mr. Salaber replied that pro forma financial statements had been provided with the original purchase request. Regent Alden asked about the monthly net. Mr. Salaber replied that total net for the year was over \$75,000. Regent Alden asked whether it had been an arm's length transaction. Mr. Salaber replied that the Board's real estate advisor, Mr. Jim Jeffers, had suggested using Premier Properties to provide a smooth transition because the firm is located on the premise and would actually collect the rent. Regent Alden asked whether proper premise insurance would be obtained for the location. Mr. Salaber replied that it would be. Regent Alden asked whether \$75,000/year would be realized after costs. Mr. Salaber replied that was correct.

Regent Hill shared Regent Alden's concerns, adding that the issue before the Board was to authorize the leasing.

Regent Sisolak stated that some landlords mandate enormous umbrella policies. He wanted to ensure that General Counsel's office would review the leases and the Board's exposure. General Counsel Ray replied that he would. Chancellor Nichols said that she would not sign anything that General Counsel Ray did not recommend.

Motion carried. Regent Howard was absent.

27. Approved-Lease Agreements, UNLV – The Board approved President Carol Harter's request to conduct negotiations for the following lease agreements and allowed the authority for approving final lease terms be granted to the Chancellor, due to the anticipated time urgency of each request. If the time sensitivity does not materialize, final agreements will be brought to the Board for action at a future meeting. All lease terms will be reported to the Board when finalized.

- Execute a Second Amendment to an existing lease for offices and classrooms at the Executive West office complex to provide additional space for the Center for Academic Enrichment & Outreach. (Ref. Q on file in the Board office.)
- Negotiate leases with potential tenants at the Shadow Lane campus. (Ref. R on file in the Board office.)
- Negotiate a Supplemental Lease Agreement with the U.S. General Services Administration to the existing long-term lease with the Environmental Protection Agency. The supplemental agreement is required in order to relocate EPA employees from a temporary trailer complex to another suitable location on the UNLV campus, allowing the university to proceed with the construction of the Lynn Bennett Early Childhood Development Center. (Ref. S on file in the Board office.)
- Negotiate a lease with Telecom Towers, LLC, to install, operate and maintain the transmitting antenna and transmission line for the operation of KUNV-FM radio station. (Ref. T on file in the Board office.)

President Harter stated that the timing of many of the activities did not fit the Regents' meeting schedule. She explained that UNLV was requesting permission to have the Chancellor act as UNLV's agent. The first request was to expand leasing space for offices and classrooms for existing TRIO programs. UNLV is expecting a substantial increase to those programs from federal grants that could add as many as 35 new employees. Counselors and employees will be working with junior high school and high school students in Clark County. Should the increase be realized, UNLV will need space for new counselors and staff members.

The second request involved the recently purchased Shadow Lane Campus with three buildings. One building will house the dental school. Laboratory spaces are being built in half of the second building, largely funded by federal grants. UNLV is trying to encourage other biotechnology related activities to potentially lease space in the remaining half of the building in order to expand ongoing biotechnology/biomedical research. The Public Health Laboratory has expressed interest in establishing a southern presence and could be one of the potential tenants.

The third request involved an attempt to move the EPA's trailer from the spot where UNLV wants to build a new building (Child Development Center) with private money. The EPA wants their trailer to remain on UNLV property. Dr. Harter related that the EPA may want to rent space in the old Paradise School when the law school moves out or some other piece of property that could be exchanged for the currently occupied trailer. That action would fall under the larger comprehensive lease with the EPA.

The fourth request involved the renegotiation of a lease to install, operate, and maintain the antennae for the radio station. UNLV is actually behind with this request and was hoping the Chancellor could help expedite it.

President Harter promised to report the results of all of the negotiations to the Board at a future date.

Regent Alden asked whether General Counsel Ray was involved with lease review for Board protection. General Counsel Ray explained that UNLV did not have a lease yet for items 1, 3, and 4, so he had not reviewed any. He related that Dr. Harter was requesting, in lieu of Board approval, that once a final lease was available the authority be delegated to the Chancellor to execute the lease. Regent Alden established that General Counsel Ray would review the leases prior to Chancellor execution.

Regent Alden asked whether the agreements had been reviewed and met budgetary constraints. Mr. Tony Flores, Vice President, Finance-UNLV, replied that a thorough review had been conducted. Regent Alden asked whether the four leases (if executed) were in agreement with the Master Plan, Academic Plan, and mission for UNLV. Mr. Flores replied that they were.

Regent Alden moved approval for UNLV to conduct negotiations for the above-mentioned lease agreements and allowed the authority for approving final lease terms to be granted to the Chancellor. Regent Rosenberg seconded.

Regent Sisolak asked about the size of the Executive West complex. Dr. Juanita Fain, Vice President, Administration-UNLV, replied that, with the addition, it would add 7,552 sq. ft. for a total of 13,951 sq. ft. Dr. Fain did not know about the size of the entire complex. Regent Sisolak asked whether UNLV would become the main tenant. Dr. Fain replied that several other offices were there, adding that UNLV would be a prominent tenant. Regent Sisolak asked whether UNLV had pursued purchasing the building. President Harter replied that UNLV was so stressed for space that they were looking at the potential purchase of buildings around the perimeter of the campus. She related that most landholders knew that the campus was looking and that the price was affected accordingly. She acknowledged that it was sometimes more economical to buy instead of leasing. In this case, it is all funded by federal funds, which add complexity to the issue. Regent Sisolak expressed concern that the landlord might raise the price of the building if UNLV were a prominent tenant. President Harter related that UNLV had a strong Foundation, adding that trustees often had influence on developers and development costs and were able to strike deals the university would be unable to unassisted.

Regent Dondero asked whether the EPA trailer housed the supercomputer. President Harter replied it did not, adding that the supercomputer was in the engineering building.

Regent Kirkpatrick asked whether the dental school did not need the space on the Shadow Lane Campus in Buildings B and C. President Harter replied that there was a small part of Building B that the dental school would occupy with some faculty offices. All clinical and teaching activities will take place in Building A. A few square feet of faculty office space and possibly one lab will be in Building B. The rest of Building B will be dedicated to other related biotechnology or biomedical laboratories or activities. Federal money will be used to renovate half of the building for UNLV's Cancer Institute. She related that many private entities had expressed interest in sharing space in that building. She explained that UNLV was trying to be careful how they integrated these activities so there was a synergy between the kinds of research being conducted. Regent Kirkpatrick asked whether the leases provided for removing the tenants should UNLV require the space. President Harter replied that they would try to do that. The State Laboratory cannot commit to more than 2 years at a time due to budget constraints, but have \$1 million for renovations.

Regent Gallagher suggested a review in the future for allowing the Chancellor and General Counsel authority to enter into leases within specific parameters. She felt it would make the lease process more manageable.

Chair Seastrand noted that the primary purpose behind this item was not to approve the leases but to acknowledge the time sensitivity. He wanted to ensure that the items were indeed time sensitive. He asked why the radio tower lease was time sensitive now when the lease expired in January. Dr. Fain replied there was insurance liability. Even though the tower is leased on a month-to-month basis, UNLV does not have the insurance coverage required and must enter into a permanent lease in order to secure the proper coverage. She explained that it had been an oversight, but corrective action had been taken to avoid this happening in the future. Chair Seastrand cautioned that UNLV could lose the lease when operating on a

monthly basis. He asked about the experts on the Shadow Lane Campus. President Harter replied that they had struggled with that issue. She related that Mr. Bill Wood worked with UNLV's Foundation Board on acquiring property given to the university as gifts. The university is now sharing him with the Foundation as the in-house real estate expert. He is rapidly developing real estate expertise. Dr. Fain stated that UNLV would use other people as needed, including consultants and Vice President Tony Flores. President Harter stated that UNLV used consultants for highly technical matters. Chair Seastrand said that he would support the motion, adding that it was an exception. He noted that, since it was a deviation from Board policy, the Board expected future leases to be brought before the full Board. President Harter said that she understood, adding that the leases would be brought forward for review even if they were out of sequence with regularly scheduled meetings.

Regent Hill said that he was supportive of the idea for authorizing the Chancellor and General Counsel to execute leases. He was concerned that, if a policy were adopted for future leases, the Board could have the same problem it encountered with bidding (i.e. sole source suppliers, projects valued below the threshold). He observed that an institution could cause an item to be time sensitive by the way it is handled. He felt that the Board should know about long-term leases.

Motion carried. Regent Howard was absent.

28. Tabled-Application for Acquisition of BLM Land, UNR – The Board tabled action on UNR's request to submit an application to the U.S. Department of the Interior, Bureau of Land Management for the purpose of leasing and ultimately acquiring approximately 7.5 acres in Clark County, Nevada until the October meeting. This land acquisition will provide a site to construct a building for University of Nevada Cooperative Extension in Clark County. A request for approval to construct a building on this site will be forthcoming at a future Regents' meeting. The total cost of this land acquisition is expected to be \$200 over the five-year period. (Ref. U on file in the Board office.)

Chancellor Nichols reported that she met with the university presidents, adding that all parties agreed the proposal was a sound one. She said the item had raised some questions and asked that the item be delayed until the October meeting with a commitment that it would return for Board action.

Regent Derby moved approval of tabling the application for acquisition of BLM land for UNR to the October meeting. Regent Rosenberg seconded. Motion carried. Regent Howard was absent.

Regent Sisolak noted that he had requested information on this item and asked that he receive it prior to the next meeting. He clarified that he was interested in contractual agreements between the counties and the Cooperative Extension.

29. Approved-Resolution 02-02, Sale of Bonds, UNR – The Board approved authority for UNR to proceed with the sale of bonds totaling up to \$20 million to pay the costs of construction of Phase II of a new dormitory at UNR and a dining facility on the bottom floor of both Phase I and Phase II. (Ref. V on file in the Board office.)

President Lilley introduced Mr. Ron Zurek, Special Assistant to the President for Administration & Finance-UNR, and Dr. Shannon Ellis, Vice President, Student Services-UNR.

Regent Rosenberg moved approval of Resolution 02-02 regarding the sale of bonds for UNR. Regent Alden seconded.

Mr. Zurek reported that Phase II consists of two facilities: an 8-story residence hall that will house 259 students and a dining commons to be located on the first floor and extend into the original Phase I and Phase II residence halls. The request for bonding was unique in that the facilities require two different revenue bond types. The first series of bonds for the residence hall (approximately \$12 million) will be tax exempt. The second series of bonds for the dining commons (approximately \$8 million) will be taxable. The primary reason for using taxable securities for the dining commons stems from the contractual relationship with Chartwells, the catering service, which involves a 5-year contract. UNR is just entering the fourth year of that contract. He reported that UNR had been working with the System financial advisor, bond counsel, Vice Chancellor Dan Miles, Director of Banking & Investments, Ms. Kathleen Payne, and others. The actual bonding amount and mix of taxable bonds is yet to be determined and will be finalized the following week. The sale of bonds is anticipated to occur on September 4th with construction anticipated to begin near the end of September in order to ensure the facility will be ready for students enrolling in Fall 2003.

Regent Sisolak noted that freshmen are required to take the meal plan. Mr. Zurek replied that they are required to live in the dorms, but was unsure about meal plan requirements. Regent Sisolak affirmed that freshmen were required to take the meal plan, adding that he had received several complaints. He stated that Dr. Ellis had been extremely helpful in addressing the constituents' concerns. The complaint was that they did not like the food and that the food was too expensive. He observed that there was no way for freshmen to opt-out of the meal plan. He was concerned that the meal plan was increasing 7-9%. He asked whether other campuses mandated freshmen to take the meal plan. The students claim that it is easier and less expensive to frequent fast food enterprises and desire the freedom to choose. He asked whether the 7% increase applied to room and board. Mr. Zurek replied that the increase only applied to the board (food). Room rates will increase 6%. Regent Sisolak asked who would be required to buy the meal plan. Mr. Zurek replied that the restriction had not changed. He

explained that the revenue stream associated with the meal plan was an important component to amortizing the cost of the dining commons. Regent Sisolak asked whether the increase was necessary to identify a sufficient revenue stream to sell the bonds. Mr. Zurek replied that there is a reserve account in the student services fund. Over a period of time the increase would be necessary to service the bonds. Regent Sisolak established that there would not be a sufficient revenue stream to service the bonds without increasing the food cost by 9%. Mr. Zurek again referenced the reserve account, adding that the increase was central to the amortization of the bonds. Regent Sisolak said that he had an issue with requiring freshmen to eat in the dining commons. Regent Rosenberg stated that there are a number of meal plans they can buy, including one very inexpensive one with only one meal per day. The reason behind this is due to a concern for malnutrition among freshmen. Regent Sisolak asked whether UNLV mandated that freshman eat in the dorm. He felt it was unfair to force freshmen to eat in the dorms and then to increase the food rates. He noted that one meal equated to \$10/day. Dr. Fain spoke on behalf of Vice President Mills who was not present. UNLV does have a requirement for students living in the residence hall. Meals are part of the package. Students can elect the lowest plan of 5 meals/week. Regent Sisolak asked about the cost. Dr. Fain did not know the answer. UNLV Student Body President, Ms. Monica Moradkhan reported that meals cost \$4/meal. During the first two weeks of school, the students can decide how many meals to purchase. Some students are unhappy with the arrangement, while others are not. Regent Sisolak asked how that compared with UNR. UNR Student Body President, Ms. Alicia Lerud, replied that she believed they were about the same, adding that she did not live in the dorms. She related that student perception varied. Most freshmen don't complain since it was their first experience away from home. She confirmed that the reason for mandating meals was that freshmen away from home for first time had a tendency not to eat. She noted that freshmen dorms did not have kitchens.

Chair Seastrand asked how the transaction affected the System's bond limit. Mr. Scott Nash, Johnson Consulting Group, reported there was no formal bond limit for the System. The bond sale is based on the most recent previous year's net pledged revenue, which should be approximately \$9 million higher than the previous year. It is anticipated that the System's ratings (A1 and AA-) will be maintained on this transaction. Chair Seastrand asked whether it was a good time to go out for a bond. Mr. Nash replied that it was a very good time because interest rates were quite favorable. Chair Seastrand asked whether Mr. Nash was confident that the System's bond rating would not be affected by the debt load. Mr. Nash stated that he did not anticipate that. The bonds will be rated AAA and insured. He was confident the sale could go forward. Regent Sisolak established that a revenue stream had to be identified in order to service the bond. He asked whether all room charges would be increased by 6%, in addition to the increased food charges, solely to generate sufficient revenue to service the bonds. Mr. Nash stated that the bonds were secured with student fees and general improvement fees from both campuses. These bonds will be paid from the dining revenues. He explained that they reviewed the total revenue stream of the combined dining/dorm facilities, and determined there was a sufficient revenue stream to cover the debt. Regent Sisolak asked whether current fees would be sufficient to service the bond. Mr. Nash said that he used information provided by the dining and dorm facilities displaying future revenues. He was unsure what assumptions were made about increases. Regent Sisolak asked whether the Board was voting to sell the bonds or to increase room and board fees. Chair Seastrand clarified that the item sought approval of the bonds up to \$20 million. He was unsure whether that would also authorize the revenue stream. Chancellor Nichols stated that, while the university had proposed the increase, it would only be approved when the Board approved the fees (first reading likely the January 2003 meeting). Regent Sisolak asked what would happen if the Board approved the sale of bonds but did not approve the fee increase later. Vice Chancellor Miles replied that he did not prepare the projections, so he too did not know the underlying assumptions. He stated that the pledge revenue for the bonds was a larger universe than the revenues discussed. If the bonds were sold and the revenue stream did not achieve projections, other pledged revenues would have to make up the difference. Regent Sisolak said that it appeared the Board was being coerced to increase room and board fees. He again asked about the consequences if increased fees were not approved. Vice Chancellor Miles said that, if the bonds were sold, they would fall back on other pledged revenues. He related that it had been his experience that the Board raised room and board fees every year because other costs increased as well (i.e., utilities, food, property maintenance).

Chair Seastrand stated that Regent Sisolak had raised a valid concern. He did not know how the bonds could be sold without knowing the underlying revenue stream. He was uncomfortable proceeding without an answer. President Lilley said that he felt it was possible to provide an answer once Dr. Ellis arrived. Chair Seastrand put the item on hold until the question could be answered. Mr. Nash stated that there were reserves associated with the dining and residence hall. Projections show a \$900,000 reserve at the end of fiscal 2003 and \$800,000 the following year. He said that, if revenues were less than expected, the reserves could act as a shock absorber. He related there were always uncertainties with revenue streams and the Board's ability to raise or lower rates was part of that picture. He said there was a reserve balance in place that would cover this or any other shortfall in revenue or increase in expense. Chair Seastrand established that, whether the Board increased fees or not, UNR could potentially call upon the reserves to cover the bond payment. Mr. Nash stated that reserves were held to cover this scenario as well as other contingencies. Chair Seastrand asked whether Mr. Nash could answer Regent Sisolak's question. Mr. Nash said that he could not because he did not have the specifics on each revenue stream.

Regent Hill noted that, if the bond issue was not passed, UNR would not have places for students to live, which would be denying access and would hurt the students. Dr. Ellis entered the meeting.

Chair Seastrand asked whether a real need for the dorms existed. Dr. Ellis replied that there was a definite need, adding that they could fill that residence hall now. Approximately 80% of UNR's new students from southern Nevada live in that residence hall now. Adding this space will cater to the out-of-area population that wants and needs to live in those residence halls, especially their first year. She said they have limited the number of returning students in order to accommodate incoming freshmen.

Regent Sisolak asked whether only freshmen would be required to take the meal plan. Dr. Ellis replied in the affirmative, adding that it had always been the case. There are no cooking facilities in those halls. Canada Hall has cooking facilities but houses only non-freshman. They are not required to buy the meal plan. Regent Sisolak asked why all dormitory and food rates had to be increased to service the bond. Dr. Ellis replied that UNR has always had to raise all housing rates for every building they have built. She explained that it was not unusual and also spread the burden of the growth across more people to keep the rate down. She said that UNR's Residence Housing Association was very much involved in the development of this project and had also approved it.

Regent Dondero noted that it would be more expensive to do with higher interest rates, adding that the students really needed the dormitories.

Regent Kirkpatrick stated that the dining commons at UNLV had a good selection of food that was well prepared for a reasonable rate. He noted that students are required to take a minimum of 5 meals per week. He agreed that malnutrition was a real issue for students. He said that he had heard students complain, but he felt the food was good. Dr. Ellis related that students have meal plan options at both institutions.

Motion carried. Regent Howard was absent.

The meeting recessed at 11:00 a.m. and reconvened at 11:20 a.m. with all members present except Regent Howard.

30. Information Only-Millennium Bound Outreach Center Update - The Board heard an update on planning for the Millennium Bound Outreach Center, including potential community partnerships and funding sources in addition to the state funding in the enhancement budget request. The discussion led the Board to reconsider their decision to include a request for state funding of the Center in the UCCSN enhancement budget.

Chancellor Nichols provided an update on activity since the Board approved the Millennium Bound Outreach Center concept as well as including a request in the enhancement budget. Board staff worked with Regent Howard to explore the possibility of grant funding (to supplement or replace state funding), private funding, and the development of program details if funding were received. An informal group of campus representatives, chaired by Regent Howard, met recently to discuss campus contributions. The committee realized the need to approach private donors in the community. Letters have been sent to potential donors regarding fundraising. The three southern campuses (CCSN, NSC, and UNLV) have offered to contribute a Regents' Scholar from each campus when the Center is open for business. An offer has been received from Cooperative Extension for one office that could potentially be used for startup. Development of potential school sites that could be used in partnership with the school district has also occurred. West Middle School has agreed to allow the Millennium Center to operate at that site (after school hours). Other schools (Rancho High School, Mojave High School, and Desert Pines) have also indicated an interest in partnering. No funds have been contributed yet nor have any grants been funded. The committee will seek representatives from the school district to join the effort to get the Center open.

Vice Chancellor Curry stated that the group had developed a mission statement and the beginning of a strategic plan identifying key program areas. They are mostly concentrating on first year expenditures should funding become available.

Chancellor Nichols related that a group expressing an interest to partner on this issue recently approached the System. She stated that it was premature at this point to determine whether the partnership was workable.

Regent Hill stated that he had a problem with this issue. He did not agree with structuring the Center under the System office. He felt that asking southern institutions to control the Center was also a mistake. He stated that outreach is terribly important and acknowledged the need to contact young people coming from a culture where education is not valued. He felt that creating a freestanding, independent operation at the System level, or to mandate it at the institution level, presupposed that the Board had full knowledge of everything they would be doing and that what was being done at the institution level was inadequate. He felt the Board should ask the institutions to make a full presentation to the Board regarding current efforts before making a judgment call of whether it is a good or bad idea to do more. He felt it was necessary to start that process anew.

Regent Hill moved approval of terminating the Millennium Bound Outreach concept. Regent Kirkpatrick seconded.

General Counsel Ray stated that the motion was out of order because the item was not on the agenda for that purpose. He related that the Board was seeking to rescind action from a prior meeting. Board Bylaws require written notice of the intention to rescind action. He recommended that the Chair not recognize the motion.

Chair Seastrand ruled the motion out of order.

Regent Hill suggested the Board entertain a motion to reconsider the budget to remove the Millennium Bound Outreach Center from the budget request.

21. Approved-2003-2005 UCCSN Biennial Budget – (Cont'd.)

Regent Kirkpatrick moved approval of reconsideration of the budget item. Regent Hill seconded.

Regent Alden felt the issue should be returned to the campuses. He felt the issue related to the P-16 process, seamless education from kindergarten and keeping students interested (especially economically disadvantaged students). He asked whether the Board could reconsider other budget items as well. General Counsel Ray replied that a motion to reconsider was appropriate but discussion would be limited to action taken at that meeting. He noted that the motion would have to be made by someone voting in approval of the budget item. Regent Alden asked whether the Board would be limited to one item in the budget. General Counsel Ray replied that the Board could consider other items in the budget, but could not reconsider anything else as it related to the Millennium Bound Outreach Center. Chair Seastrand clarified that the Board could revisit that item and other items in the budget. General Counsel Ray agreed.

Regent Derby related that she saw the need for the Center's work. She agreed with Regent Hill about not putting the Center under the System office. She said that the Board knew that all of the campuses provide this service, but had not considered the extent of their work in this area or if there were another means of structuring the Center to provide a proactive role with a structure and management that suited the Board. She did not want to abandon the focus and commitment to the Center, but desired a structure with which the Board would be more comfortable.

Chair Seastrand clarified that the motion was whether or not to reconsider the budget item. Regent Derby stated that she required more information in order to vote.

Chancellor Nichols felt that the question regarded whether, with the money in the budget, it was possible for the Board to review the structure as proposed by the advisory committee and potentially make changes. She said there were a wide variety of potential models the Board could review to ensure a fit with current efforts. Regent Derby clarified that, if the Board left the item in the budget, they would not be locked in to a specific structure.

Regent Gallagher said that she had a problem with this issue from the inception because they were establishing something aside from what the Board has already asked the campuses to do. If the System could get more money in the budget for outreach, she questioned why they would not expand existing institutional outreach efforts. She noted that the Board could mandate such efforts. She felt that creating a freestanding, new facility was inappropriate at this time.

Regent Dondero stated that she would not mind revisiting the budget so Regent Howard could participate. Regent Derby clarified that the issue would be revisited at this point, not with Regent Howard present, if one voted yes.

Regent Hobbs asked whether other programs (i.e. TRIO) accomplished similar things. President Harter replied that they did. She said that each institution had a series of outreach activities like the TRIO programs. Regent Hobbs asked whether the goals or actions taken by TRIO were dissimilar from what the Millennium Bound Outreach Center proposed to accomplish. President Harter felt they could be combined or expanded. The specific mission of the GEARUP program is to begin with junior high school to high school students (especially underrepresented groups) to encourage them to partake in education that will lead to collegiate experiences. Regent Hobbs felt that the TRIO programs accomplished many of the same things the Millennium Bound Outreach Center proposed to do. President Harter stated there were multiple things that each of the campuses did that had some relationship to the mission of the Millennium Bound Outreach Center.

Regent Kirkpatrick stated that the Board had an obligation and responsibility to develop some kind of policy and/or programs for outreach to underrepresented groups that would instill the value of an education. He asked whether the P-16 Council would have anything to do with this issue. Chancellor Nichols replied that the intent of the P-16 Council was to be advisory to the Board of Regents, the State Board of Education, the legislature, and the governor, adding that it would not have any authority of its own to address programming. Regent Kirkpatrick stated that each of the campuses had some kind of outreach program in existence. He felt the Board should review whether those programs were operating effectively and whether more could be done. He felt the Board should review its budget and ensure that included items would provide what was intended. He did not feel that the Millennium Bound Outreach Center as developed would do what was intended.

Chair Seastrand called for the vote to reconsider the budget item. He noted that Regent Howard had expressed an interest in this particular agenda item and asked that an attempt be made to contact her by telephone.

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

An attempt was made to reach Regent Howard at both her home and cell phone numbers but no answer was received.

Regent Hill moved approval of removing the Millennium Bound Outreach Center from the budget. Regent Alden seconded.

Regent Alden established that the budget was due to the governor by September 1st. He asked about the time required to make adjustments to the budget. Chancellor Nichols replied that they were already behind schedule. She related that volumes of backup material were required to accompany the budget. Regent Alden asked how further budget adjustments would be handled. Chancellor Nichols replied that any further changes to the budget would be brought to the Board for approval.

Upon a roll call vote the motion to remove the Millennium Bound Outreach Center from the budget request carried. Regents Alden, Dondero, Gallagher, Hill, Hobbs, Kirkpatrick, Seastrand, and Sisolak voted yes. Regents Derby and Rosenberg voted no. Regent Howard was absent.

Regent Sisolak left the meeting.

31. Information Only-Handbook Revision, Regents' Bylaws, Standing Committees - This was the first of two appearances for a request to approve an amendment to the Board Bylaws (Title I, Article IV(a) and (e)) to eliminate the Campus Environment Committee and to distribute the duties of the Campus Environment Committee to other committees and the full Board. (Ref. W on file in the Board office.)

Chair Seastrand stated that he had recently reorganized the Board's committees due to Regent requests for greater participation with the financial committees. He said that he had disbanded the Campus Environment Committee and had not reorganized the Health Care Education Committee in an effort to be more efficient. The duties of the Campus Environment Committee will be moved to other standing committees or, in some cases, to the full Board.

Regent Derby expressed her support of the Chair's move to reorganize. She noted the important role of the Campus Environment Committee as well as the importance of the continued monitoring and oversight the Committee provided. She related that, 10 years ago, there was concern for the lack of a level playing field for ethnic minorities and women. Very few minorities and/or women were in positions of vice president, president, and full professorships. At that time, the Board heard anecdotes regarding an unsupportive and unwelcoming climate. The Board felt it important to determine whether campuses offered a warm and welcoming climate for women and minorities. Board involvement also provided the presidents with the necessary support to face institutional resistance. It was determined that the institutions were not nearly what the Board desired and arranged a series of reforms. She related that the Committee provided an important oversight function that held the campuses responsible and caused presidents to be evaluated on progress made in areas of diversity. She felt that Board involvement empowered the campus leadership to work towards diversity, adding that the leadership structure did not reflect the composition of students. She noted that a second campus climate survey was underway and felt it was important for the work to continue.

Regent Kirkpatrick said that he had observed significant items coming from the Committee that had proven of great value to the System. He noted that the ARSA Committee already had a tremendous workload and was unsure how much of the Campus Environment Committee's work it could absorb. He said he would not want important issues overlooked.

Regent Gallagher felt that many of the issues addressed by the Campus Environment Committee should be sent to the campuses and reported to the Board to ensure they are doing what they have been asked to do. She noted that the Chancellor could ensure the work was completed.

Regent Rosenberg said that students, faculty, and staff knew they could come to the Committee and share what is being done as well as to complain about areas that are not addressed. He said he would like to see the Committee's work continue. He acknowledged that some committees duplicated their efforts. He proposed a Board discussion of the entire committee structure and what could be done to streamline the process and make it more efficient.

Chair Seastrand said that he and the Chancellor would discuss the suggestions provided.

32. Information Only-Restructuring of the University of Nevada School of Medicine Practice Plans, UNR - President John Lilley presented a report and requested Board discussion of a proposed plan to restructure the UNSOM Practice Plans into a new Clinical Services Center. Final action on the plan, including details, will be requested at the October meeting. (Ref. X on file in the Board office.)

President Lilley thanked the many people who worked on this project, including Chancellor Nichols and the General Counsel's office. He related that UNR was eager to hear the Board's comments and questions and were hopeful to bring an action proposal to the October meeting. The purpose of the restructuring is to provide the Regents with proper oversight of the newly formed Clinical Services Center, to meet the new standards of the Governmental Accounting Standards Board, and to assure that the clinical services of the School of Medicine are properly protected in the area of legal liability. He observed the delicate balance between ensuring proper Board oversight with the flexibility and agility required for the \$37 million business to act quickly. During the transition period, the current corporations will remain in existence, employees of the practice plans will be transferred to the university, current practice plans contracts will be assigned to the university, and

new accounts will be established with all of the existing payers to assure that all billing and collections are uninterrupted. At the end of the transition, the corporations for the practice plans will no longer be separate from the university. The transition should be completed by the beginning of the next fiscal year. The viability of the SOM's clinical services is crucial to the School's survival. The current practice plans contribute approximately 36% of the SOM's overall funding and provide the classrooms and patients to educate SOM students and resident physicians.

Key to this restructuring is the Board's approval of exemptions from current UCCSN policies in the two key areas of personnel and purchasing. The practice plans will become an integral part of the SOM and subject to all fiscal controls of the university. UNR is in the process of establishing one set of policies for the SOM. Advisory boards will be created to advise the SOM dean. It is proposed that the president will appoint the membership to make clear the university's role of fiscal control and supervision. The executive leadership role of departmental chairs will not change as a result of the creation of the Clinical Services Center. The Clinical Services Center financial statements will become a part of the university's financial statements with appropriate oversight of the Dean of the SOM and other appropriate university and System officials. The university will support the Clinical Services Center as it would any other university function with regard to its operations and maintenance and other appropriate services.

President Lilley reported that most medical schools have some form of practice plan entity established to promote clinical practice, to provide practical teaching experiences for students and residents, and to generate support for faculty salaries. Currently, the SOM has three practice plans: MED School Associates North (MSAN), MED School Associates South (MSAS) and Nevada Family Practice Residency Program (NFPRP). Funding from the practice plans has steadily increased while other sources are stagnate or decreasing, increasing the School's dependency on that support. He said it was critical there be no interruption in revenue from those practice plans. Revenues from clinical services in the practice plans pay for faculty salaries, clinic staff, rent, malpractice insurance and other operational costs. There are currently inadequate state funds to cover these expenses.

Dr. Stephen McFarlane, Interim Dean, School of Medicine, thanked the Chancellor and the System's legal department for their assistance. He related that many people had been involved with the restructuring including: doctors involved with the practice plan, faculty, clinical department chairs, directors of the practice plans, President Lilley, Dr. Mike Harter, and Dr. McFarlane. The SOM leases space from hospitals and private buildings that act as classrooms for medical students and residents. No state funds are provided for this purpose so the dean's tax covers such expenses. Dr. McFarlane noted that the Division of Clinical Services would be comprised of 241 faculty practitioners, 196 resident physicians, and 389 support staff, at 21 different sites throughout the state. The School boasts 755,000 annual patient encounters and \$40 million in annual revenues. All of the School's residency programs are accredited. The university will request, at a subsequent meeting, that a policy statement be approved for the SOM Clinical Services Center. SOM personnel in the Clinical Services Center will be employed as classified or faculty positions where appropriate. A new technical services classification will be required to enable the SOM Clinical Services Center to retain the flexibility to operate a clinical service business. Non-faculty and non-classified personnel of the Clinical Services Center will be placed under this new technical service classification according to job title. The SOM Clinical Services Center will have its own purchasing operation. This alternative system will be used only for the Clinical Services Center. The SOM Clinical Services Center will create a zero balance checking account used solely for Clinical Services Center operations.

Regent Alden suggested that this would be the first step in a long planning effort for the SOM. He noted that the original charge of the SOM was family medicine and educating Nevada students to become doctors. He observed that times had changed, acknowledging the movement towards preventive medicine. He encouraged the School to be a leader in that area and complimented them on their reorganization efforts. Dr. McFarlane replied that the SOM was continuing to evolve, adding that the mission of providing doctors to the state and being a community-based medical school had not changed. He related that SOM staff and faculty were very productive and represented the state well in providing access to the citizens of Nevada.

Regent Hill itemized a list of items to be addressed in the final presentation:

- A complete list of all assets and liabilities.
- Fully delineate any contracts or leases (i.e., copy machines, vending machines, equipment).

Dr. McFarlane replied that the School did have a complete list of those items. Regent Hill replied that he wanted to ensure that everything was current and continued with his list of requirements:

- More specific language for appropriate fiscal oversight.
- Internal Audit to have complete unfettered access to all of these plans in the same manner as they have access to other System entities.
- Appropriate financial controls will be applied in the same manner as with other System entities.

Dr. McFarlane stated that General Counsel Ray, President Lilley, and Mr. Zurek had developed a timetable for accomplishing those items. Regent Hill stated that he wanted those items addressed as expeditiously as possible. He said that he did not

want large gaps in internal control or financial accounting and reporting. He felt that everything should be in place by June 30th next year, adding that he hoped it would be in place long before that. Regent Hill continued with his list of concerns:

- Assurance that exceptions in the area of personnel are implemented properly. Avoid any confusion amongst employees thinking that they are working for the State under the regular personnel system. At-will employees must know their status.
- Regent Hill wanted to know if the System had other bank accounts like the one proposed for the SOM. If so, he did not have a problem with it. If not, he wanted to know the reason for establishing a unique bank account.
- Getting the new billing numbers implemented as quickly as possible. The SOM should not operate under the old corporate numbers for any extended period of time.

Dr. McFarlane stated that the SOM had requested a legal opinion on that issue and the requirements are currently under review. He related that incurring a break in revenue was a critical issue. Regent Hill asked whether the old Practice Plan corporation would continue to exist once the new CSC was developed. Dr. McFarlane replied that the old corporation would go away. Only the tax ID numbers would remain for collection purposes until a transition was developed. Regent Hill said that his understanding was that, when the Board approved the new practice plan, the Board would be in charge after a specific date, the transfer of assets would occur immediately, and the only remaining item would be the old corporation with the billing numbers for a period of time. When new billing numbers are received, the old corporation would be dissolved. Dr. McFarlane agreed. Regent Hill said that he wanted to know that the Board was in complete control of the old corporation on the date this action became effective.

Regent Kirkpatrick said that he wanted to be supportive of the reorganization and also wanted to ensure that faculty had ownership of the new plan. Dr. McFarlane replied that they asked for representatives from the clinical operations (north, south, and family practice) to serve on a board when the process initially began. The plan was also presented to the clinical chairs, which represent each of the departments (i.e., Surgery, Pediatrics, OB-GYN, Family Medicine, Internal Medicine, Psychiatry, etc.). The board of the corporations, comprised largely of the practicing clinicians elected from their departments, also participated at the board meetings. Agreement has been reached on uniform procedures and policies applicable for the entire state. He related that meetings with the clinical faculty were held in Reno and Las Vegas. Dr. McFarlane related that the people involved with the reorganization represented every conceivable aspect of the SOM, including classified equivalents, administrators, secretaries, receptionists, billing and coding employees. He said that it was a relatively difficult task because people perceived it as giving up control over their lives, but it had to be done. He noted that all practitioners were university faculty while some corporation employees (i.e., billers, coders, receptionists, administrators, etc.) were practice plan employees.

Regent Gallagher said that she met at least six times with the doctors in Las Vegas when she was Chair of the Board. They had some of the same problems that Dr. Lilley and Dr. McFarlane were currently facing. She felt it was long overdue and complimented their efforts. Dr. McFarlane clarified that he has maintained a clinical practice for 35 years. He is licensed in Nevada as a speech pathologist and feels he is a clinician as well as a teacher and researcher.

Regent Dondero thanked Dr. Lilley and Dr. McFarlane for their work, adding that it has been a long time coming.

Chair Seastrand clarified that the SOM would be brought under the university system and would follow all policies and procedures of the university system with two exceptions: purchasing and personnel. Dr. McFarlane said there would also be the billing transition issue. He said that the cost of a break in the billing transition was estimated at \$12 million. Chair Seastrand observed that, previously, a billing software was selected that had been a disaster. He was concerned whether the new software would be standardized at all three sites and asked whether a similar problem was anticipated. He asked why this transition would be different this time. Dr. McFarlane replied that the software was an experimental system that did not work for the university or the state. It was not widely discussed and involved no input from university accounting personnel. He reported that they were working with accounting and information technology personnel who have an understanding of the requirements and were working to develop a system that would work for everyone. The new software is a two-phase project. The systems currently in place can do things that the university system cannot. Chair Seastrand requested assurance that Dr. McFarlane was confident that when the new software was installed the appropriate training would be conducted so as to avoid any lost billings or productivity. Dr. Mike Harter, Interim Vice Dean-SOM, and President, MSAS practice, said that they did not intend to change the billing software. The accounting system, beyond accounts receivable, will be modified to work with the university's accounting system. Chair Seastrand requested assurance from the presenters that there would be no financial exceptions due to the software transition. Dr. McFarlane agreed, adding that the biggest issue was the identification number. He provided his assurance that the SOM would not change anything with the software that would change the billing system and result in a deficit. Dr. Steve Zink, Vice President, Information Technology-UNR, reported that they had extensively researched the issue. He said the result would be simpler, adding that there was currently functioning software. He explained that they would integrate several different iterations of the software, adding that it was very good software.

Regent Kirkpatrick asked whether it would be implemented all at once or in phases. Dr. McFarlane replied that it would be done in phases. He introduced Dr. Lisa Davis, Chief Financial Officer-SOM. Dr. Davis reported that there were two software issues:

- A management issue dealing with payables, inventory, and purchasing. The same software is operating in the north and south. That software will be integrated to the university.
- Accounts Receivable system, which had problems in prior years. There are no plans to change that system, but it will be modified to allow the systems to talk to one another. No training issues, since the employees already know how to use it.

33. Information Only-Revised Planning Document, UNLV - President Carol Harter provided information about the revised UNLV Planning Document. (Ref. Y on file in the Board office.)

President Harter reported that since her arrival in 1995, UNLV has devoted much effort to planning for the university's future. In 1996, the university published University of Nevada, Las Vegas: Premier Urban University: A Public Agenda for the Decade 1996-2005. Although the document had been written as an agenda for a decade, many of the goals were achieved earlier than anticipated. She asked the University Planning Council to revise the document. The document was discussed and then approved by the Planning Council, her cabinet, the faculty senate, the Academic Council, and members of the campus community. The new version is entitled, University of Nevada, Las Vegas: The Engaged Research University: Extending the Agenda, 2002-2007. The new title attempts to make it clear that UNLV is committed to a partnership between the university and the community, becoming a major research institution, and to achieving many of its goals by 2007-2008, the 50th anniversary of the institution. The revised document defines UNLV as a premier metropolitan research university. This change recognizes UNLV's status as a doctoral/research-intensive university as ranked by the Carnegie Commission. The revised document has 8 goals. The additional goal recognizes the centrality of technology to contemporary higher education. She then compared the new goals with the original goals and related them to the UCCSN System goals:

1. Create and sustain a student-centered learning environment. The emphasis has shifted to being more concerned with learning.
2. Hire, motivate, and reward superior faculty, professional staff, and classified staff. In an attempt to be more inclusive, this goal was expanded to illustrate the importance of all campus units.
3. Continue to increase research, scholarly activities to become a nationally recognized research university. UNLV has made remarkable strides and is proud of the faculty's work and thankful for support from the Congressional delegation.
4. Grow selectively, serve the region, and achieve distinction. Action items now include an increased emphasis on UNLV becoming a doctoral/research-extensive institution by 2010, building on the new core curriculum to ensure a well-rounded curriculum, an increased emphasis on international education, and an emphasis on more interdisciplinary programs and research.
5. Continue to foster a campus environment that respects diversity and free expression. UNLV has made major strides in creating a just and inclusive campus (19% minority students in 1995, now closer to 30%; 20% minority faculty & staff). This goal emphasizes the interrelationship between free expression and the respect for diversity on campus.
6. Develop a service-oriented, responsive, accountable administrative infrastructure. The new goal places emphasis on the university's infrastructure at all levels. There is currently a lack of depth in the number of staff and not enough training.
7. Communicate and collaborate more effectively. UNLV has expanded the number of publications and other devices and have done more outreach through groups such as the Council for University and Community Relations.
8. Develop a strong, service-oriented, flexible information technology infrastructure. UNLV is frustrated that limited resources cannot meet the needs of sophisticated researchers as well as faculty and students coming to the university with sophisticated computer skills. The need to increase information technology is a crucial issue for the Regents and the legislature.

The document also includes the university's research macrothemes outlining UNLV's current and evolving research themes and the UCCSN goals. The document defines UNLV's aspirations to be recognized as a national or international university. The document strongly commits UNLV to enhance its community outreach and undertake a major role in diversifying and strengthening Nevada's economy. The document also outlines how UNLV is attempting to become a unique university with a differentiated mission and research emphasis. The document provides specific goals and action items but is flexible enough to adapt to unexpected opportunities. Even though UNLV has advanced toward the achievement of many of the action items and aspirations articulated in the original plan, there are still many areas that require continued effort. President Harter anticipated many advances when the next edition of the document was completed in five years.

Chair Seastrand complimented Dr. Harter's plan and thanked her for her efforts at UNLV.

34. Information Only-Update on UCCSN Space Utilization - Chancellor Jane Nichols presented an updated report on UCCSN space utilization. (Ref. Z on file in the Board office.)

Chancellor Nichols reported that the Space Utilization Study only represented regularly scheduled, credit instruction occurring within classrooms and class labs. It does not include irregularly scheduled classes, non-credit courses, and special events.

The data has been updated from the material provided in May. The data is now consistent across all campuses. Corrections have been made in GBC, WNCC, and UNLV data. By national standards, institutions space utilization is good except at WNCC. Patterns of use raise serious questions about whether space is being utilized optimally:

- Why are there so few classes on Friday, particularly at some community colleges?
- Could more classes be offered successfully on afternoons, evenings, and weekends?
- Do space utilization patterns reflect student need and demand or some other factor, such as historic patterns of teaching?
- Why are the numbers so low for WNCC?

Chancellor Nichols reported that other factors affect utilization:

- Negative impact on room scheduling if class start/end times are not optimized.
- Age and condition of the space.
- Availability of technology-assisted instruction.
- Ratio of part-time students to full-time students.
- Central control of space for scheduling purposes vs. department control.
- Faculty expectations of work patterns.

Chancellor Nichols related that next steps included:

- Patterns of utilization and the reasons vary by institution and by campus within an institution.
- Solutions must come at the institutional level within the context of the Board's expectation that high utilization is essential in Nevada.
- Faculty will be asked to change work patterns to gain better utilization of space.
- Student support of classes at all times of day and week must be explored and developed to fully utilize space.

Chancellor Nichols stated that institutional plans must be developed.

- Presidents, faculty senate chairs, and student body presidents are asked to study the patterns for their institutions and develop a plan for optimal space utilization within their institution over the 2002-03 academic year.
- Implementation and changes must occur no later than January 2004.
- Final plan for each campus due to the Board no later than June 2003 Board meeting.

Chancellor Nichols related the following principles to follow:

- Student access to classes and optimal use of space should be guiding principles, not faculty preference or historic practices related to time and place for classes.
- Institutions must use space efficiently and effectively in order to accommodate growth, because buildings cannot be constructed fast enough to meet the increasing needs related to student enrollment and research.
- Institutions must demonstrate maximum space utilization as part of any new capital requests, recognizing that student needs, condition of classrooms and labs, and space distribution across different campuses are also variables.

Chancellor Nichols stated that faculty were not the problem, adding that the faculty senate chairs were in agreement with this proposal. She related that faculty were partners in this effort and would need to help find a solution.

President Lucey reported that the numbers were so dramatic that WNCC had a concern about the accuracy of the study results. They walked the campus and checked the number of seats in each classroom against the number of seats predicted by square footage. Slight adjustments were made. Three problems are apparent:

- The numbers are too low.
- There is a dramatic difference between current figures and the figures reported in Fall 1998. In 1998, WNCC led the state in space utilization.
- Classroom percentage is 69%, much higher than expected.

President Lucey attested that the data for WNCC was accurate. She was unsure about the numbers reported in Fall 1998 since institutional research was not involved in the reporting process. She related there were speculations why the data was so different. She stated that WNCC does not have a classroom building in its CIP request for obvious reasons. One-third of the enrollment that was the basis for this study is from the rural centers (Fallon, High Tech Center, Douglas). Those classes are always smaller due to demographics. Only 13% of WNCC's students attend fulltime, and the numbers are even lower at the rural sites. She said that it was very difficult to fill classes in the day time at isolated sites without a full-time student population. WNCC's first strategic goal is to increase the number of full-time, degree-seeking students. WNCC is concerned that the college does not have a central scheduling mechanism, which will change in the future. President Lucey reported that, once the scheduling problem was addressed, WNCC would have the capacity to do the major mission changes required.

Faculty Senate Chair-WNCC, Ms. Winnie Kortemeier, reported that, prior to 1998, WNCC had major shortages of classroom space in Carson City. Classes were taught at multiple locations throughout the city, which was not a good method of serving the students. It became a major goal to increase classroom space. Since 1998, three new classroom buildings have been created:

- The Cedar Building - A large classroom building funded with Capital Improvement funds.
- The Reynolds Building – A classroom building privately funded with Foundation funds.
- The High Tech Center – A classroom building mandated by the legislature.

Ms. Kortemeier reported that, with the addition of those three buildings, the amount of assignable classroom space at WNCC became 69%. She compared that with 18% at UNR, 28% at UNLV, 39% at GBC, 49% at CCSN, and 53% at TMCC. She reported that those were respectable numbers for the other institutions and were actually higher than national averages. She was grateful the college had those three new buildings. With that wealth of space comes the responsibility to schedule space to meet student needs. She assured the Board that WNCC's faculty was dedicated to using the space wisely and meeting student needs. She said the Board would witness amazing changes in the next four years.

Regent Alden stated that classroom usage needed to be coupled with inroads in K-12 transformation. He urged campuses not to simply request a new building, but to be innovative and work with other institutions and K-12. He suggested they develop other partnerships that did not involve expenditure of capital funds. He acknowledged that the effort must be student driven, adding that the institutions were not 9:00 a.m.-1:00 p.m. operations. He noted that when CCSN held classes from 7:00 a.m.-11:00 p.m., six days/week, the enrollment skyrocketed. He encouraged the use of K-12 and private partnerships, adding the need to accommodate people working odd hours.

35. Information Only-Handbook Revision, Regents' Bylaws, Election of Officers- General Counsel Tom Ray recommended the adoption of an amendment to the Board of Regents' Bylaws (Title I, Article V, Section 2) regarding the election of officers. In accordance with the Bylaws, this was the first hearing on the proposed amendment, with final action to be taken at the October Board meeting. (Ref. AA on file in the Board office.)

General Counsel Ray reported that it was simply a housekeeping matter for consistency. In reviewing the Bylaws, he detected an additional section should have been amended when the Bylaws were amended a number of years ago changing the terms of the Chair and Vice Chair from 2 years to one.

Regent Kirkpatrick asked how General Counsel Ray had noticed this item. General Counsel Ray replied that he noticed it when preparing for election of officers at the last meeting.

Chancellor Nichols announced that she had news from Governor Guinn. He informed her, with great reluctance, that UCCSN was included in the mandate to return 3% of the state general fund budget. A revised budget must be submitted by September 4th. She was unsure how much of the already lost \$15 million, if any, could be included in the \$11.1 million. She acknowledged that it was very late in the year to be getting such news, adding that hiring had been completed for the Fall Semester. She said it would be very difficult for UCCSN to arrive at solutions with short notice. She said that System Administration would begin looking for ideas and would work with the presidents and institutions. She pledged that she and the presidents would do everything possible to protect students and employees.

37. New Business – Regent Alden stated that a perceived negative is actually a positive, adding that this was an opportunity to be innovative and more efficient.

5. Public Comment – (Cont'd.) None.

The meeting adjourned at 1:45 p.m.

Suzanne Ernst
Chief Administrative Officer to the Board