

BOARD OF REGENTS
UNIVERSITY AND COMMUNITY COLLEGE SYSTEM OF NEVADA
Building D, Room D-152
Community College of Southern Nevada
6375 W. Charleston Blvd., Las Vegas
Thursday-Friday, January 30-31, 2003

Members Present:

Mr. Douglas Seastrand, Chair
Mr. Mark Alden
Dr. Stavros Anthony
Ms. Marcia Bandera
Dr. Jill Derby
Mrs. Thalia Dondero
Mr. Douglas Roman Hill
Mrs. Linda Howard
Dr. Tom Kirkpatrick
Dr. Jack Lund Schofield
Mr. Howard Rosenberg
Mr. Steve Sisolak
Mr. Bret Whipple

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
President Kerry Romesburg, NSC
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; Ms. Lynn Fenstermaker, DRI; Mr. Pete Bagley, GBC; Dr. Erika Beck, NSCH; Dr. Eun-Woo Chang, TMCC; Dr. Bill Robinson, UNLV; Ms. Bourne Morris, UNR; Ms. Winnie Kortemeier, WNCC; and Mr. John Tully, System Administration. Student government leaders present included Ms. Kerri Hamrick, CCSN; Mr. Steve Houk, GBC; Ms. Janell Mihelic, NSCH; Mr. Kiyoshi "Teddy" Noda, TMCC; Ms. Monica Moradkhan, UNLV; Ms. Jocelina Santos, UNLV-GSA; Ms. Alicia Lerud, UNR; and Ms. Marilou Woolm, UNR-GSA.

Chair Douglas Seastrand called the meeting to order at 8:16 a.m. on January 30, 2003 with all members present except Regent Schofield.

1. Oath of Office - The newly elected Regents were sworn into office. A reception followed the ceremony.

- Mrs. Thalia Dondero was sworn in by the Honorable Betsy Kolkoski.

Regent Schofield entered the meeting.

- Dr. Stavros Anthony was sworn in by the Honorable George Assad.
- Mr. Howard Rosenberg was sworn in by the Honorable Jackie Glass.
- Dr. Jack Lund Schofield was sworn in by the Honorable Lloyd D. George.
- Mr. Bret Whipple was sworn in by the Honorable John McGroarty.

The meeting recessed at 8:36 a.m. and reconvened at 9:09 a.m. with all members present.

2. Approved-Handbook Amendment, Board Bylaws – The Board approved the second hearing of a request to amend the Board of Regents' Bylaws (Title I) in order to accommodate the addition of two new Regents and to make other recommended changes. (Ref. A on file in the Board office)

Regent Alden moved approval of the Handbook amendment regarding the Board's Bylaws. Regent Kirkpatrick seconded.

Regent Hill offered a friendly amendment to require only two Regents (rather than 3) to add an item to the Board's agenda. Regents Alden and Kirkpatrick agreed to the friendly amendment.

Regent Derby disagreed with the friendly amendment, adding that a sense of order and consensus was necessary in order for the Board to entertain discussion of an agenda item. She noted that restrictions were in place with other boards across the country to prevent an agenda being filled with items that only one or two members want to bring forward. She felt that requiring three Regents was reasonable and urged the Board to remain with the proposed language, adding that it supported Board consideration of items built upon a greater consensus.

Regent Alden felt that requiring two Regents to add an item to the agenda was reasonable and urged the Board to support the friendly amendment. He observed that Regent constituencies were growing. He felt that requiring more than two Regents could lead to allegations of polling the Board, which would violate the Open Meeting Law.

Regent Hill disagreed with Regent Derby's assessment. He observed that, currently, only two Regents were required to add an item to the agenda and that Board members were not filling agendas with spurious items. He noted that the Board was comprised of elected officials, adding that if Board members wanted to discuss something they should be allowed to. He stated that Robert's Rules of Order offered methods for dispensing with any spurious items brought before the Board. He felt that it was important to require more than one Regent, but that two was adequate for bringing items forward for discussion.

Regent Sisolak asked about the effect the change could have on Board members trying to obtain support for a proposed agenda item. He asked whether asking other Regents (i.e., seven Regents) to support putting an item on the agenda constituted polling the Board. General Counsel Ray replied that it did not, as long as the discussion was limited to placing an item on the agenda for discussion. Regent Sisolak stated that he would want to know the reasoning behind the agenda item if he were asked for such support. General Counsel Ray stated there would be no problem as long as the discussion related to what the item was. He noted that problems could occur with discussions related to the decision or outcome of what the item or motion should be. He related that simply asking to put an item on the agenda was not a problem. Regent Sisolak related that a Regent would not just ask for support of an item, adding that discussion would likely include why the item was necessary. He observed that if a Regent received two negative responses they would come dangerously close to approaching seven Board members. General Counsel Ray said that he was comfortable with Regents asking for support to place an item on the agenda. He provided a hypothetical example of allowable discussion. Regent Sisolak said that conversation could easily escalate to discussing the pros and con's of the proposed item. He asked whether the Board could be charged with polling by a disgruntled party. General Counsel Ray replied that, hypothetically it could happen, depending upon how much was discussed. He said that he was not concerned as long as the discussion stayed within the proper boundaries.

Regent Derby observed that a few Regents had made it known that they would support any Regent's request. She noted that Board agenda time was precious and the Board tried to be as efficient with their meetings as possible. Since the Board is responsible for eight institutions, they have an enormous amount of important business to address in a limited period of time. She observed that any Regent could ask the Board Chair to include an item on the agenda, which provided the opportunity for individuals to bring forth items for Board consideration while still providing protection against one Regent bringing forth items that would consume valuable time and could be considered frivolous or inappropriate. She proposed that requiring three out of thirteen Regents was reasonable.

Regent Hill said that he could not recall any items being put on the agenda that were not issues warranting Board discussion. He said that he was very concerned about the number of Regents that could potentially be asked to support an item in pursuit of the required three. He observed that a Regent could easily contact 6-7 other Regents while trying to get an item on the Board's agenda. He acknowledged that such contact did not constitute polling the Board, but that it could comprise contact with a majority of the Board.

Regent Kirkpatrick clarified that he had only supported five agenda items during his four years of Board service. Regent Sisolak noted that his comments were not intended as criticism. Regent Kirkpatrick said that if a Regent had a burning need/desire to discuss an item that he would like to help them get the item on the agenda, whether he agreed with the item or not.

Chair Seastrand clarified that the Board would be voting on a motion for the proposal as written with a friendly amendment to change the number of Regents required from three to two.

Regent Hill noted a point of order, stating that the friendly amendment was part of the motion.

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

Regent Rosenberg moved approval of the Handbook amendment as written. Regent Howard seconded. Upon a roll call vote the motion carried. Regents Anthony, Bandera, Derby, Dondero, Hill, Howard, Kirkpatrick, Rosenberg, Schofield, Seastrand, Sisolak, and Whipple voted yes. Regent Alden voted no.

3. Information Only-Personnel Session – The Board held a closed personnel session.

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

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

The meeting recessed at 9:25 a.m. and reconvened at 10:34 a.m. with all members present.

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

4. Approved-Chancellor Evaluation Committee Recommendation and Report - Chair Thalia Dondero reported the Chancellor Evaluation Committee met January 15, 2003 and held a closed personnel session to discuss the report provided by consultant, Dr. Bob Woodbury. In open session, the Committee decided to mail the Chancellor's self-evaluation and Dr. Woodbury's report with a cover letter from General Counsel Tom Ray to the other members of the Board so they could review it prior to the January Board meeting. The Committee authorized the Chair and Vice Chair to meet with the Chancellor to negotiate terms of a future contract before the January meeting, and to report back to the full Board at that meeting. Chair Dondero requested Board action on the following Committee recommendation:

- Evaluation Process – The Committee authorized the Chair and Vice Chair to negotiate the terms of the Chancellor's future contract to be reported back to the full Board.

Regent Dondero moved approval of the Committee recommendation and acceptance of the report. Regent Alden seconded. Motion carried.

5. Approved-Chancellor's Contract – The Board approved the employment terms and conditions for Chancellor Jane Nichols.

Chair Seastrand reported that contracts were usually extended for 3 years with a recommendation for a salary increase. Given the state's current financial status, it was agreed to recommend a 4-year contract extension for the period of September 8, 2003 through June 30, 2007. The Chair and Vice Chair reserve the right to grant future salary increases during the time of the contract. No salary adjustment was recommended at this time.

Regent Alden moved approval of the employment terms and conditions for Chancellor Jane Nichols. Regent Rosenberg seconded. Motion carried.

6. Approved-Honorary Degree, UNR – The Board approved President John Lilley's request for issuing the Honorary Degree of Doctor of Humane Letters to Mr. John Hume, distinguished Nobel Peace Laureate from Northern Ireland. Mr. Hume was awarded the Nobel Peace Prize jointly with David Trimble in 1998. (Ref. C on file in the Board office)

Regent Sisolak moved approval of the honorary degree for UNR. Regent Rosenberg seconded.

President Lilley reported that this was the fourth and final degree to be awarded in a series to the distinguished group of speakers sponsored by the Wiegand Foundation.

Motion carried.

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

(1) Approved-Minutes – The Board approved the minutes from the regular meeting held December 12-13, 2002 and the joint meeting held with the State Board of Education December 13, 2002.

(2) Approved-Trade-Out Policy, WNCC – The Board approved President Carol Lucey's request for WNCC's trade-out policy. (Ref. C-2 on file in the Board office)

(3) Approved-Handbook Amendment, Bylaws, WNCC – The Board approved President Carol Lucey's request for modifications to Section 6 and the addition of Sections 7 and 8 to the WNCC Bylaws in order to comply with Board Code. (Ref. C-3 on file in the Board office)

(4) Approved-Handbook Amendment, GSA Constitution, UNLV – The Board approved President Carol C. Harter’s request to change the name of UNLV’s Graduate Student Association (GSA) to the Graduate and Professional Student Association (GPSA). (Ref. C-4on file in the Board office)

(5) Approved-Handbook Amendments, Summer Term 2003 Salary Schedules, UNLV & UNR – The Board approved Presidents Carol C. Harter and John Lilley’s request for changes to the Summer Term 2003 Salary Schedules as provided in the Board Handbook(Title IV, Chapter 3, Section 27). (Ref. C-5 on file in the Board office)

UNLV – No change in salary schedule requested for 2003 Summer Term.
The following schedules are effective for the 2003 Summer Term.

1. UNLV Faculty

Professor \$1,900 per credit hour
Associate 1,800
Assistant 1,700
Lecturer 1,500

2. Visiting Faculty

Professor \$1,800
Associate 1,600
Assistant 1,400
Lecturer 676-1,375
Lab Assistant 1,092
Professor Emeritus: Rate depends upon rank at time of retirement. Pay per credit hour of individual instruction is \$70.00 for undergraduate courses and \$95.00 for graduate courses.

UNR

2a. The following salary schedule applies to classes taught on- or off-campus during the inclusive dates of Summer Session.

1. Resident Faculty

Professor \$[1,750] \$1,800 per credit hour
Associate Professor \$[1,515] \$1,580
Assistant Professor \$[1,365] \$1,450
Instructor \$[1,125-1,750] \$1,225-1,800
Teaching Assistant/
Graduate Assistant \$[980] \$1,005

2. Visiting Faculty No changes recommended for Visiting Faculty.

Professor \$1,435
Associate Professor \$1,270
Assistant Professor \$980
Instructor \$980-1,435
The per-credit hour salary is the maximum allowable. A lower amount is permitted when agreed to by the instructor.

(6) Approved-Capital Improvement Fee Request, CCSN – The Board approved President Ron Remington’s request for site development of the Charleston Campus. The three-point request addressed land preparation, construction of connectors between existing parking lots, and site development in preparation for capital projects. (Ref. C-6 on file in the Board office)

- Approval to move \$255,000 in expenditures to the Capital Improvement Account. Enclosed briefing paper describes the background and salient points of this request. \$255,000
- Additional asphalt paving. 64,500
This project constructs connectors between existing parking lots to provide for full circulation around the campus and consists of approximately 60,000-sq. ft. of parking and connector area. Project scope includes land grading, additional lot lighting installation, and parking space striping.

- Site development for Health Sciences Building. 50,000
In anticipation of funding for the Health Sciences Building project at Charleston, it is necessary to begin site development for the land. Funding for project planning, up to the creation of construction documents, was approved during the 2001 legislative session. Improvements include utility connection (Nevada Power) and start-up activities such as the Water Plan Review and other land reviews. Once capital improvement funding is authorized, these items will be reimbursable through the State Public Works Board.
TOTAL: \$369,500

Regent Alden moved approval of the Consent Agenda. Regent Bandera seconded.

Regent Sisolak clarified there were no salary changes for UNLV Summer term faculty. Chancellor Nichols clarified that UNR was proposing increases for resident faculty, but not visiting faculty. Regent Sisolak requested faculty senate concurrence. Ms. Bourne Morris, Faculty Senate Chair-UNR, reported that the faculty senate concurred with the proposed changes.

Motion carried. Regent Rosenberg abstained.

8. Approved-Handbook Amendments, UCCSN Code, NSCH – The Board approved the final hearing on a request for approval of amendments to the UCCSN Code (Title II, Chapters 1 and 5) to incorporate provisions related to Nevada State College. (Ref. D on file in the Board office)

Regent Alden moved approval of the Handbook amendment to the UCCSN Code. Regent Hill seconded. Motion carried.

9. Approved-Handbook Amendments, Regents' Awards – The Board approved Chancellor Jane Nichols' request for amendments to the Board of Regents' Handbook (Title IV, Chapter 1) to reflect updated procedures for the Nevada Regents' Awards. A new, comprehensive Chancellor's Memorandum was issued in 2002 to consolidate the procedures and criteria for these awards into one document. The proposed Handbook amendments do not make any changes to the Board's policies for these awards but merely reflect movement of the procedures out of the Handbook and into the Chancellor's Memorandum. The amendments also made provisions for adding Nevada State College to the awards process. (Ref. E on file in the Board office)

Regent Alden moved approval of the Handbook amendments regarding Regents' awards. Regent Hill seconded.

Chancellor Nichols reported the proposed changes constituted "housekeeping," adding that it was not a change in practice or policy. The Handbook will be simplified by placing the process for Regents' Awards in a Chancellor Memorandum. Updates and future changes will be accommodated via Chancellor Memorandum without changing the Handbook.

Motion carried.

10. Approved-Handbook Amendment, Grants-in-Aid – The Board approved Chancellor Jane Nichols' request for a change to the Handbook, (Title IV, Chapter 18, Section 10, Item 1) to update and clarify language. The amendment will permit the financial aid officers at UNR and UNLV to adjust the value of the grant-in-aid each year to accommodate increases in fees, as is the current practice at all other UCCSN institutions. (Ref. F on file in the Board office)

Regent Alden moved approval of the Handbook amendment concerning grants-in-aid. Regent Hill seconded.

Chancellor Nichols reported that this constituted another "housekeeping" item to update the Handbook to reflect current practice. The amount of grants-in-aid at the community colleges is already established as the actual value of fees collected. The dollar amount established in the Handbook for universities has not kept pace with fee increases, which has handicapped financial aid officers. The two universities have requested that the language be changed to allow them to set grants-in-aid based upon fees collected and not to exceed the registration for courses taken.

Motion carried.

11. Approved-Handbook Amendment, Nepotism Policy – The Board approved General Counsel Tom Ray's recommendation for an amendment to the new UCCSN nepotism policy (Title IV, Chapter 3, Section 5) that was approved by the Board in October 2002. The amendment was required to bring the policy in compliance with the Nevada Revised Statutes. (Ref. G on file in the Board office)

Regent Alden moved approval of the Handbook amendment concerning the nepotism policy. Regent Hill seconded.

General Counsel Ray recommended that the policy be amended from Board approval to Board notification of the employment of a Regent's relative by an institution. He explained that Board approval of such appointments would make the Board the employing authority, which is prohibited by the state nepotism law. The Board Code provides that the institution presidents

are the employing authorities. A president's relative could not be hired, but it would not be a violation of the statute for an institution to hire the relative of a Regent.

Regent Kirkpatrick asked whether a form would be developed and sent annually to Board members. General Counsel Ray replied in the affirmative.

Regent Sisolak expressed concern about changing the policy from Board approval to Board notification. General Counsel Ray clarified that the amendment would allow an institution to employ a Regent's relative. Regent Sisolak asked about the purpose of notification. General Counsel Ray replied that the original intent for requiring Board approval was to make the Board aware to avoid any potential conflict situations. He felt that notification would also accomplish that. Regent Sisolak recalled a lengthy discussion of this issue. At that time, it was the Board's preference that Regents' relatives not be employed by the institutions. He took exception to allowing relatives of Regents to be employed by the institutions, adding that he would not support the motion.

Regent Anthony asked whether the Board could deny the employment with the proposed amendment. General Counsel Ray replied that they could not. He related that the institution president had the authority to hire at the institution level.

Regent Derby asked for the Chancellor's recommendation. Chancellor Nichols replied that a policy was put in place reflecting the will of the Board. She felt that the Board had been concerned about the perception surrounding a relative being hired. That policy conflicts with Nevada Revised Statutes. Chancellor Nichols said that she accepted legal counsel's recommendation to provide public notice/notification to serve the same purpose. She related that the only other alternative would be to ask the legislature to exempt the Board from that portion of the NRS.

Regent Howard stated that the reason the item was on the agenda was due to a poor error in judgment by Board members. She felt the Board should not be making policies that conflict with the NRS in a hasty attempt to penalize someone due to politics and personality conflicts. She felt that state legislators would agree that all Board policies should be reviewed by legal counsel prior to appearing on the agenda. She felt that the Board was vulnerable to a lawsuit when the original item was placed on the agenda. She felt that people were affected by that policy and were owed an apology. She stated that asserting governmental policy without attorney approval was a bad way for the Board to conduct business.

Chair Seastrand stated that the original policy had been reviewed by legal counsel and the conflict had not been realized. General Counsel Ray stated that he read and reviewed all policy before it came before the Board, adding that he had just missed that aspect.

Regent Howard said that the Board should ensure that policies enacted are not in conflict with NRS. Chair Seastrand agreed.

Regent Sisolak stated that the existing policy would only conflict with NRS if a hire was made. He noted that existing policy would actually prevent the hiring of a Regent's relative. General Counsel Ray agreed, adding that only when the Board approved such an appointment would they run afoul of the statute. Regent Sisolak stated there was no problem with the policy adopted by the Board unless a Regent's relative was hired, which was the Board's original intent to avoid public criticism. He noted that, if the Board never approved the hiring of a Regent's relative, there would be no conflict with the NRS. General Counsel Ray stated that the Board would not be violating the statute until it approved the hiring of a Regent's relative.

Chair Seastrand asked whether existing employees, who are also relatives of Regents, could continue their employment. General Counsel Ray replied that the argument could be made, but he strongly urged the Board to fix the problem in some manner. He related that the Board's options included:

- If the Board wants to leave the current policy in place, the Board will need to approach the legislature for an amendment to the statute to allow it.
 - The Board could enact a policy stating that no Regents' relatives can be hired.
- General Counsel Ray strongly urged the Board to fix the issue. Chair Seastrand noted that the Board had approved the use of a disclosure form for Regents. He asked whether that type of information would be included on the form and whether the form would be the method of notification. Chancellor Nichols replied in the affirmative.

Regent Alden said that he was strongly in favor of the motion. He felt it was unfair to deny UCCSN employment to a person (within the 3rd degree of consanguinity to a Regent) seeking a job. He felt the Board should make the correction, as it was the right thing to do.

Regent Hill observed that the Board could either adopt the proposed policy, which meant that anyone could be hired by the presidents as the appointing authority, or the Board could adopt a policy that no one within the 3rd degree of consanguinity to a Regent can be hired. He said that it was likely that a relative of his could be hired by the System and he would not find out about it until after the hiring had occurred. He would then be faced with having to notify the Board and getting his relative fired. Regent Hill suggested that if the Board had a strong feeling about wives and children, it could be discussed at a later

date. He felt the Board should vote for the item in its present form. He acknowledged that if the Board was the appointing authority and approved the employment contract of a relative the Board would be in violation of the law.

Regent Sisolak did not disagree with Regent Hill's comments. He questioned whether the Board was disenfranchising everyone else applying for these positions. He felt it would put the presidents in a difficult position and feared that Regents could unfairly pressure the presidents to hire a relative. He was unsure where to draw the line on consanguinity. He was concerned about the public perception as well as the difficulty it could create for the presidents.

Regent Kirkpatrick stated that he would not want his son to be penalized due to his status as a Regent. He felt that his son should be able to apply for any job based on his own qualifications and that his relationship to a Regent should not be a factor of employment.

Regent Hill noted that if any Regent pressured a president to hire an individual they would have clearly violated the ethics code. He suggested adding language as a disincentive that if any Regent tried to influence the hiring of a relative, the president should notify the Board Chair and Chancellor as well as the Ethics Commission.

Regent Bandera observed that the Board had recently voted to allow the presidents to hire their staff. Therefore, she felt the Board should not tell the presidents who they cannot hire. She also did not want to require extra notification from the presidents. She asked which of the proposed amendments would address both of these issues, and lacking that, she requested System staff to develop different options for Board consideration.

Regent Seastrand said that, if the Board approved the proposed Handbook amendment, it was possible to bring the item back for future modification. He stated that the Board must take some action in order to address the conflict with the statute.

Regent Derby requested guidance from the Chancellor. Chancellor Nichols summarized the Board's concerns: Do we have sufficient policy in place to address Board concerns relating to the employment of relatives? She felt that, if the Board approved the proposed amendment to address the immediate NRS issue, it would be possible for Regents' relatives to work for the System in the future. If the Board did not approve the amendment they could be in a difficult position. She offered to provide a working paper on how, where, and if those other concerns were addressed sufficiently.

Chair Seastrand felt that self-disclosure should be a sufficient deterrent from Regents using their influence inappropriately, adding that if someone did so, they should be turned in. He recommended Board approval of the motion, and asked that any other considerations be addressed at a future date.

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

The meeting recessed at 11:19 a.m. for committee meetings and reconvened at 1:15 p.m. with all members present.

12. Introductions –

- Former UCCSN student Mr. Ernie Chambers sang the national anthem.
- Chair Seastrand noted that while President Carol Lucey was hosting a team of new legislators in Carson City, Interim Vice President Connie Capurro was representing her at the meeting.
- President Ringle introduced Dr. Jowel Laguerre, TMCC's new Vice President for Academic Affairs.
- President Harter introduced students representing the Rebel Renovation Committee, which aspires to raise funds for renovating the UNLV student union and recreation center.
- Regent Alden publicly thanked the special people who supported him through his prostate cancer treatment. (Copy on file in the Board office)

13. Chair's Report –

- Chair Seastrand reported that item #32 (Reno Orthopaedic Clinic Lease Extension, UNR) had been withdrawn.
- Chair Seastrand proposed issuing an annual State of the University System address citing UCCSN accomplishments and future plans. He suggested having the Board Chair and Chancellor provide the address. He directed staff to consider making preparations for next January's maiden address. He felt it would provide an opportunity to provide a public accounting of System milestones and plans for the future.
- Chair Seastrand observed that participating on the Board of Regents was a team effort rather than an individual activity. He presented slides emphasizing the importance of team work ("Lessons from Geese"). Chair Seastrand noted that the Board was comprised of good people and he urged them to work together as a team.
- Chair Seastrand reported that the Board had just extended the Chancellor's contract and encouraged Board members to support her in her efforts.

14. Chancellor's Report –

- Chancellor Nichols reported that the P-16 Council was an important component of the UCCSN Master Plan. She displayed a new brochure/poster (on file in the Board office) providing important information to 6th and 9th grade students about what is necessary for them to be on a college track. A total of 80,000 Go To College brochures/posters will be printed and distributed to incoming middle and high school students, thanks to funding provided by the EdFund and the Educational Collaborative of Washoe County. An additional 30,000 brochures will be printed in Spanish. The brochure will be updated every year. The publication represents an important resource for students and parents that emphasizes the importance of planning and academic achievement as critical ingredients to successful college admission and retention. She thanked Vice Chancellor Richard Curry and the Academic Affairs staff for their efforts on this project.
- Chancellor Nichols provided a Master Plan update. Board-set goals will be translated into proposed measurable outcomes against which progress can be measured. These will be presented to the Board for discussion and approval in future months. One of the Master Plan goals is differentiating the missions of each institution in order to promote collaboration and reduce duplication. The presidents and institutions are working together on plans to ensure the creation of future academic programs needed to address workforce gaps, shared programs, and enrollment management plans that optimize cooperative efforts among the institutions. All institutions are working by institutional type and by geographic area to establish proposed collaborations, distinct missions, and joint new initiatives. Chancellor Nichols reported that Vice Chancellor Curry is working closely with the academic, student affairs, and research vice presidents to reach consensus on a proposed accountability plan for UCCSN. The plan will include key performance indicators for each of the six major goals in the Master Plan. Presently, the institutions and System Administration are working on proposed appropriate System-level measures for each goal. Each institution will develop its own approaches for demonstrating progress toward Master Plan goals and targets. Chancellor Nichols thanked the External Relations team for producing the Master Plan brochure.
- Chancellor Nichols has asked each president to prepare a plan, in conjunction with their Faculty Senate Chair and Student Body President, for improving policies and procedures for optimizing space utilization and class scheduling. Plans are due from each campus by April 15. These plans will be critical to demonstrating to the legislature and to Nevada's citizens that UCCSN is using its capital resources wisely as well as maximizing access to classes and facilities each day of the week. Improvement plans will be presented at the Board's June meeting. Campuses will begin implementing changes no later than Spring Semester 2004.
- In another effort to maximize resources, Vice Chancellor Dan Miles is conducting a study of the business center operations (north and south), including property management, personnel, purchasing, and payroll. The initial state of the study included a survey of current services, budget, and workload for each business center. The responses are being compiled into a summary from which further approaches will be developed. The intent of the study is to determine if certain services should remain centralized or be decentralized in order to achieve greatest efficiency and cost-savings. Sufficient budgetary dollars are critical to support the growing workload of the business centers.

Chancellor Nichols requested a report from CCSN President Ron Remington.

Chair Seastrand asked the Board to move to Public Comment to accommodate a group of students with afternoon classes. Chair Seastrand noted that former Regent, Dr. Fred Anderson, had passed away the previous day.

15. Public Comment – Mr. J.B. Green, a dually enrolled CCSN and UNLV student, reported that Spring breaks at CCSN and UNLV are not coordinated. Students attending both campuses do not actually get a week off. Chair Seastrand agreed to review the situation.

Mrs. Piange Jackson reported that she had a negative experience while volunteering for KUNV radio station. She felt that volunteers should be recognized for volunteering their time. She suggested the institution should find a respectful means of notifying volunteers when they are no longer required. She felt that written notification should be provided regarding the duration and type of service required. She related that she built a fan base during her time with KUNV, and that listeners were disappointed when she was no longer there. She asked the Board to review the situation to prevent other volunteers from experiencing similar disappointments. Chair Seastrand acknowledged that volunteers are an important part of services offered. He agreed to have the Board review the situation.

Ms. Kathy Grismore stated that she had a grievance with a UNR instructor and had since transferred to UNLV. She questioned why an instructor would be allowed to grade students based upon personal preferences and questionable math. She felt that she was a good student undeserving of the treatment received. She related that the instructor's syllabus warned that disputes were the students' responsibility. She felt that syllabi should include a statement promoting fair treatment of students, and that campuses require an ombudsman to mediate such matters.

Ms. Renae Judkins, a reporter with the Rebel Yell and a 2nd semester junior communications major, alerted the Board to students' inability to register for communication classes at UNLV. She reported that many seniors change their communications major in order to graduate within one year, due to their inability to register for required classes. She suggested using a better sorting method than students' last names for registration. She said that she begged teachers to accept her into their classes and each told her that they had already taken an additional twenty students. She felt pressure to complete her education quickly because she and her husband were expecting their first child. She said that she was not

receiving help from UNLV's advisors and that instructors were pleading for more classes. She related that she was unable to get into classes applicable to her major.

Chancellor Nichols said that her heart went out to the student, adding that she had eloquently spoken about the dilemma facing Nevada. She related that UCCSN institutions did not have sufficient funds to provide the classes desperately needed by students in order to finish in a timely manner. She stated that it was a budget issue, adding that this was an example of the difference between funding at 79% of the formula vs. 86%.

Regent Anthony, a former UCCSN instructor, observed that he had never turned a student away from the classroom. He questioned why an additional student could not be accommodated. President Harter observed that the student had indicated that instructors were already accommodating additional students. Chair Seastrand requested a response. President Harter replied that UNLV was trying to serve as many students as possible, but, tragically, there was a point at which some people must be turned away. She reported that UNLV had tried to fund as many faculty as possible. Chancellor Nichols observed that the Fire Marshall also establishes a maximum number of students allowed in each classroom.

Regent Sisolak told Ms. Judkins that the Board existed to represent such matters. He suggested having the student testify before the legislature to share her compelling story. He felt the Board should communicate her message to the legislators.

Regent Kirkpatrick asked whether UNLV was experiencing a unique situation in the communications/journalism departments. President Harter reported a 23% increase in communication enrollments. Biology has increased 32%, while business has increased 20%. A budget funded at 79% cannot sustain a \$9 million cut without affecting services. UNLV has 4,000 unfunded enrollments. They are trying to provide as many classes as possible, but she felt that UNLV was extraordinarily under-funded. Regent Kirkpatrick felt it was deceiving for upper classmen to be unable to get their courses. President Harter agreed that the situation did impact the time to degree.

Regent Schofield related that he became a Regent because he had heard a number of stories similar to the one related by Ms. Judkins. One of his goals is to help make the University System the best in the U.S. and make it more student-friendly. He urged the Board to fix what is broken, adding that he would do whatever he could to convince the legislature to adequately fund UCCSN institutions.

Regent Howard suggested adding additional classes, but acknowledged the challenge presented by lack of funds. President Harter agreed. Regent Howard offered her help to host the student's trip to Carson City.

Regent Dondero questioned the level of funding. President Harter related that the budget cut equated to a funding level of 76% of the formula. Chancellor Nichols explained that the System had originally been funded at 81% of the formula. The budget cut, and additional energy and insurance costs, have reduced that level of funding. Regent Dondero asked whether each campus was funded alike. Chancellor Nichols replied that it varied slightly by campus depending on those costs. Generally, all institutions are funded at 79% or below.

Regent Howard asked whether the communications department was budgeted separately. President Harter replied it was not. Regent Howard asked whether money could be taken from another area. President Harter replied that UNLV tried to reallocate money each semester for the high-demand areas, which had been done for communications.

Provost Alden related that UNLV had exhausted the supply of part-time and visiting faculty in some areas. A cost estimate was prepared based upon last Fall's enrollments. Money was allocated to part-time instructors for the high-demand areas. UNLV sustained a 12% enrollment increase last Spring. He related that business, communications, some of the sciences, and some of the fine arts had encountered 20% increases. He said that it was difficult to tell students that UNLV did not have enough money to hire additional instructors. He observed that the classes were full and there was no money to offer more classes. Regent Howard asked about on-line courses. Provost Alden replied that developing on-line classes required time and money.

President Harter related that UNLV was negotiating the development of a business course with NSCH to address the increased demand. She observed that 50,000 new students were expected by 2010, which would be very difficult to accommodate at the current funding level.

Provost Alden related that UNLV had frozen administrative positions in an effort to hire more instructors.

Regent Sisolak commended Ms. Judkins' courage for speaking publicly. He again suggested taking her message to Carson City to illustrate why the mission cannot be accomplished at the current level of funding.

Chair Seastrand assured the student that her message had been heard. He related the Board would do its best to relay her message to the legislature, adding that it was a serious challenge. He promised that every avenue would be explored to secure the necessary funding. He acknowledged that institutions had already searched for larger classrooms, increased class sizes, and volunteers to teach. He noted there would be more students in the future, especially with the changing

economy. Chair Seastrand requested a follow-up report from the Chancellor regarding potential solutions to class restrictions as well as the previous student's complaint.

Regent Dondero asked whether UNLV had explored partnerships for use of the school district's facilities. President Harter replied that physical space was not the issue, but rather the number of seats available in the classroom. When a class is designed for 50 students and an instructor accepts 20 more, they cannot accommodate an unending number of students while maintaining quality.

14. Chancellor's/President's Report – (Cont'd.)

President Remington presented a brief video highlighting the college's offerings and introduced Dr. Robert Palinchak, Vice President, Academic Affairs-CCSN.

Dr. Palinchak reported that CCSN had changed since its beginning in 1971. The college provides training for the community's skilled workforce (i.e., chefs, pilots, fire fighters, police, dental hygienists, musicians, paramedics, accountants). He observed that automotive technicians can earn as much as \$50,000/year following graduation. He related that CCSN also produces the students who go on to become teachers, nurses, accountants, and professionals. CCSN is Nevada's number one transfer institution and ranks in the top ten for its size nationwide. CCSN is a public, comprehensive, multipurpose, multi-campus, state-assisted community college. Students range in age from 13-80 years of age. It is not unusual for students to take up to 20 years to complete a 2-year program. He then introduced three former CCSN students to share their stories of success.

? CCSN instructor, Ms. Sharon Brooks, followed a desire to teach by enrolling in classes at CCSN and UNLV. After dropping out and reexamining her priorities, she began taking classes at CCSN again. Now on a tenure track in CCSN's engineering technology department, Ms. Brooks is also a full-time student at UNLV. She now imparts the same welcoming attitude to students that she received as a student at CCSN. She reported that students are anxious for a 4-year degree program within engineering technology. Students want to remain in the state to complete the degree not offered at any other UCCSN institution. She urged Board consideration of the degree proposal in the future.

- Mr. Ernie Chambers, a former CCSN and UNLV student, is a retired Air Force Master Sergeant and presently Director of Operations for MRC Telephone Research Group. Mr. Chambers credited Regent Tom Kirkpatrick with the speedy completion of his bachelor's degree via an accelerated program created by Dr. Kirkpatrick at UNLV. Mr. Chambers recently completed his master's degree from the University of Oklahoma. He credited his success in life to pursuing a higher education and urged faculty to make an exception for the student who spoke earlier.
- Ms. Treena Leonard attributed her success to a CCSN program offered at a correctional center, which turned her life around. A former drug addict and criminal, she was sent to prison for 5 years. She enrolled in the program, received her high school diploma, and began to pursue a college education. Education became the focus point of her life. She earned a degree while serving her prison sentence and is now pursuing a degree in communications from UNLV. She thanked the Board for allowing education to continue, even in obscure locations like a prison.

Dr. Palinchak reported there were many heart-warming stories from the 32,000 students currently attending CCSN. He related that these students actually represent the traditional students attending college today.

Regent Sisolak noted that Mr. John Cummings, Mr. Mike Sullivan, and Mr. Jim Ferrence assisted with the presentations. He suggested that such a presentation would be most helpful during the legislative session.

16. Approved-Academic, Research & Student Affairs Committee Recommendations and Report - Chair Jill Derby reported the Academic, Research & Student Affairs Committee met January 30, 2003. Dr. Rebecca Mills presented a summary of UCCSN campus counseling services for students. The presentation was requested following a previous discussion of alcohol policies and programs. Regent Derby requested Board action on the following Committee recommendations:

- New Unit Proposals – The Committee reviewed the following new unit proposals:
 - Center for Sport Education, UNLV. (Ref. ARSA-2 on file in the Board office)
 - Biotechnology Center, UNLV. (Ref. ARSA-3 on file in the Board office)
 - Proposed Institutional Mission Statement, NSCH – The Committee approved a revised Nevada State College institutional mission statement, which includes the college's goals of being highly responsive to and well integrated with the surrounding community and the state, and of being an institution that strives for excellence in teaching and in student learning. (Ref. ARSA-4 on file in the Board office)

Regents Alden and Howard left the meeting.

- Criteria for Community College Proposals for a Baccalaureate Degree – The Committee continued a discussion of criteria for offering a baccalaureate degree program at UCCSN community colleges. The Committee approved a proposal to revise Handbook language to implement such criteria. (Ref. ARSA-5 on file in the Board office)
- UCCSN Student Assessment Reports – The Committee approved the UCCSN Student Assessment report. Representatives from CCSN, GBC, and UNLV presented highlights of their campus student assessment reports.

(Bound Report on file in the Board office)

- CCSN conducts yearly research projects that together provide a broad overview of institutional outcomes related to their mission. To measure student satisfaction and success, CCSN surveys current and former students to determine the impact of their CCSN experience on their interpersonal, academic, and job skills development. Assessment has become continuous and is resulting in improvements in developmental programs and changes in campus culture.
- GBC recently added three baccalaureate degree programs in elementary education, integrative and professional studies, and applied sciences, and therefore, increased reporting requirements and focused attention on the areas of student outcomes and assessment activities. They also established a student enrollment data warehouse that tracks such items as retention and persistence.
- UNLV utilizes various assessment tools at all levels, including student surveys, program reviews, and the measure of external research funding. UNLV has successful assessment programs at the university, college and department levels. The university developed task forces charged with developing action plans to address graduation and first-year retention rate issues revealed through the assessment process.
- Campus Academic Master Plan Updates – The Committee approved a proposal to revise the Academic Master Plans review required by the Board of Regents to a review of the institutional strategic plans. These plans include academic, student, workforce and research issues, as well as a broader physical plant perspective.

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

17. Approved-Audit Committee Recommendations and Report - Chair Steve Sisolak reported the Audit Committee met January 30, 2003 and received a follow-up response for eight internal audit reports presented to the Committee in June, August, and October 2002. Mrs. Sandi Cardinal, Director of Internal Audit, reported that the institution bank reconciliations were up-to-date. Mr. Tom Judy, Associate Vice President, Business & Finance-UNR, reported on the status of the University of Nevada School of Medicine Practice Plan. A combined balance sheet and statement of revenues and expenses for the six months ended December 31, 2002 were reviewed. The Practice Plan is reporting a net profit of \$996,000 for the first six months of the fiscal year. Ms. Denise Baclawski, Executive Director, Fire Science Academy-UNR, reported on the financial status of the Fire Science Academy. She reported that enrollment for the year is encouraging, increasing by 900 students since her December report to the Audit Committee. Expenses are slightly below the level indicated in the business plan while revenues are expected to meet projections. FSA personnel continue to pursue off-site consulting services as a form of additional income. Regent Sisolak requested Board action on the following Committee recommendations:

- Internal Audit Report – The Committee reviewed the following Internal Audit report: (Ref. B on file in the Board office)
- Presidential Exit Audit, TMCC. (Ref. A-2 on file in the Board office)
- External Auditing Firm – The Committee recommended approval of a process to select an external audit firm for the three years from July 1, 2003 through June 30, 2006. (Ref. A-11 on file in the Board office)
- Audit Exception Report – The Committee recommended approval of the Audit Exception Report for the six months ended December 31, 2002. (Bound Report on file in the Board office)

Regent Sisolak moved approval of the Committee recommendations and acceptance of the report. Regent Rosenberg seconded.

Regent Sisolak commended Vice Chancellor Van Weddle for his cooperation with the Committee's discussions relative to computing security.

Motion carried. Regents Alden and Howard were absent.

Regent Howard entered the meeting.

18. Approved-Finance & Planning Committee Recommendation and Report - Chair Douglas Roman Hill reported the Finance & Planning Committee met January 30, 2003 to review two budget reports for FY 2003 and to approve Mid-Year Self-Supporting Budgets and Summer School Budgets for fiscal 2003. The Committee reviewed the 2nd Quarter FY 2003 Self-Supporting Budget Revisions Report as well as the 2nd Quarter FY 2003 Budget Transfers Report for State-Supported Budgets. Budget revisions greater than 10% of expenditures in self-supporting budgets must be reported to the Committee. Total revisions from five appropriation areas totaled \$2,027,632 and generally represented adjustments in revenue received. Any transfers greater than \$25,000 between functional areas within state-supported budgets must also be reported. UNR reported a transfer related to reorganization activity and WNCC reported transfers to address operating costs increases. Regent Hill requested Board action on the following Committee recommendation:

Fiscal 2003 Mid-Year Self-Supporting Budgets and Summer School Budgets for Calendar Year 2003 – The Committee reviewed and approved the Mid-Year Self-Supporting Budgets and the Fiscal 2003 Summer School Budgets. New self-supporting budgets of about \$11.5 million were reported and approved and Summer School budgets totaling \$13.9 million were approved. (Bound Report on file in the Board office)

Regent Hill moved approval of the Committee recommendation and acceptance of the report. Regent Bandera seconded. Motion carried. Regent Alden was absent.

The meeting recessed at 2:49 p.m. and reconvened at 2:57 p.m. with all members present.

19. Denied-Attorney General Opinion – The Board denied Regents Doug Hill and Mark Alden's request asking the Attorney General to render an opinion on the following two questions:

1. Can an employee of the UCCSN serve on the Board of Regents?
2. If an employee of the UCCSN serves on the Board of Regents, on which issues can that Regent vote and on which issues can that Regent not vote?

Regent Hill observed the presence of an issue no one wanted to discuss. He reported there have been a number of Regent candidates who were also full- or part-time System employees. A recent Regent candidate is considering moving to another district solely for the purpose of running for the next Board vacancy. A sitting Regent considered the possibility of System employment during their term. He noted there had been many editorials within the last year addressing the issue of Regent employment and conflicts of interest. He complimented Regents Anthony and Whipple for not continuing their System employment while serving on the Board. He related that it was a recurring issue. He clarified that the agenda item involved asking the Attorney General for an opinion on the two questions since no opinion existed. He felt that Regents should obey, know, and follow the law. He acknowledged the existence of an Ethics Commission opinion regarding Regent Rosenberg's service on the Board. He felt the Ethics opinion was confusing. Of the five members on the commission, two members felt the law did not apply and that the legislature did not intend for the law to apply to employees, but rather to vendors. Two members felt the legislature could have allowed an exemption, but had not, and therefore the law applied to employees. One member felt that the law applies to employees but sided with no action because they felt the Ethics Commission did not have jurisdiction over the matter. He felt the Board needed to get an answer to the question in order to maintain credibility.

Regent Hill moved approval of requesting an attorney general opinion on the two questions posed. Regent Alden seconded.

Regent Derby said that this question had been raised when Regent Rosenberg was first elected. The Attorney General's Office determined that the Ethics Commission should consider the matter. The Ethics Commission ruled there was not an inherent conflict, but that Regent Rosenberg should seek counsel when individual issues came forward to ensure no conflict of interest existed. She felt that Regent Rosenberg had done that. She observed the importance of Board teamwork in order to become more deserving of public confidence. She noted the perception of a personal issue underlying the request and tensions between personalities. She felt there would be little gain and considerable cost in extending such a request, adding that the Board's public image had suffered in past months. Several bills will likely be presented to the legislature regarding the appointment of Regents brought forward by constituents feeling that election might not be the best process. She acknowledged that the media had seized upon the Board's public contention with one another and that it had affected the Board's reputation. She noted a direct correlation between the Board's effectiveness and credibility and the manner in which the Board conducts itself. She felt that the addition of new Regents on the Board provided a new opportunity for Board members to begin working together genially and putting differences behind them. She felt it was very important to build a sense of cohesion, especially since the legislature was reviewing the Board's recent history and whether or not to implement changes in the manner of selection. She felt that such action would further detract from the Board's ability to rally together. She said that she was proud of the Board's history of accomplishments, citing the Master Plan, consideration of future requirements, and hiring fine presidents and a Chancellor. She lamented that all of that had been lost in the public discussion of interpersonal strife and tensions. She felt that this issue would not be productive Board action at this time. It was not a pressing question since no one would run for office for a year and a half. The Board has a legal staff well equipped to warn of conflicts of interest. She observed that some boards in the country have voting faculty serving on their boards.

Regent Alden said that Regent Rosenberg had been an excellent Regent, but he still felt the need for clarity. He apologized to those who felt the timing was unfortunate. He felt that clarity was necessary for the Board and for Regent Rosenberg, and that it was a reasonable request. He noted that Regent Rosenberg had carefully abstained from voting on a number of issues. Regent Alden felt that the timing was not bad and that Board action was necessary. He felt it was time to address the issue and put the matter to rest. He urged Board members to support the measure.

Regent Howard observed there had been two opinions from the Ethics Commission. One opinion determined that Regent Rosenberg could work for the University System while serving on the Board. The second opinion addressed her pursuit of System employment. In both cases the Ethics Commission ruled in the Regents' favor. She noted that an Attorney General Opinion was only an opinion and not legally binding. She noted that the Board had fought for the right to employ its own legal counsel and questioned why the Board was not using legal counsel for this matter. She felt that it was unfair that the measure would affect a tenured faculty member, and that an Attorney General Opinion would not solve the problem.

Regent Kirkpatrick said that he had given the matter a great deal of thought. He would probably not run for a seat on the Board while employed by the System. He observed that a former Senate Majority Leader was also a System employee while he was employed at UNLV. He noted that Nevada employs citizen councilmen, mayors, county commissioners, and legislators. He asked whether other public employees on the Board would also be questioned for Board service. He felt the

matter should have been resolved six years ago and not now. He observed that the constituents of Regent Rosenberg's district re-elected him after his first six-year term and that it would be improper for the Board to overrule the citizens' choice. He asked whether Regent Rosenberg could be removed if the Attorney General ruled against him. General Counsel Ray replied that he could not respond to the merits of the question and had not expressed an opinion because of a conflict of interest. He related that NRS 228.150 provided that a state board could ask the Attorney General for a legal opinion, adding that the Attorney General could decline to respond and might not render an opinion. He acknowledged that, if the opinion were not favorable, it would not have the force of law. He said that the Board could not remove a Regent from the Board, adding that the Attorney General had the authority to take legal action to remove a public official from office. A court would need to determine whether or not it was appropriate.

Regent Sisolak asked about a letter from the Attorney General that Regent Rosenberg received at the time he ran for office. General Counsel Ray said that he was not aware of the letter, adding that Regent Hill had requested that a copy of the Ethics opinion be sent to all Regents. Regent Sisolak asked whether such a letter existed. General Counsel Ray replied that he believed that to be the case. Regent Sisolak asked whether Board counsel could be asked for an opinion. General Counsel Ray replied that he believed that he has a conflict of interest, which was why he had not expressed an opinion. Regent Sisolak asked about alternatives, including asking the legislature, and whether a student could run for office while a student. Regent Howard stated that she had done so. She suggested asking the legislature to include it as a ballot question, since the Board was comprised of elected officials. Regent Sisolak asked whether there was a better avenue of approach. He was concerned about disenfranchising anyone, and again asked whether a student could be a Regent. Regent Howard replied, "Why not?" Regent Sisolak observed that a contractual obligation exists between the student and the System. Regent Howard asked whether Regents would not be permitted to continue their education while serving on the Board. Regent Sisolak was unsure how far to go with the question, adding that it might be better to take the matter before the legislature.

Chair Seastrand requested a comment from the General Counsel. General Counsel Ray replied that, unless the Board wanted to propose new legislation, approaching the legislature would not be the proper course of action. If the question were pursued, ultimately a court would have to decide.

Regent Schofield said that the discussion had made him rethink the matter, adding that he has a lot of respect for the voice of the people. He felt that the people had spoken and would have voted for someone other than Regent Rosenberg if they did not want him in office. He did not want the Board to take the power away from the people.

Mr. Bill Bilyeu, Regent Rosenberg's attorney, reported that he sent Board members a chronology of the "Rosenberg saga". He felt the question of whether a System employee could be a Regent and serve in both capacities was solely up to the legislature. He related that the Board could not disqualify someone from running for public office, adding that the question had been answered by the Ethics Commission. He felt that Regent Rosenberg had been extremely careful during his time on the Board, requesting opinions from both General Counsel and his private attorney. He observed that the Board had been previously sued by a newspaper and the Supreme Court opinion reiterated that an Attorney General Opinion was only an opinion and had no weight of law. He recommended that the Board put the matter to rest and move on. He suggested the Board seek input from General Counsel prior to establishing policy regarding employees holding public office. He related that the Board could not control who may or may not be elected, but they could control System employees. Mr. Bilyeu said that he was particularly moved by the testimony of the three students that day. He urged the Board to have those three students speak before the legislative money committees. He observed that they represented the new generation of students. He reminded the Board that they had many other problems to worry about and recommended the Board learn from the geese example presented by Chair Seastrand. He urged the Board to work together towards a common goal.

Regent Dondero stated that the Attorney General indicated in a letter dated April 9, 1996 that Regent Rosenberg could run for the office of Regent, adding that the question had been answered. She said that every citizen should have an opportunity to participate in government, adding that it was important that the Board of Regents was a citizen board.

Regent Bandera stated that she did not receive a copy of the chronology or the letter mentioned, adding that she would appreciate receiving the same information as others on which to base a sound decision. She was unsure how asking a question or two, to clear up a question, became so personal. She observed that Regent Rosenberg had made capable decisions while on the Board. She again wondered why asking two questions became personal. She felt the Board should look at this as a question that needs to be answered, settled, and then done even if it required legislative input.

Regent Alden assured Regent Rosenberg that the matter was not personal and requested a roll call vote. He suggested the Board vote upon the matter and be done with the issue.

Regent Hill said that the reason the item was on the agenda was that each Regent took an oath of office to uphold the law. While he might not like some of the laws the legislature passes, he observed that everyone must obey all of them. The law reads:

"...a member of the Board of Regents shall not be interested directly or indirectly as principal, partner, agent, or otherwise in any contract or expenditure created by the Board of Regents, or in their profits or results thereof."

He said that the question was never answered by the Ethics Commission and that no Attorney General Opinion existed on

this issue. He noted that school district employees had been removed from office after being elected in Nevada. He felt the Ethics Commission opinion was unclear, adding that he was concerned about the Board's credibility and reputation. He felt it was a mistake for the Board to decide they do not want to know what the law is, adding that it would haunt the Board in the legislature and hurt the Board's public reputation. He said he too believes in the power of the people, but felt the Board requires an opinion to determine its position on these issues. He was concerned the Board would be perceived as an ostrich with its head in the sand. He felt the Board should stand up for wanting to know and follow the law.

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

20. Approved-Regent Proposals – The Board approved Regents Stavros Anthony, Marcia Bandera, Jack Lund Schofield, and Bret Whipple's request for the following proposals in order to strengthen the team focus of the Board of Regents.

Regent Anthony explained that the newly elected Regents met to discuss their initial contribution to the Board with a focus on teamwork and mission. He related that it appeared that other Board members were also interested in this philosophy. He requested Board feedback on the following issues:

A. Annual voluntary two-day weekend retreat:

- Promote personal relationships between individual Board members.
- Provide facilitators to lead discussion on topics which enhance a Regent's ability to perform effectively.

Regent Anthony said that retreats were very productive and provided an opportunity to become acquainted with one another and better understand each other's decisions. They also provide the opportunity to entertain philosophical discussions. He related that attendance would not be mandatory.

B. Regent informational requests:

- Informational requests to any person in the UCCSN System, other than the Chancellor, Presidents, General Counsel, Chief Administrative Officer, or the Director of Internal Audit, must be in writing and approved by the Chairperson of the Board of Regents.
- If the Chairperson is unavailable, then any request must be approved by the Chancellor. It is the duty of the Chairperson or the Chancellor to review the request and confirm that the result of the request falls within the oversight and policy making requirements of the Board of Regents.
- If the Chairperson or Chancellor determines that the request is overly burdensome or unreasonable and not designed to elicit information regarding the oversight and policy making requirements of the Board of Regents, then the Chairperson can deny said request.
- The Chairperson or Chancellor must deny the written informational request within 2 working days of receipt or the written informational request will be deemed to be approved.
- If the informational request is denied, it may then be brought before the Board of Regents for a vote.

Regent Anthony explained the importance of Regents working closely with the institution presidents and the Chancellor. He felt the presidents should be the first point of contact for Regents because it would provide them an opportunity to know what information the Board is looking for as well as time to provide the information. He strongly believes in the chain of command, adding that it builds trust and credibility. He said that the proposal would not prevent a Regent from speaking with a dean, but felt the president should be afforded the courtesy of notification. He did not recommend that Regents request information without the president's knowledge. He also felt that Regents approaching employees could be very intimidating.

C. Bi-Annual Master Plan Review:

- Structured two-hour meeting during the first day of the Board's regular meetings.
- During the Master Plan Review, identified items of interest will be consolidated.
- Items of interest will be evaluated and potential goals and objectives identified.
- The goals and objectives of the Board will then be reviewed on a bi-annual basis.
- Potential items of interests include:
 1. Educational access/educational outreach.
 2. Gender equity.
 3. Formula funding, "north/south equity, rural ratios & community college funding equities".
 4. Measurable quality indicators.
 5. Other pertinent issues facing higher education.

Regent Anthony stated that the Board should be mission-driven with a focus on the mission and Master Plan. He related that tactical issues should be addressed by the presidents. He felt that mandatory examination of the Master Plan was necessary.

Regent Rosenberg moved approval of the proposals as presented. Regent Anthony seconded.

Regent Schofield said that he believed the proposals would help the Board take the System to the next level, making it the best in the country. He related that real progress could be realized when a team works together. He said it was very important for the Board to work as a team utilizing proper protocol. He related that he too had found retreats to be very productive and urged the Board to seriously consider the proposals.

Regent Whipple concurred with Regents Anthony and Schofield. He empathized with the student who spoke earlier in the day and was gratified that others felt the same. He acknowledged that this was a time of financial constraint, but felt that the retreat was an investment in the Board's future. He felt it was necessary for the Board to make prudent, important, and fiscally responsible decisions using its collective mind. He felt that learning from one another would ultimately benefit the students. He related that Proposal B was intended to avoid the appearance of impropriety and agreed that the Master Plan is a Board priority worthy of regular review.

Regent Derby applauded the new Regents for making a contribution to the Board, adding that she shared their enthusiasm. She noted that one of the principles of good trusteeship was spending time to review Board performance and to become acquainted with one another. She observed that a retreat had not been held in the last 5 years. She acknowledged concerns raised about expense, adding that this would be a good investment. She related that it was actually a form of continuing education. She requested clarification on Part B. There are times when she gets calls from constituents and parents regarding problems with student housing. She normally calls the Vice President of Student Services and notifies the president. She asked about putting each request in writing, adding that she liked the convenience of phone calls and that it would make it more difficult to be responsive to her constituents. She felt the spirit of providing a structure was good and also agreed with the Board focusing on the Master Plan.

Regent Sisolak commended the new Regents for their efforts. He had previously requested a fiscal note be included with each agenda item, and noted that no fiscal note was attached to this item. He felt there could not be a worse time to spend money on a retreat with the Board facing no money, closing classes, and capped enrollments. He felt the public would perceive it as a 2-day vacation for the Board. He observed that the presidents, faculty senate chairs, and student representatives would not want to attend a weekend retreat. He felt that such a retreat would be negatively perceived unless Regents would be willing to pay their own expenses. Several Regents offered to pay their own expenses. Regent Sisolak said that he was not opposed to a workshop, but he did not want an expense associated with it and he did not want the location to be difficult for constituent or presidential participation.

Regent Kirkpatrick commended the new Regents and established that holding a retreat would require a posted agenda in compliance with the Open Meeting Law. General Counsel Ray agreed. Regent Kirkpatrick said that an out-of-town location would be required in order to attain the objectives proposed. He said that he was concerned about the cost, but felt it would be insignificant when compared with the gains achieved. He suggested removing the Chancellor from Part B so she would not be caught in the middle (of the presidents and Board members). He suggested substituting the Vice Chair instead. Chair Seastrand agreed it would keep the Chancellor out of the firing line and supported the suggestion.

Regent Anthony said that Proposal B was intended to address requests for data and/or information. He felt that passing information along via telephone would be acceptable. He agreed there would be some expense with a retreat, adding that it would be kept to a minimum. He related that Regent Whipple had discussed preliminary costs with Vice Chancellor Miles.

Regent Hill said that, if the motion was to refer the item to the Board Chair and Chancellor to return with concrete suggestions and policies, it was a great idea. He said that, if it were a motion to become policy, he would request more specifics. Regent Rosenberg replied that it was his intention to pass the motion, but acknowledged that Regent Hill had a point. Regent Anthony agreed (as the second to the motion). Regent Rosenberg asked Regent Hill to propose a friendly amendment. Regent Hill suggested that the recommendations could include alternatives for a retreat, concrete policy for information requests, and/or a policy governing Master Plan review.

Regent Hill offered a friendly amendment to refer the matter to the Chancellor and Board Chair to return with concrete recommendations. Regents Rosenberg and Anthony accepted the friendly amendment.

Regent Whipple said that a definition for the retreat had not been determined so that the Board could agree upon one together. He related that the Board could easily retreat into another room at the conclusion of a regular Board meeting, which would not require additional travel costs. He related that the Board should consider whether having a retreat immediately following a Board meeting would yield as many positive results. He stated that the intent of a retreat would not be to spend money, but rather to save money in the future through prudent, fiscally responsible decisions, and to improve the UCCSN for students. He inquired about costs for holding a retreat in Mesquite, since the Board held its last retreat there. Costs total approximately \$1,800 not including transportation costs or speakers. He related that the Board did not want to take money away from the students, adding that Board operating funds could be used to cover the cost. Other expenses could be cut and used to cover the cost as well. He said that he would be more than willing to pay for himself or use his host account at the discretion of the Board.

Regent Schofield said that his generation really appreciated the G.I. Bill after returning home in 1946. He related that the investment made in veterans had a tremendous impact on the world, adding that education is an investment. He felt that a retreat would be an investment in the Board's future and encouraged the Board to pull together (like geese).

Regent Kirkpatrick suggested that using host account funds would not require new money.

Regent Sisolak asked about the amount in each host account. Ms. Ernst replied that each Regent was allowed \$2,500 and the Chair was given \$5,000. Regent Sisolak lamented that the perception was that the \$35,000 in host funds could be shared with the institutions and that it still came from the tax payers. Chair Seastrand clarified that host accounts were funded by self-supporting budgets. Regents Dondero, Bandera, and Rosenberg offered to pay their own way. Regent Sisolak said that he would support the matter if private funds were used. Chair Seastrand clarified that it was not part of the motion.

Upon a roll call vote the motion as amended carried. Regents Alden, Anthony, Bandera, Derby, Dondero, Hill, Howard, Kirkpatrick, Rosenberg, Schofield, Seastrand, and Whipple voted yes. Regent Sisolak voted no.

Regent Alden left the meeting.

21. Information Only-Campus Review Boards – Chancellor Jane Nichols' presented plans from TMCC, UNLV, and UNR to create alternate mechanisms for reviewing allegations of misconduct made against police officers and employees of campus police departments. These plans were brought to the Board to address concerns raised by NRS 396.329 and were an outgrowth of the Police Study Report approved by the Board in April 2002. (Ref. H on file in the Board office)

Chancellor Nichols reported that AB 634 was passed to ensure that each campus with security forces has a mechanism allowing complaints to be filed and for an unbiased decision to be rendered. She related that a number of questions had been raised by Regents about the plans. UNLV has mentioned that some changes may be needed once everyone returns to campus. She asked the Board to provide a sense of direction to the campuses.

Regent Hill said that the proposals were very good, adding that he had a number of questions and concerns. He felt the matter should be referred back to the campuses and returned to the Board at a later date. He noted there were three completely different drafts regarding three completely different boards that were supposedly doing almost the same thing. His preference would be to determine a purpose and mission applicable to all three campuses that would become a System policy with notations for individual campus differences. He observed that TMCC's proposal did not include a definition for a quorum. He related that Regent Anthony may have convinced him that a background check is a good idea, however he observed there could be differences in the manner of application. He agreed that ex-felons should not serve on such a board, but disagreed with disqualifying individuals for minor convictions in the past. He felt the campuses should determine where to draw the line. He asked what would be done with the police background checks. He found good points in all of the proposals, but wanted a unified statement with a unified purpose and slight differences delineated by campus. He questioned limiting review board material to that provided by the police chief.

Regent Anthony praised the process the campuses were employing, adding that these processes had been the most successful throughout the country. He said that the campuses needed to determine whether to have the same or a different policy. He suggested that an explanation should be provided for using different policies. He felt the process should be tightened up somewhat, and offered to work with the chiefs to accomplish that. He felt strongly that two disqualifying measures for board membership should include prior or current law enforcement members and any criminal history. He felt that such individuals could bring a bias to the board. He was confident that the review board would be given all of the necessary material to review. He felt the review board should see exactly what the police chief does.

President Harter reminded the Board that UNLV's police force, police chief, and Vice President Mills had made miraculous changes in leadership and performance on the campus. During that process, UNLV created a Public Safety Advisory Board, which has functioned very well. She said that she would like to not interrupt the ability of UNLV to have its Public Safety Advisory Board, with the review board as a sub-group of the campus advisory board.

Chair Seastrand requested the proposals be sent back to the campuses for reworking.

Regent Hill said that he would like the proposals to explicitly state that the advisory boards would report to a specific committee.

General Counsel Ray clarified that the Board had two proposals before them, adding that UNR's and TMCC's were very similar and that UNLV's was a little different.

Chair Seastrand related that the Board was returning the item to staff for a general set of policies and directions with exceptions noted for each campus.

President Lilley requested clarification. Chair Seastrand replied that the Board's direction was to establish a common set of policies and directions to be implemented at all of the campuses with justifiable exceptions noted. Regent Hill stated that

each campus should identify its differences. President Lilley said that UNR would work out the issues by working with Regent Anthony to find the commonality and differences. He observed that the security forces were different operations in different cities. Regent Anthony said that they did not need to be similar, but rather that the campuses should explain why the differences were necessary. He asked that the item be considered again at the next Board meeting. Chair Seastrand clarified that the Board was looking for common policy with justifiable differences noted.

Regent Howard asked why CCSN did not have its own police department, noting that TMCC had fewer students than CCSN. President Remington replied that the college had been lucky with security. The college is developing a plan that could include a security force in the future.

22. Approved-Resolution 03-01, Refunding of State General Obligation Bonds – The Board approved Vice Chancellor Dan Miles' request for adoption of a resolution requesting the State Board of Finance to issue refunding bonds. Savings from the refinancing will be used by UNR and UNLV to defray operating and maintenance costs of the facilities that were financed by the State GO bonds. (Ref. J on file in the Board office)

Vice Chancellor Miles reported that the state issues general obligation bonds which are redeemed by annual slot tax revenue. The slot tax is appropriated to the UCCSN's higher education capital construction fund and the special higher education capital construction fund. The GO bonds primarily support the Thomas & Mack Center (UNLV) and Lawlor Events Center (UNR) and are redeemed through the special higher education capital construction fund. He related that the Board had asked staff to review the prospect of refinancing government obligation bonds for a more favorable interest rate.

Regent Kirkpatrick moved approval of Resolution 03-01 regarding the refunding of state general obligation bonds. Regent Rosenberg seconded.

Regent Hill asked whether the System was using the most economical approach and how the Board would audit such transactions. Vice Chancellor Miles replied that System Administration employs bond financial consultants who provide advice regarding the options available. He observed that the savings could be achieved up front or spread out over the length of the bond. He reported that the resolution would be sent to the State Board of Finance, adding that it was a fairly routine process that occurs quite often. He indicated that System staff relied upon the experts employed to provide the necessary information. He noted that System Administration was very pleased with current bond counsel.

Regent Hill asked about the cost to refinance and the savings to be realized. Ms. Kathleen Payne, Director of Banking & Investments-System Administration, replied that the savings amounted to approximately \$750,000 over the life of the bond after expenses. Approximately two-thirds (70%) belongs to UNLV and the remainder to UNR. The approximate cost of refinancing was \$200,000. Regent Hill asked how the Board would know they were getting a good deal. Ms. Payne replied that this was the only method for doing this and that the costs were standard. Chair Seastrand asked whether this was competitive and whether multiple vendors were sought. Ms. Payne replied that it was and that the process had been sent out for bid to underwriters.

Motion carried. Regent Alden was absent.

23. Approved-Resolution 03-02, Debt Refinancing, TMCC – The Board approved President Philip Ringle's request for adoption of a resolution to select a lender for a loan for the purpose of refinancing the current Bank of America bank loan and the Gunnerman Note. At the December 2002 meeting, the Board of Regents approved TMCC's request to solicit bids. Requests for Proposals were submitted on January 6, 2003. (Ref. K on file in the Board office)

Regent Hill moved approval of Resolution 03-02 regarding debt refinancing for TMCC. Regent Rosenberg seconded. Motion carried. Regent Alden was absent.

24. Approved-Right of Entry Agreement, DRI – The Board approved President Stephen G. Wells' request to enter a Right of Entry agreement on behalf of the Board of Regents/UCCSN and the Regional Transportation Commission of Washoe County. The Right of Entry was requested by RTC in connection with their Phase I construction of US 395 Clear Acre/Sutro Interchange project. The purpose of the Right of Entry was to allow RTC entry to UCCSN's parcel APN 004-061-13 to plan construction of roadway improvements, including drainage. The parcel was described in Exhibit A of the reference material. (Ref. L on file in the Board office)

Regent Hill moved approval of the right of entry agreement for DRI. Regent Sisolak seconded. Motion carried. Regent Alden was absent.

25. Approved-Negotiation of Land Sale, DRI – The Board approved President Stephen G. Wells' request to negotiate the sale of parcel APN 004-061-13. This parcel was needed by the Regional Transportation Commission for improvements to the Clear Acre/395 highway interchange. Sale of this parcel does not impact campus operation. The parcel was described in Exhibit A of the reference material. (Ref. M on file in the Board office)

Chair Seastrand asked about plans for the money received from the sale. President Wells replied that the institute had not yet decided.

Regent Hill moved approval of the negotiation of land sale for DRI. Regent Bandera seconded.

Regent Sisolak asked about any increase in property value thus far. Mr. Alan Austin, Vice President, Finance & Administration-DRI, replied that, given the nature of the property, it would likely not increase and the RTC would initiate eminent domain proceedings to secure the property, which was critical to the interchange project. He indicated that the property value increase to date had been negligible due to the property's landlocked status. Until the interchange is completed, there will be no increase in that property value. Regent Sisolak observed that the Board could submit an appraisal to demand fair market value if the property were seized by eminent domain proceedings. Mr. Austin related that DRI felt it was an opportune time to negotiate the land sale because another commercial property owner in a similar situation had valuations prepared that provide comparables for DRI and put the institution in a good position for getting the most reasonable best price from RTC. Regent Sisolak said that he wanted to get the most money for the property. Mr. Austin assured Regent Sisolak that DRI was similarly disposed.

Regent Dondero asked about using the property for lucrative billboard advertisements. Vice President Austin related that DRI had done some preliminary investigation regarding potential revenue streams from various property locations. He related that no lucrative offers had been received.

Regent Kirkpatrick asked whether the matter would involve another Board appearance. Vice President Austin replied that the institution was merely seeking Board approval to negotiate the land sale. Specifics will be returned to the Board for further approval.

General Counsel Ray clarified that the right of entry agreement (previously approved) provided that, if a purchase price agreement could not be reached, eminent domain proceedings would ensue.

Regent Bandera called for the question.

Motion carried. Regent Alden was absent.

The meeting recessed at 4:55 p.m. and reconvened at 8:10 a.m. on Friday, January 31, 2003 with all members present except Regents Howard, Schofield, and Sisolak.

26. Information Only-Personnel Session – The Board held a closed personnel session.

26.1 Approved-Closed Session - In compliance with the Family Educational Rights and Privacy Act, 20 U.S.C. 1232g and NRS 241.030, a closed session was held for purposes of a student appeal relating to the character, alleged misconduct, professional competence, or physical or mental health of a UCCSN student.

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

The meeting recessed at 8:11 a.m. and reconvened at 10:15 a.m. with all members present.

President Carol Lucey reported that the Legislative Counsel Bureau had arranged for new legislators to tour WNCC's Fallon campus. She related that it had been a productive meeting.

26.2 Approved-Return to Open Session – The Board returned to open session and rendered a decision on the student appeal.

Regent Hill moved approval to affirm the action of the institution. Regent Rosenberg seconded. Upon a roll call vote the motion carried. Regents Anthony, Bandera, Derby, Dondero, Hill, Howard, Kirkpatrick, Rosenberg, Schofield, Seastrand, and Whipple voted yes. Regents Alden and Sisolak voted no.

27. Approved-Referral to Committee-Funding Source for Remedial Education – The Board approved Regents Mark Alden and Doug Hill's request for a discussion regarding whether FTE in remedial education at the universities should continue to receive state general fund support or whether these programs at the university should be self-supporting as of Fall 2004.

Regent Hill questioned whether System universities should be offering remedial courses. He asked the presidents to suggest a plan for the universities to transition away from offering remedial courses at a future Board meeting. Ultimately, he hoped to have only the community colleges offering remedial courses. He related that he did not want to inconvenience the students. He felt the institutions should work together so that community colleges could offer the remedial courses on the university campuses. He asked about the number of Millennium Scholars enrolling in remedial courses. Vice Chancellor Curry and Chancellor Nichols replied that approximately one-third of the Millennium Scholars take remedial courses. Regent

Hill was deeply troubled by that figure. He requested input from the presidents about what could be done. He suggested that a termination date or phase-out schedule be developed as well as other alternatives not yet considered. He felt that UCCSN should not be offering remedial education at the university level.

Chancellor Nichols said that she was pleased with the recommendation to study the issue. She related that the item as written would not remove remedial education courses from the universities, but rather would make them self-supporting. She related that it was a philosophical, financial, and student issue. She noted that UCCSN had been trying to reduce the number of recent high school graduates requiring remediation. Two-thirds of the students taking remedial courses are not recent high school graduates. She related it would take time to develop the financial details, adding that it would require a phase-in period to avoid negatively impacting the institutions. She agreed to listen to Board concerns and return with study results at a future date. She suggested a phase-in period leading toward a policy decision. She also suggested review of the new admission standards and budgeting cycle considerations.

Chair Seastrand asked about the impact of moving such courses at the university level to self-supporting budgets. Chancellor Nichols replied that UCCSN is not budgeted on actual enrollment, but rather on a 3-year rolling average. If remedial courses were removed from the state budget for the second year of the biennium, the impact would be a \$2-3 million loss of revenue at a time when the System is already severely under-funded. Many self-supported programs are in operation and sufficient fees must be charged to carry the cost of the course. At this point, neither university could ensure the courses would be offered for the same fee. She related that System staff would require 6 weeks to study the issue.

Chair Seastrand suggesting referring the matter to the Board's ARSA Committee and requested feedback within two meetings.

Regent Alden observed that UCCSN now employed a three-tiered system and felt the universities should concentrate on university offerings. He estimated that developmental education costs the universities approximately \$14,000/student; \$7,000/student at the state college; and \$3,500/student at the community colleges. He felt that universities had no business in developmental education because it was a waste of tax payer dollars and a drain on institution resources. He observed that the Board should determine whether developmental education belongs at the university level and suggested that changes should be implemented by Fall 2004. He observed that 57% of NSCH and 35% of UNLV enrollments required some form of remedial education during Summer/Fall 2002. He felt that remedial education did not belong at the university level. He observed that students were not ready to perform at the university level, adding that K-12 was also under-funded. He agreed that data was necessary to reach a decision, but insisted that change should be implemented by Fall 2004.

Regent Derby said that this was an important step towards mission differentiation, adding that timing and budgetary considerations were necessary. She acknowledged that this would comprise a major change and agreed with allowing staff time to return with a draft for Board review. She expressed a preference for using the term "developmental," indicating that those students were not less intelligent, but had not developed the necessary skills in math and English.

President Lilley observed that, currently, Millennium Scholars were ranked with an overall GPA. The new admission standards require calculating the GPA solely on the core courses, which is the best predictor of success and will eliminate some of the need for remediation.

Regent Anthony observed that developmental training was not part of either of the two universities' missions, adding that it was applicable to the community colleges and possibly the state college. He did not want to rush the Chancellor and trusted that she would respond as expeditiously as possible.

Regent Dondero moved approval of referring the issue of funding remedial education to the ARSA Committee. Regent Alden seconded the motion with the codicil that the Board takes action no later than the March 2003 meeting.

Regent Alden asked whether the matter could be addressed at the March meeting. Chancellor Nichols replied that a preliminary plan and the potential impact could be identified by March.

Regent Howard suggested the ARSA Committee should consider the possibility of the Clark County School District sharing some of the expenses of remedial education. She liked the idea of moving remedial education to the community colleges, but felt that adequate funding would be necessary to accommodate the students.

Regent Sisolak was disturbed that Millennium Scholars were passing proficiency tests in high school but were unable to perform at the university level. He wondered why UCCSN faculty (teaching remedial courses) did not explain to high school faculty what is expected of students upon entering the university. He felt that deciding whether and where to offer remedial education was not the solution to the problem. He felt that explaining UCCSN requirements could greatly reduce the number of students requiring developmental education. He suggested that it would be better to provide the necessary skills to students while they were in high school. Chair Seastrand agreed.

Chancellor Nichols replied that Regent Sisolak had identified the heart of the problem. She indicated that every single institution had been meeting with the high school teachers by discipline, and with counselors to notify them of the

expectations. She related that early testing of high school students would also help provide the necessary notification. UCCSN is also working with the school districts to determine a way to encourage students to take mathematics in their senior year of high school. She related that students taking college courses on their high school campuses were not requiring remediation. There has also been discussion about offering remedial courses on-line so high school students could take the courses while still in high school. She related that many things could be done to address the problem and that UCCSN was attempting to make a big difference in the number of recent high school graduates requiring remediation. She observed there would still be adult students (approximately 70%) requiring remedial education.

Regent Sisolak felt that those measures should be focused upon. He asked whether a specific high school, teacher, or district was not preparing the students adequately. Chancellor Nichols replied that, under the soon to be enacted Student Right To Know Act, there will be new data sharing between K-12 and higher education. For the first time patterns and trends will be analyzed that could help with this effort. She related that the P-16 Council was also anxious to solve this problem and had brought forward a number of recommendations. She indicated that both K-12 and higher education were seeking solutions.

Regent Rosenberg stated that a GPA focused on the core requirements would make a major difference. He related that it was vital to understand that the universities, as well as the community colleges, were receiving adult students. He asked Board members not to enact a policy that would prevent adult students from receiving remedial education and to recognize that people do not learn at the same level at the same time.

President Harter stated that she and President Lilley were supportive of trying to move the bulk of remedial programs over to the community colleges. She was hopeful that a limited supply of these courses could be offered at the university, under continuing education in a self-supporting budget, for those students who would be inconvenienced by moving to another institution.

Regent Kirkpatrick expressed a need for the Board to address the remedial education problem and advised against rushing to judgment. He observed that grade inflation in the high schools had resulted since the Millennium Scholarship program had been implemented. He related that teachers were under a great deal of pressure to ensure that students receive the grades necessary to earn the scholarship. He clarified that preliminary information would be available for the March ARSA Committee, but felt that more time would be necessary due to the time required to address important budget and legislative matters. He suggested the matter be brought back to the Board once firm proposals were ready for implementation. He felt that the earliest a change could be implemented would be Spring 2004 and advised against rushing the matter.

Regent Alden clarified that the matter would be brought to the March 2003 ARSA Committee and would then be discussed by the Board. He wanted Board resolution prior to June 30th. He acknowledged that Board action might not occur at the March meeting. Chair Seastrand clarified that Regent Alden wanted an update by the March meeting.

Regent Bandera said that she was supportive of most of the comments but disagreed with making global comments about GPA's, grade inflation, and the proper location for remedial education. Regent Bandera called for the question. Motion carried.

Regent Hill noted a point of order, and reminded the Board they needed to vote on the original motion. General Counsel Ray observed that, since there had been no objections, the Board had moved forward by consent on the merits of the issue. He related that a second motion would be acceptable.

Original motion to refer the matter to the ARSA Committee carried.

28. Approved-Resolution 03-03, Letter of Credit, Workers Compensation – The Board approved UCCSN Risk Manager Mr. Jon Hansen's request for adoption of a resolution to increase the amount of the letter of credit with U.S. Bank approved by the Board of Regents in March, 2002, from \$875,000 to \$2,125,000. This increase will serve as collateral for the second year of UCCSN's large deductible workers compensation program with the Royal and Sun Alliance Insurance Company. (Ref. I on file in the Board office)

Mr. Hansen reported that two brokers had been used in the summer and fall of 2001 to search for workers compensation insurance. There were three finalists: The Employers Insurance Company of Nevada submitted a bid for \$2,831,000; Royal and Sun Alliance Insurance Company submitted a bid for \$2,503,000; and the Kemper Insurance Company submitted a bid of \$2,622,000. Royal and Sun Alliance Insurance Company was selected based upon cost, required retentions, and the financial strength of the company. The insurance company forgives a large part of the premium with a large deductible program, and places the obligation to pay certain claims upon the System (i.e., claims less than \$250,000 and aggregate annual claims less than \$4 million). The forgiven portion of the premium becomes an obligation of the insurance company should the System default on payments. The insurance company has requested a letter of credit, which costs 75 basis points. Without a letter of credit, the insurance company would require a cash deposit of \$2.2 million. He recommended Board approval of the letter of credit.

Ms. Kathleen Payne, Director of Banking & Investments-UCCSN, reported that System Administration had analyzed the two options. A \$2.2 million deposit would come from the operating pool, which is expected to earn 5-6% in the long-term. The fee for a \$1,250,000 letter of credit would be \$9,375/year. A cash deposit would require withdrawing \$2.2 million from the operating pool and putting it into a money market trust fund, earning a little over 1%. She related that the letter of credit provided an approximate savings of \$70,000 including costs.

Regent Hill moved approval of Resolution 03-03 regarding a letter of credit for workers compensation. Regent Bandera seconded.

Chair Seastrand asked about the \$4 million umbrella. Mr. Hansen replied that the aggregate totaled \$4 million annually. Chair Seastrand asked about the System's \$250,000/incident obligation. Mr. Hansen explained that an accident resulting in death would result in a \$250,000 System obligation even though the claim could total over \$1 million. He explained that the System's obligation ended at \$4 million and the insurance company would then become responsible for claims over that amount. Chair Seastrand asked about the fund that would be used to self-fund workers compensation. Mr. Hansen replied that System Administration collects 1.75% of the entire payroll (up to \$36,000) totaling \$5.5 million dollars/year against a total limited payroll of \$316 million. The money is in one account and identified as a separate line item. Chair Seastrand asked whether financial and legal staff had reviewed the proposal. Vice Chancellor Miles replied that they had.

Regent Alden asked about the cause for the increase. Mr. Hansen replied that the increase was driven by the incidence of employee heart attacks. Under NRS, there is a conclusive presumption that heart attacks incurred by System police officers or firemen, employed for a minimum of 5 years, were caused by their employment. These claims cost between \$750,000 and \$1.25 million. He related that UCCSN had incurred some of these claims. The insurance cost for large insurance programs (like the System's or large corporations) is driven by the claims. Regent Alden asked what preventive measures were being taken at the campus level. He asked whether prevention programs were offered to educate employees. Mr. Hansen replied that UNR recently signed a contract for a program specifically targeting heart attacks. A similar program will be put in place at UNLV. The campuses' Environmental Health & Safety program is specifically designed to address damages to employees, damages to 3rd parties, and environmental issues. Regent Alden encouraged the campuses to reduce the number of claims.

Regent Howard asked when the policy was renewed. Mr. Hansen replied that it was renewed January 1st each year. Regent Howard asked whether UCCSN's workers compensation was related to the Employers Insurance Company of Nevada. Mr. Hansen replied that, currently, there was no relationship with that organization. He indicated that they had quoted a higher price than the vendor selected.

Regent Sisolak asked about the cost of a letter of credit. Ms. Payne replied that the cost was 75 basis points which equated to an annual cost of \$9,375 for a \$1,250,000 LOC.

Motion carried.

29. Approved-Babbitt Building Deed Transfer, WNCC The Board approved President Carol Lucey's request to allow WNCC to negotiate with Mineral County for the Babbitt building's transfer to that entity for its use as storage or whatever purpose it determines appropriate. Upon successful negotiation of the transfer with Mineral County, WNCC will return for Board approval to officially transfer the deed for the Babbitt building. (Ref. N on file in the Board office)

President Lucey reported that, for the past 5 years, WNCC has run a campus center in Hawthorne, Nevada, located in the Babbitt Elementary School which was purchased for \$1 in 1998. The building was built before WWII. There are currently two buildings in Babbitt; a bowling alley and the Babbit Elementary School. Due to the age of the building, WNCC has always known that major repairs would be required. Last summer the boiler was lost, the windows are single-paned, and there are asbestos and electrical problems. It would require \$250,000 to repair the building. WNCC is considering moving its operations to the Hawthorne high school, which has excess capacity.

Regent Bandera moved approval of the Babbitt Building deed transfer for WNCC. Regent Alden seconded.

Regent Sisolak asked whether the Board was indemnified if the deed were transferred. President Lucey replied that WNCC no longer desired to own the building any longer. Regent Sisolak stated that he did not want to pass the problem on to the new owner. President Lucey replied that the building would be used as storage for Mineral County. Regent Sisolak asked whether WNCC was using the building. President Lucey replied that, when the boiler broke down, the employees were moved to the high school. Regent Sisolak expressed concern for the Board's liability as a result of disposing of the facility. General Counsel Ray replied that a condition could be included in the agreement. He explained that, at this point, President Lucey was simply requesting permission to negotiate an agreement. Regent Sisolak said that he would want that to be part of the agreement, adding that he was concerned about liability. He asked whether assuming the building in 1998 had been a bad deal. President Lucey replied that she would not have recommended purchase of the facility, adding that the Mineral County Commission still owned the land. Regent Sisolak asked staff to review whether the original request for purchasing the building had been a rush item. Chancellor Nichols agreed to review the record.

Motion carried.

30. Approved-Sale of White Pine County Land Parcel, UNR – The Board approved President John Lilley's request for the sale of a land parcel in White Pine County. The parcel was put out to bid the week of November 18, 2002 and one bid was received December 5, 2002. (Ref. P on file in the Board office)

Regent Hill moved approval of the sale of land in White Pine County for UNR. Regent Alden seconded.

Regent Howard asked how long the item had been on the table and why. Mr. Ron Zurek, Special Assistant to the President, Administration & Finance-UNR, replied that the Board had last approved the item in August 2001. Regent Howard related that concern had been expressed by Regent Dondero when the item was first considered. Regent Howard asked about those concerns and requested more history. Mr. Zurek reported that the item had appeared on the Board's agenda twice before and removed due to negotiations with the potential purchaser(s).

Regent Dondero stated that it was first reported that no water was associated with the property, but she noted there is a spring on the land. Mr. Zurek reported there were no water rights associated with the property. He related that the mineral rights had been reserved. He said that appraisers and title company employees had researched the property and determined there were no water rights associated with it. Regent Dondero asked who owns the water rights. Mr. Zurek replied that he did not know. Regent Dondero again stated that a spring was located on the land. Chair Seastrand asked whether the purchaser would not be able to use the water because the mineral rights had been reserved. Mr. Zurek replied that the purchaser would not be able to enjoy the mineral rights, adding that UNR had been told there were no water rights associated with the property. He said that he did not know who had ownership of the spring. Chair Seastrand observed that the spring was on the property and would be sold to the new owner, yet the Board did not own the water rights. Mr. Zurek said that he was unaware of the disposition of the water on the land. Regent Dondero reported that the information had been provided to her by the Las Vegas Valley Water District. Mr. Zurek stated that UNR had employed two separate searches for the water rights. Both appraisers had indicated that the water rights do not go with the land.

Regent Sisolak echoed Regent Dondero's concerns. He was not aware that any land was left for sale at \$200/acre. He was concerned about vacating the water rights and asked whether UNR was sure. Mr. Zurek replied that the water issue had delayed the matter in the past. He indicated that this sale was the result of a public auction. The property was advertised in Ely, Elko, and the Las Vegas area. Of the thirteen properties listed, interest was expressed in only this one parcel from an adjacent property owner.

Chair Seastrand asked whether there had been more than one bidder. Mr. Zurek replied there was only one bidder who bid on two pieces of property. The second bid was not accepted. He related that the bid received was for more than the appraised value.

Regent Rosenberg asked about ownership of the water rights. Mr. Zurek said they could attempt to find out the disposition of the water. Chair Seastrand stated that it appeared to be irrelevant since it was not under Board control. Mr. Zurek suspected that there would have been more bidders interested if UNR was overlooking something.

Motion carried. Regent Dondero abstained.

31. Approved-Sale of Land, Belmont Square Shopping Center, Las Vegas, Nevada, UNR – The Board approved President John Lilley's request to negotiate the sale of the Belmont Square Shopping Center (land only) located at 3100 East Lake Mead Blvd., Las Vegas, Nevada. (Ref. O on file in the Board office)

Mr. Zurek reported that UNR was requesting authority to negotiate the sale of 1.4 acres in North Las Vegas. Presently, the improvements on the land are collectively known as the Belmont Square Shopping Center. All of the improvements are owned by the lessee and UNR has no interest in any of the buildings. The land was gifted to UCCSN for the benefit of the School of Medicine in 1983. UNR was recently approached by a potential buyer. The dean of the SOM does not view this as a critical piece of property and was interested in selling it for the right price. The property was last appraised in August 2002.

Regent Bandera moved approval of the sale of land in Las Vegas for UNR. Regent Hill seconded.

Regent Howard felt that more background was needed. She was unsure whose district the property was in. She felt there were still questions to be answered. She questioned the lack of alternatives in the briefing paper. She asked who had been consulted. Mr. Zurek replied that, if permission were granted to explore the potential of a sale, the item would return to the Board with an examination of the alternatives and a recommendation. Regent Howard asked who had gifted the property. Mr. Zurek replied that it had been a gift from Mr. Claude Howard. Regent Howard asked about the original intent for the property. Mr. Zurek replied that Mr. Howard had given the property to the SOM on an unrestricted basis. There were no conditions placed upon the land. The property was simply to be used for the benefit of the SOM. UNR was viewing this as an opportunity to liquidate the property and use the funds within the program. Regent Howard questioned that UNR never found a use for the land in 20 years. Mr. Zurek replied that this was the first time they had been approached by a purchaser. Regent Howard observed there were no facilities in north or west Las Vegas, or any of the minority communities, yet UNR

owned the land and nothing was developed. She asked about the revenue generated from the property. Mr. Zurek replied that it was a 55-year lease at \$1,500/month with no escalator clauses. Regent Howard asked whether the title had changed hands previously. Mr. Zurek replied that the title had not changed hands, adding that the lease had also not increased during this period of time. Regent Howard asked who built the buildings. Mr. Zurek replied that all of the buildings on the property were owned by the lessee, adding that UNR had no buildings or operations on the property. Regent Howard asked why others were allowed to construct buildings on System property. Mr. Zurek replied that they were often asked to subordinate their interest in order to allow improvements to property. General Counsel Ray stated that he was not familiar with the transaction, but affirmed that it was routinely done. Regent Howard asked why the practice was allowed and whether it caused problems later. She questioned the point of having land that was not used for the purpose intended. Mr. Zurek replied that many of the improvements could have already existed in 1983 when the property was donated.

Regent Sisolak said that it was the worst lease he had ever seen. He felt it should serve as notice to the Board not to rubber stamp their approval. He said that a 55-year lease with no escalation in rent was beyond belief. He said that it was common to not sell valuable property and to lease it long-term, allowing the lessee to erect buildings. He noted there was usually a provision for rent escalation. He explained that the System would receive only \$18,000/year for the next 35 years under the current lease.

Regent Howard stated that Mr. Howard was a great benefactor and made a great contributions to education. She did not believe that he intended the land to be used in this manner, adding that it had not really benefited the university. President Lilley replied that it had been a bad decision and that UNR wanted out of the arrangement. Regent Howard asked whether the land had been sold before. President Lilley replied that the land had been a gift to the university and had not been sold before. Regent Howard asked about a 1987 transaction and a 1983 reference to a party named Vollmer. Mr. Zurek replied that the Vollmer's were the original lessees of the property. Regent Sisolak explained that the reference (page 8 of 21) indicated the lessee could use their interest in the buildings to borrow money. Regent Howard asked whether the buildings would become System property. Regent Sisolak explained that the original arrangement had allowed the lessee to keep the buildings. Regent Howard said that she was concerned about the original terms of the lease. Mr. Zurek replied that the university was happy to accept gifts at any level. He suspected that many of the improvements were already on the property in 1983 when it was gifted. Regent Howard said that she wanted real answers.

Regent Howard moved approval of tabling the item. Regent Kirkpatrick seconded.

Regent Sisolak noted a point of order asking whether the item was time sensitive. Chair Seastrand replied there would be no discussion. General Counsel Ray agreed.

Regent Alden said that he would abstain from voting because he had been contacted about this matter.

Chair Seastrand explained that the Board would vote on tabling the issue. Since no timeframe was provided, it would be tabled indefinitely. He clarified that a "no" vote would allow further discussion.

Upon a roll call vote the motion to table failed. Regents Anthony, Bandera, Derby, Dondero, Hill, Rosenberg, Seastrand, Sisolak, and Whipple voted no. Regents Howard, Kirkpatrick, and Schofield voted yes. Regent Alden abstained.

Regent Alden left the meeting.

Regent Howard asked about the party interested in purchasing the land. Mr. Zurek replied that he was unaware of who had expressed the interest. He believed it to be one of the adjacent property owners. President Lilley said that he did not know who had expressed interest in the property. He said that it would be a public issue and the university would negotiate the best price. Regent Howard said that knowing who was interested would help her decide whether the property was being negotiated at the proper market. President Lilley replied that the price would be determined through negotiations, but assured her they would get the best value for the property that they were able. Regent Howard asked about the \$350,000 proposed. Mr. Zurek replied that it represented the appraised value of the property, adding that the appraisal was for a vacant and developable piece of property. He said that the lease could significantly impact the value of the property. Regent Howard asked about the owners of the buildings. Mr. Zurek replied that the lessee owned the buildings and sublet them to other businesses. Regent Howard asked who specifically the building owners were. She also asked who Mer-Car Corporation and Millennium Commercial Real Estate were. Mr. Zurek replied that they were the marketing and leasing agent for the property. He said that the owner had employed a management company to arrange for the leases with the various proprietors on the property. Regent Howard again asked who was interested in purchasing the land. President Lilley said that he did not know, but felt it was not material because a wide-open process would be employed. He related that those showing interest thus far might not be the final purchaser. He promised to get the best possible offer for the property.

Regent Bandera called for the question.

General Counsel Ray said that, if there were no objection to calling the question, the Board could proceed with voting on the original motion. Chair Seastrand noted that no objections had been raised.

The original motion carried. Regent Alden was absent. Regent Howard abstained.

Regent Sisolak reported that Regent Alden had requested it be made clear that Regent Alden was out of the room when the discussion ensued.

32. Approved-Transfer Water Rights to County, UNR – The Board approved President John Lilley’s request for the transfer of university water rights to the county, in exchange for an equivalent value of water service to the Wolf Run Golf Course (Ref. R on file in the Board office). President Lilley introduced Mr. Ron Zurek and Intercollegiate Athletics Director, Mr. Chris Ault. He noted that it was Mr. Ault’s first appearance since being inducted into the College Football Hall of Fame.

Mr. Zurek reported that UNR was requesting approval of the transfer of 100-acre feet of university surface water rights to Washoe County in exchange for 60-acre feet of water service in support of the Wolf Run Golf Course. In 1987, 160 acres of land was donated to the university’s Athletic Association for a golf course. The 18-hole championship course is located in southwest Reno and is open to the public. As the course has developed and operated, net proceeds have been used exclusively by AAUN to support men’s and women’s athletic scholarships. The original gift of land included 337-acre feet of water rights, which was believed to be sufficient for the course. It was later determined that more water was necessary. Another 100-acre feet was generously donated on an interim basis. That arrangement will end this summer. It has been determined that an additional 60-acre feet of water will be necessary. The exchange is valued at \$360,000. The university has reviewed the impact to the existing inventory of water rights. UNR recently completed a projection of its 10-year capital expenditure plan. If all of the construction planned were completed there would still be 429 acres on the campus and an additional 4,725-acre feet of water rights in connection with the various agricultural properties in the Truckee Meadows. This request involves approximately 2% of the university’s existing water rights.

Mr. Chris Ault reported that the golf course was in its 4th full year of operation and represented yet another extension of the university to the community. He related that the community involvement had a positive influence on the athletic department. In 1986, the primary obligation of Intercollegiate Athletics was to provide scholarships for student athletes. He related that the cost of doing business at the collegiate level was increasing. The athletic department purposely wrote the contract to generate additional revenue solely to fund scholarships. The agreement requires that an outside management agency run the day-to-day operations of the course. They are required to service the debt, pay the taxes and insurance, and all costs associated with development of the course. In the past 3 years, the course has averaged \$30,000/year in net proceeds. All indications point to increased revenues with the growing Reno population. Mr. Ault related that Board approval would provide the water necessary to maintain the course while allowing net proceeds to be devoted to scholarship funds.

Regent Rosenberg moved approval of the transfer of water rights for UNR. Regent Howard seconded.

Regent Rosenberg asked about the difference between water rights and water service. Mr. Ault replied that water service was a connection to the water supply and a delivery of service for a fee.

Regent Sisolak asked whether the course was watered with potable water. Mr. Ault replied that the County was now mandating use of effluent water for the golf courses. Regent Sisolak asked whether this was the matter that Justice Springer had written about. Mr. Ault replied that it was, adding that the matter had been resolved. Initially, there was concern that the university was going to sell the course to certain entities involving a housing project. He reported there were no longer any problems and the complaining parties were playing golf at the course. President Lilley stated that the issues had been clarified. Regent Sisolak asked whether everyone was satisfied. Mr. Ault replied that they were. Regent Sisolak said that he did not want this to be a decision that the Board would later regret. He asked whether the university had reviewed the long-term consequences and was absolutely sure about vacating the water rights. President Lilley said that he was satisfied that the university’s long-term water rights were adequate.

Regent Kirkpatrick asked about the number of students using the course and the amount of green fees. Mr. Ault replied that faculty paid \$40 in the winter and between \$25-40 for students. The general public fee is \$50-65 during prime months. He related that they would like to lower the fee for students. Students do not golf during the winter months and during the summer there are not many students there. They are trying to create specialized times for a minimal price. Regent Kirkpatrick asked whether rates increased for the summer. Mr. Ault replied that they did. Regent Kirkpatrick asked whether the general public’s use had been increasing. Mr. Ault replied that it was, adding that 31,000 rounds were played last year. He felt the course should accommodate 35,000 rounds, which was why they were optimistic that it would generate more revenue for the scholarship program. He related that the program had been well received.

Motion carried. Regent Alden was absent.

33. Information Only-Handbook Amendment, UCCSN Code, Tenure for State College Faculty, NSCH – This was the first hearing on a request to add a new chapter to the UCCSN Code (Title II, Chapter 7) to accommodate procedures for granting tenure to state college faculty. President Kerry Romesburg recommended the proposed language, which was endorsed by the NSCH faculty senate and had been reviewed by the General Counsel’s office. (Ref. S on file in the Board office)

President Romesburg reported that the wording was similar to UCCSN procedures with one exception; Section 7.4.2 (Standards for Recommending Appointment with Tenure). NSCH faculty must receive an excellent rating in the area of teaching or other professional duties, while the universities require an excellent rating in one of three areas. Since NSCH is a teaching institution, research will not be required of faculty nor will it be rewarded. Faculty must also have a satisfactory rating service in scholarship/creative activity and service. He related they had used the language recommended by the Northwest Accreditation Association.

Chair Seastrand asked whether the faculty agreed. NSCH Faculty Senate Chair, Dr. Erika Beck replied that they did. Chair Seastrand asked whether there were other faculty senate concerns. None were expressed.

The meeting recessed at 11:49 a.m. and reconvened at 12:15 p.m. with all members present.

34. Information Only-2003-2005 Biennial Budget Update – Chancellor Jane Nichols and Vice Chancellor Dan Miles updated the Board on the status of the 2003-2005 biennial budget request. The Governor has made his recommendations to the legislature. The Board may consider and adopt any further budget changes or other related actions to be recommended to the legislature. (Bound Report on file in the Board office)

Chancellor Nichols said that she would not be as detailed with the Board as she had been with the legislature, adding that she wanted to provide highlights regarding the budget.

- The Master Plan is the cornerstone of the System, providing the plan for the future.
- Nevada needs to determine what is necessary for the state to have a strong economy.
- The cornerstone of a strong economy is higher education.
- UCCSN is essential for that future.
- The Board's six goals were explained to the legislature.
- A letter sent by the Medicare program verified the difference the Dental School has made in southern Nevada in one year.
- The program has treated approximately 20,000 Medicaid and Nevada Check-up children since February 2002, exceeding the statewide total treated in 2001.
- Due to the dental school, the number of dentists available for Medicaid children who could not previously afford care has increased 75%.
- In order to deliver the six goals, the System must provide services in a more effective and efficient manner.
- Mission differentiation will prevent duplication of programs and ensure that academic programs and services are delivered in the most cost effective manner.
- UCCSN's transfer policy is the strongest in the U.S.
- Students can start at a community college and finish at a university with the same number of credits as if they started at the university.
- Key partnerships have been developed with major manufacturers.
- UCCSN emphasizes collaboration and not competition between System institutions.
- UNLV offers an upper division teacher education program at CCSN's Cheyenne campus.
- Reasons to support UCCSN's budget request:
 - Governor's budget recommendation is not built on a revenue forecast but on a tax proposal.
 - Supporting higher education is critical to Nevada's future.
 - Providing Nevada with an educated population.
 - Students are paying their fair share.
 - UCCSN continues to seek cost savings efficiencies.
 - Nevada is at a crossroads.
 - Nevada grew at a rate of 36% from 1993-1999. The national rate of growth in public universities and colleges was 1%.
 - Nevada realized phenomenal growth in both headcount and FTE.
 - Largest growth in the community colleges, especially CCSN.
 - Nevada has the highest percentage of part-time students in the U.S. primarily due to historically low financial aid and job availability.
 - Since the introduction of the Millennium Scholarship, more students are going full-time and taking more courses.
 - Studies indicate that part-time students are most likely not to persist to graduation. UCCSN is trying to encourage full-time participation.
 - The distribution of undergraduates by age group differs for Nevada's universities and community colleges.
 - Universities have about 53% of 18-22 year olds.
 - With Nevada's historically low college-going rate, students are returning to college later in life.\
 - Nevada students take longer to obtain their degrees. Most graduates are between 24 and 26 years of age.
 - UCCSN needs to address concerns regarding availability of courses as well as part-time students. Taking longer to graduate is a cost to the state, the student, as well as the student's family.
- Growth Rate 1992-2002 -
 - GBC - 5% loss in headcount, but 38% growth in annual average FTE.
 - Students taking more courses (degree seekers).
- Minority Enrollment Gains -

- o Progress has been made with persistence and number of degrees.
- o Master Plan includes an objective for minority groups to have the same persistence and graduation rate as the majority group.
- o 30% of Nevada high school graduates are now considered minority.
- o 31% of UCCSN undergraduate enrollment are minority.
- Distance Education –
 - o UCCSN offers more distance education courses.
 - o More students are enrolled in distance education.
 - o More students are taking more distance education courses.
 - o Complete degrees are offered via distance education.
 - o Distance education courses taken by rural and urban students.
- UCCSN still not keeping up with population growth rate.
- 1992-2002 - 62% population growth and 41% change in headcount.
- Nevada's college-going rate has increased.
- Attributed mainly to the Millennium Scholarship, which began in 2000.
- Of the 48.8% recent high school graduates who enrolled in a college/university within 12 months, 35.5% enrolled in Nevada while 13.3% enrolled out-of-state.
- 37% of the Millennium Scholars would have left the state to go to school if the Millennium Scholarship was not available.
- Financial assistance still required for those not qualifying for a Millennium Scholarship.
- Nevada is 48th in college participation rate from low-income families.
- Critical to increase need-based financial aid.
- University fees increasing by 7-8% each year in next biennium.
- Community college fees increasing by 4.5%.
- Students support assisting with need-based aid. Students agreed to support a fee increase if half were set aside for scholarships.
- Economic benefits of a quality higher education –
 - o Working hard to provide economic benefits for Nevada.
 - o Technology transfer.
 - o Business support.
 - o Workforce development.
- Management Assistance Partnership Program (MAP) has parlayed \$500,000 in state support into generating \$1 million in revenue. The federal match is \$756,000. The program cultivates new business and recruits out-of-state businesses. Total economic impact of \$20 million.
- Growth in sponsored research.
- UNLV sustained a 207% growth in research from 1994-2002.
- Partnerships with employers.
- Workforce Needs –
 - o Nurses - \$12 million required in the next biennium to double UCCSN's nursing capacity; \$14 million required in the following biennium.
 - o Teachers and teacher aids.
 - o Engineers.
 - o Technology graduates.
 - o Business graduates.
 - o Current worker training.

Chancellor Nichols related that legislative committees had indicated it was unlikely the legislature would fund the \$12 million nursing request. UCCSN has pledged to work with the Board and the legislature to review cost effective options in these difficult fiscal times. A reduced proposal will be presented at the March Board meeting. The plan's success is dependent upon a minimum funding of 86% of the formula, the legislature funding summer school for nursing, an 8:1 ratio for community colleges in the formula, and continuation of favorable loan programs. UCCSN campuses had far more demand for nursing loans than they were able to support. TMCC had 27 applicants and only 8 awards.

Chancellor Nichols related that System institutions were doing their part in this time of fiscal crisis. The System has been cutting back and seeking efficiencies. Each institution is looking for ways to reduce student and state costs. New programs have been delayed, existing programs have been deleted, faculty are teaching more students, and dual enrollments in high school and college have been pursued. UCCSN realizes the need to take advantage of this type of cost savings.

- Space utilization – A mandate to develop plans to utilize space every day of the week and every hour of the day.
- Must utilize UCCSN buildings to the fullest extent. A report card system will be implemented to monitor progress and hold institutions accountable.
- Efforts to reduce remedial education.
- No faculty COLA increases included in the budget recommendation. The focus is on student growth. No enhancements were recommended by the governor due to the bleak economic forecast.

Chancellor Nichols reported that it was difficult to communicate why UCCSN requires 86% of the formula since it has been surviving on 79%. The formula represents the agreement between the state and higher education for the cost to run a university, state, or community college. Established by outside consultants for the Interim Finance Committee, it sets a baseline for budgetary considerations. It recommends replacement of desktop computers every 3 years, yet UCCSN has never been able to accomplish that. The formula funds equipment, operation & maintenance, teaching assistants, academic support, library services and library books. Nevada can only afford to fund a portion of the formula. Two years ago the legislature gave the presidents flexibility to move money within the formula budget areas in order to manage their institutions in the best manner. When the formula funding level is lowered institutions are unable to sufficiently staff student services, equipment is not renewed, library books are not purchased, and students are denied access to courses and equipment. Chancellor Nichols reported that the Board had requested an 87% funding level; Governor Guinn recommended 86%, which will put TMCC in a hold-harmless situation. Chancellor Nichols noted that the formula study was conducted to address equity issues. The formula was written to address the equity issue and UNLV's changing mission. The formula cannot address those equity issues when funded at an inadequate level. The formula also addresses taxonomy (course cost classification). Differences exist in the classification system for community colleges and universities. The previous legislature asked UCCSN to address the differences. The solution increased the cost of the formula if it were funded at 100%. The legislature is not particularly interested in funding the taxonomy if it requires more money and has asked UCCSN to reduce the cost while still preserving the intent for equity among and between the institutions. The Chancellor, presidents, and financial officers will again review the taxonomy in search of a solution.

Chancellor Nichols reported that UCCSN had three bill draft requests: 1) Approval to sell revenue bonds (dependent upon needs of institution), 2) Scholarship funds for education students, and 3) The carry-forward of unexpended appropriations as an incentive for prudent management of resources. She related that, if the legislature agreed to fund higher education, there would be more student opportunities, higher levels of student learning, more students completing degrees, more high-quality research, support for economic diversification, and more teachers and nurses for Nevada.

Vice Chancellor for Finance & Administration, Mr. Dan Miles, reviewed the Board's budget request forwarded to the governor:

- Current funding of \$1,029.60 million (FY01-03).
- Requested \$1,142.55 million for adjusted base and maintenance costs.
- Enhancements were submitted separately.
- Governor recommended \$1,264.76 million; 22.84% change.

Adjustments to the base budget included vacancy savings, professional merit pay for faculty, step movement for classified staff, CCSN's formula adjustment, DRI's cloud seeding program, energy cost overruns, the School of Medicine's medical malpractice plan adjustment, new construction projects, System Computing Center growth, support for Business Center North and Business Center South, library acquisitions for the law library (ADA requirements), and a startup library operation for NSCH, as well as funds for the Cooperative Extension. Formula calculations for enrollment growth were also included. UCCSN was funded at 81% with budget cuts reducing the level to below 80%. A funding level of 87% would have removed each campus from the hold-harmless condition. Four campuses are currently in a hold harmless condition due to the 81% funding level: UNLV, CCSN, TMCC, and WNCC. The legislature allowed those institutions to budget the amount necessary to maintain their current funding level with use of Estate Tax funds. No new money was provided to address the tremendous growth experienced. A hold harmless condition arises with poor enrollment growth or the formula is not funded at a sufficient level. Since the Estate Tax will become a declining source of revenue, the state was asked to replace Estate Tax funds with regular state funds.

Mr. Miles reviewed the governor's recommended budget. Governor Guinn is recommending \$14,172,315 million less than UCCSN requested for 2003-04 and \$5,209,394 million less than requested for 2004-05. The total budget recommended by the governor represented a 22.84% increase over two years. Mr. Miles then compared UCCSN's request with the governor's recommendation by appropriation area. The governor has recommended approximately half of the amount requested for the state college. Mr. Miles related that the formula was not used to derive that budget. Mr. Miles then reviewed the major variances between UCCSN's request and the governor's recommendation. Vacancy savings and DRI's cloud seeding program were removed by the governor. An \$800,000 EPSCoR request for federal matching was removed from the base budget request and located in decision unit M-203, which was approved with use of Estate Tax funds. A \$1.9 million SCS software/hardware request was approved though it was moved to decision unit M-100. Formula funding at 86% was included in the maintenance area (87% requested), which would put TMCC in a hold harmless situation. The governor's budget does not presently recognize the hold harmless situation. Inflationary adjustments for insurance were approved for \$3.69 million. \$5.26 million was included for dental school growth to be funded with Estate Tax funds. \$5.57 was recommended for SCS equipment/technology also to be funded with Estate Tax funds. Fringe benefit adjustments totaling \$24.4 million were recommended primarily to address group medical insurance for employees. The state health plan is in financial trouble. The state attempted to rectify the situation by requiring higher contributions from all employers. A small increase was also included for Public Employees Retirement System contributions.

34. Information Only-2003-2005 Biennial Budget Update – (Cont'd.)

Vice Chancellor Miles reported that the governor's recommendation excluded the following:

- Business Center growth - \$2.18 million.
- Library acquisitions - \$2.01 million.
- Cooperative Extension Educator for Mineral County \$.16 million.
- NSC Financial Aid - \$.25 million.
- Merit pay adjustment (-\$.19 million).

Regent Dondero asked whether new faculty and staff would receive the same benefits as existing employees. Mr. Miles explained that they would, adding that the price of those benefits was increasing for everyone. The increase is primarily due to group medical insurance and a small change in the state retirement rate.

Regent Anthony asked about the return of unused expenditures when UCCSN was already under-funded. Mr. Miles explained that, under state law, unexpended state appropriated funds or additional revenues not authorized for expenditure must be returned to the state. The proposed bill would allow UCCSN to manage the expenditure of those funds as an incentive to spend more wisely. Chancellor Nichols related that UCCSN returned very little. In the process of reconciling accounts by June 30th there is usually a small amount that is returned. Chair Seastrand explained that the state employed a "spend it or lose it" proposition with no incentive to manage the funds wisely.

Regent Sisolak asked about the likelihood of the formula being funded at 86%. Chancellor Nichols replied that it was the System's first priority to retain that funding level. She indicated that actual enrollments would likely be higher than what had been proposed. The formula will be recalculated based upon new growth. One low year can produce a significant negative effect. The state could either agree to fund at 86% and provide additional funds or not, which would drop the level of funding below 86%. The equity portion of the formula is not viable at less than 86%. Regent Sisolak asked whether all institutions would realize a decrease if the legislature funded the formula at less than 86%. Chancellor Nichols replied that the formula would still be applied. She related that states funding higher education with a formula tended to fund higher education best. The formula represents an implicit contract with the state and an agreement of the need, but it only works when funded at a certain level. If the formula is not funded at that level a distribution across the System is still viable with the enrollment growth numbers. One institution should not be disproportionately affected. The formula is intended to have the dollars follow the students. Many variables exist (i.e., graduate students are funded higher than undergraduates). Until UNLV has the same proportion of graduate students as UNR, differences will prevail. The part of the formula that provides UNLV more money for new faculty positions only works if they get new faculty positions. Hold harmless conditions negate the formula's intent for equity. Regent Sisolak asked why NSCH was not in a hold harmless situation. Chancellor Nichols replied that the state college was removed from the formula until it establishes a 3-year track record, adding that a dollar amount had been determined for NSCH. Regent Sisolak observed that if NSCH had been in a hold harmless situation they would not have lost money during this session.

Regent Bandera asked whether vacancy savings was a realistic number or forced. Mr. Miles replied that it followed historical data. They took 1% of the professional positions and 3% of the classified positions. Non-formula budgets were also reduced by 1% of professional salaries and 3% of classified salaries. He related that a debate would likely ensue.

Regent Bandera asked how the System could promise improved space utilization and force students to fill hours that may not accommodate their schedules. Chancellor Nichols replied that many of those perceptions had been proven wrong by some of the proprietary schools. She acknowledged that students who work in the evening must attend day classes and visa versa. She acknowledged that Friday and Saturday evening courses were not popular. She related that students are not averse to attending courses on Friday night/Saturday for 3-4 weekends. Scheduling blocks of time enables more efficient use of classroom space. She related that UCCSN could improve its scheduling with careful consideration. Regent Bandera asked whether the data elements for each institution were comparable, equal, easily definable and understood by all. Chancellor Nichols replied that a lot of time and money was spent on consultants to perform a base study related to defining UCCSN space by type and using national standards for space and establishing a definition of available space that all campuses have confidence in the square footage. Space utilization involves use of common definitions. There are still issues regarding the definition of the types of space and the national standards that must be used for benchmarks.

President Lucey reported that WNCC moved the responsibility of this analysis to institutional research, creating a shocking change in last year's report. The committee is struggling with understanding why that happened, how to deal with those data elements, and the meaning of space utilization. She felt that a great deal of credence should be given to the consultant who reported that the institutions should control class schedules and plan to best meet students needs instead of worrying about the right number of chairs to put in a classroom.

Mr. Miles continued his report with a discussion of Estate Tax expenditures. The budget authorizes \$78.07 million in expenditures this biennium, which requires using all Estate Tax funds, plus interest earned, and delving into the Estate Tax endowment. Changes in federal law involve phasing out the states' portion of the Estate Tax in 4 years. The Estate Tax exclusion has been raised from \$675,000 to \$1 million, and will be increased to \$1.5 million by January 1, 2004. So Estate Tax receipts will decline. It is also an unpredictable revenue source. UCCSN's share is 50% of state level collections. UCCSN received \$2 million in collections one year and \$40 million in another year. The average collection is estimated at \$15.8 million/year. He related there would likely be less Estate Tax available in the next two years than the governor had

budgeted for, yielding a shortfall. The governor has recommended \$92.6 million in Estate Tax expenditures. UCCSN plans to address this concern with the legislature.

Regent Kirkpatrick was disappointed by the amount of Estate Tax recommended by the governor. He asked what would happen to the Estate Tax fund. Mr. Miles replied that it would likely reach a deficit before the end of fiscal 05. He related that funds would continue to trickle in over time, adding there was an approximate 9-month lag for Estate Tax returns. Regent Kirkpatrick observed that UCCSN would have been better off spending the Estate Tax like the school district did. Vice Chancellor Miles disagreed. He said that endowing it provided the opportunity for future expenditures. Strong consideration was given to allowing UCCSN to maintain the balance and replace expenditures with state funds. If UCCSN had spent it as it was received (like K-12) they would never have earned any money from it. UCCSN received a larger benefit than what was actually collected due to successful investments over the 10-12 year period. Chancellor Nichols observed that many items funded by the Estate Tax were actually formula funded items from the base budget. The state was unable to replace those funds with state dollars. The Board's focus will be on trying to get the state general fund to pick up on the second year of funding because System Administration believes that sufficient Estate Tax funds will not be available. She observed there are 260 positions currently funded by the Estate Tax, adding that it would be an ongoing discussion with the legislature.

Regent Howard asked about the malpractice insurance for the School of Medicine. Mr. Miles replied that the adjustment was taken from the Estate Tax last year to help the SOM get through the current year.

Regent Kirkpatrick observed that the Estate Tax was used to fund financial aid, EPSCoR, and maintenance costs not covered by the state general fund. He observed that the System would be in a serious situation when Estate Tax proceeds ceased. Mr. Miles said that members of the joint money committees recognize they will face a \$90 million deficit in the state budget. He said there was clear understanding that these were necessary, ongoing expenses and not extras.

Regent Hill felt it critical for the Board and presidents to stand behind the Chancellor when she addresses the legislature, adding that a united front was necessary. Chair Seastrand agreed. Regent Sisolak agreed, adding that the students who spoke earlier in the meeting could provide UCCSN's best opportunity.

Vice Chancellor Miles reviewed the governor's recommendation for capital improvements. Virtually all capital improvement funds at the state level come from general obligation bonds. There are limitations on the amount of general obligation bonds that the state can issue. One is a constitutional cap preventing the issuance of bonds worth more than 2% of the assessed value. Fifteen-cents/\$100 of assessed value property tax supports the general obligations of the state. The governor's budget proposes to increase that to sixteen-cents. The governor's budget did not include furnishings and build-out for NSCH's first building. It also did not include UNLV's student services addition, even though planning funds were approved in the previous session. The governor's budget recommended HECC/SHECC maintenance and repair funds. He reported that interest had been expressed in a two-cent property tax increase which would directly benefit higher education.

Regent Anthony asked about private funding and how well UCCSN was pursuing contributions. Chancellor Nichols replied that she had advised the legislature that higher education was the only sector of state government that enabled buildings to be constructed with successful private fundraising. From 1991-2003, 44% of the cost of construction was paid with private funds. She related that community partners had responded, adding that the percentage increased every biennium. She related that most states do not expect higher education to pay for new buildings with private funds, adding that it placed a significant amount of pressure on UCCSN to continue those efforts.

Regent Sisolak observed that foundations normally raised funds for scholarships and endowed chairs instead of new buildings. Chancellor Nichols said that the quality of UCCSN institutions would be incredibly better if money could be diverted to those programs.

Regent Sisolak asked about the restriction on the capacity of assessed valuations. Mr. Miles explained that he had referred to the cap on the number of outstanding bonds. He explained that the real cap was the fifteen-cents/\$100 to service the bonds. In addition to the governor's proposed one-cent increase, there is another proposal for a fifteen-cent increase for general state revenues. Regent Sisolak asked whether the foundations could be used to help make this case because they were effectively on a constant capital campaign. President Harter observed that it was much more difficult to raise funds in the uncertain economic climate. Regent Sisolak said that he did not want UCCSN raising 90% of the funds required for new construction. Chancellor Nichols replied that UCCSN projects were ranked in Tier II of the State Public Works Board list, which could have been funded if Clark County property valuations had not decreased. She acknowledged that the two-cent property tax increase would be a topic of discussion with legislators.

Chancellor Nichols reported that, when the police study was conducted, the state was asked to study police salaries. The study revealed that UCCSN police salaries are very, very low. A recommendation was sent to the governor but was not included in his funding recommendation. She related that budget enhancements had not been discussed in spite of incredible incentives to the state. Chancellor Nichols was able to convey the importance of the one-shot expenditure for dental school equipment (\$4.7 million).

Chair Seastrand observed that Nevada has a traditionally low college-going rate, yet has been successful in increasing the number of people going to school. The Millennium Scholarship, a changing psychology, and the downturn in the market has helped convince people to return to school. The demand for services is apparent, yet the state funding has not changed. A new formula has been established, but funding remains traditionally low. He hoped the legislature would recognize the connection between the demand and what it will do for the future of the state in providing revenue sources. He acknowledged a collective belt-tightening. He encouraged support of the Chancellor in an attempt to get the legislature to see higher education's side of the story.

Regent Bandera thanked those providing tours of the southern institutions, adding that she was looking forward to touring the northern institutions as well.

35. New Business – Regent Howard asked about the status of the medical facility relocating from the Charleston area to the Summerlin area. She asked about transportation for indigent patients. President Lilley replied that a two-page summary had been sent to all Regents. He introduced Dr. Michael Harter, Vice Dean, School of Medicine.

Dr. Michael Harter reported there were several issues. In 2000, the family medicine residency program was placed on probation for a number of problems related to the West Charleston facility. For several years the residency program has been housed at CCSN but is actually part of University Medical Center. Walk-in patients are treated by UMC doctors in the Quick Care Center. Some patients were referred to the resident physicians for follow-up care, which facilitated a learning experience. The accrediting agency did not feel it was the most desirable learning experience. UMC is in charge of the clinic yet the accrediting agency requires that the School of Medicine have control over the management of the facility. UMC has also discontinued some less financially viable operations, including two of their Quick Care centers. UMC is vital to the School of Medicine's training operations. UMC has agreed to wait until June 30th to close the CCSN Quick Care Center, which enabled the SOM to make alternative plans for the unit. The SOM has taken over the quick care functions, which will keep the residency program together until the program moves to a new site, which should be completed between May 1st and June 30, 2003. Regent Howard asked about the new site location. Dr. Harter replied that it was located on Smoke Ranch Road in the Tenaya area near Mountain View Hospital. Regent Howard was concerned about the impact to patients requiring public transportation. Dr. Harter replied that approximately 62% of the patients currently seen at CCSN would be closer to the new facility. There are also several bus routes servicing the CCSN facility that will provide access to the Smoke Ranch location. Regent Howard asked whether any complaints had been received. Dr. Harter replied that he had not received any complaints.

The meeting adjourned at 2:10 p.m.

Suzanne Ernst
Chief Administrative Officer to the Board