

BOARD OF REGENTS BRIEFING PAPER

1. AGENDA ITEM TITLE: ONE-TIME DISTRIBUTION FROM OPERATING POOL RESERVE

MEETING DATE: January 19, 2018

2. BACKGROUND & POLICY CONTEXT OF ISSUE:

Due to market gains, the NSHE investment operating pool reserve is at historic highs. In recognition of this fact there was a discussion of potential uses of the reserve funds at the November 30, 2017 Investment Committee Meeting. As an action item, the Committee requested that the Chancellor present a list of institution initiatives at the January 2018 Board meeting for consideration by the entire Board at an amount up to \$25M. This action is consistent with prior special distributions from the operating reserve in which funds have been distributed to assist all of the NSHE institution in achieving both institution and system-wide strategic goals. If approved, funding for those initiatives would be distributed in early 2018.

3. SPECIFIC ACTIONS BEING RECOMMENDED OR REQUESTED:

Request for the Board to consider making a special one-time distribution from the fund in an amount up to \$25,000,000 based on a listing of initiatives from the institutions and Chancellor. The specific distribution amounts and use by campus are as follows:

Great Basin College, \$1,000,000

- Deferred maintenance pressing issues, including replacing obsolete heating and HVAC equipment -- \$325,000
- Upgrade IT and network infrastructure including new high speed fiber optic connections -- \$100,000
- Modernize interactive video technology (IAV) for a better classroom experience and expanded distance education capabilities -- \$475,000
- Advance planning and design work for new Winnemucca health sciences and technology center -- \$100,000

Western Nevada College, \$1,000,000

- Replace HVAC system on Cedar Building. This has been an ongoing deferred maintenance issue and with the current system the building is nearly unusable in the summer. Cedar houses all of the nursing simulation equipment and the heat/humidity is impacting the life of the equipment. Total project cost is estimated at over \$1.3M. In addition to the one-time funding of \$1,000,000, additional campus funds will be used to complete the project -- \$1,000,000

Truckee Meadows Community College -- \$2,000,000

- Repairs for severely deteriorated main campus parking lots to address overdue deferred maintenance needs that impact student access and safety -- \$1,000,000
- Advance planning and design work for new EATS building supporting Entrepreneurship, Hospitality, Theater, and the Sierra Culinary Institute -- \$1,000,000

College of Southern Nevada -- \$5,000,000

- Increase part-time faculty and hire additional advisors and counselors to improve the faculty to student ratio and provide additional intensive advising and counseling with the goal of improving student persistence and success -- \$3,800,000
- Additional support for student Access with additional late start courses and instructional support -- \$150,000
- Expand concurrent enrollment programs in support of Senate Bill 19 in coordination with CCSD -- \$150,000
- Address high priority deferred maintenance projects including elevator repairs and replacement and fire safety upgrades -- \$900,000

Desert Research Institute, \$1,000,000

- Upgrade and replacement of laboratory fume hoods, controls and accessories in the Maxey science center to bring the lab up to current health, safety and energy standards. This project is considered to be essential for the institution to continue critical research and attracting qualified faculty and staff -- \$1,000,000

Nevada State College, \$1,500,000

- Faculty to support increased enrollment in gateway English and Math courses due to increased enrollment -- \$629,076
- Student success initiatives to include 50% of the renovation cost for the high tech building that will service as a one-stop student services facility as well as expansion of mental health services for students, an increase to part-time faculty pay for market reasons and additional staff in the Academic Success Center -- \$444,815
- New faculty positions to support critical workforce related programs including deaf studies and criminal justice as well as an expansion of career services and placement support -- \$261,167
- Expansion in support of the state-wide mission including academic support and services on community college campuses as well improved transfer and articulation support -- \$164,942

University of Nevada Reno, \$5,000,000

- Undergraduate peer mentor pilot program addressing at-risk students beginning the spring of 2018 --\$500,000
- Science lab renovations to support STEM programs and research at the UNR Valley Road facility. Renovation will result in 5 new labs, renovation of an existing lab and 7 faculty offices -- \$2,500,000
- Campus-wide lab planning, design and renovation work to also support STEM education and research. Modern lab facilities are deemed essential as UNR continues on the path to Carnegie R1 status -- \$2,000,000

University of Nevada Las Vegas, \$7,500,000

- Emergency phone upgrades with modern higher performance IP based enhanced units as well improved lighting, additional cameras and other security enhancements -- \$1,000,000
- Improvements, modernization, network infrastructure enhancements and upgrades to security cameras in campus garages and other locations as well as an improved campus duress notification system and E-911 service -- \$900,000
- Police communications upgrades including phase 1 of replacing of the UNLV police radio communications first responders system including interoperability with the Las Vegas Metro police and enhancements to police mobility including additional patrol bicycles -- \$600,000
- Campus lighting enhancements and planning/design work for improvements and replacement of campus walkways, signage and enhancements to campus boundaries/edges -- \$600,000
- Renovation of approximately 19,000 sf of formerly EPA leased MSL and QAL facilities returned to UNLV for academic and research use -- \$2,900,000
- Replacement and enhancement of campus computer lab technology that has reached the end of serviceable life. Estimate the replacement of 300 computers and related software -- \$450,000
- Campus-wide web conferencing system to support student and faculty capability to collaborate and work in groups in different locations around campus and to provide a campus lecture-capture system for lecture dissemination and review capability -- \$150,000
- Technology upgrades for approximately 30 classrooms to provide for the latest digital technology -- \$150,000
- Second phase for campus-wide Wi-Fi improvements to enhance connectivity, speed and eliminate blind spots -- \$600,000
- Enhanced mobile applications by installation of the Mobile Backend as a Service (MBaaS) to support mobile application development and operations that will allow for secure mobile access to UNLV systems such as Campus Solutions (Peoplesoft) and Webcampus -- \$150,000

System Administration, \$1,000,000

- Hiring additional staff members to support data mining and report generation consistent with Board direction in relation to providing data to measure attainment by institution of the Boards strategic goals and initiatives. This is considered “bridge” funding while opportunities are evaluated to streamline operations as to provide ongoing funding for these positions. -- \$425,000
- Hiring an Inspector General to support the entire Board of Regents. Ongoing funding for this position is TBD -- \$175,000
- System Administration facility upgrades and addressing deferred maintenance requirements. Allowing for better utilization of existing facilities will be evaluated to save funds used to lease office space. Better utilization of existing space will allow staff to work in closer proximity as well as saving money on external leased space going forward -- \$400,000

4. IMPETUS (WHY NOW?):

The NSHE Operating Pool has experienced an extremely successful year in terms of investment returns on institution funds. Investment returns have exceeded the monthly campus distributions from the operating reserve and resulted in a balance exceeding \$80M in the reserve fund. In light of these healthy investment returns coupled with a forecast of a favorable investment climate entering 2018, the Investment Committee felt it would be beneficial to NSHE students and institutions to recommend a one-time distribution of a portion of the reserve funds to support the new strategic initiatives approved by the Board of Regents.

5. BULLET POINTS TO SUPPORT REQUEST/RECOMMENDATION:

- The balance in the operating reserve is very healthy and a one-time cash infusion to all NSHE institutions would address a number of issues including deferred maintenance, upgrading and expanding facilities and student access/support.
- Even if the distribution is approved, there will still be adequate funds available to meet unanticipated needs or weather a downturn in the market.
- The Board has approved a number of aggressive strategic initiatives and this funding would provide a catalyst to begin implementation and measurement
- The pooled reserve allows campuses to address working capital cash requirements, while at the same time accepting some investment risk to gain better returns. Campuses should be rewarded when favorable market conditions boost the overall returns.

6. POTENTIAL ARGUMENTS AGAINST THE REQUEST/RECOMMENDATION:

- This is a contingency fund and with the market at historic highs should funds be held in the event of a downturn.
- Retaining the funds for system-wide initiatives. For instance, iNtegrate II was funded from the operating reserve. System-wide initiatives benefit all campuses without having to do institution allotments which can impact day-to-day operations.

7. ALTERNATIVE(S) TO WHAT IS BEING REQUESTED/RECOMMENDED:

1. Do not do a distribution at this time from the operating reserve.
2. Do a distribution at a different amount from the \$25,000,000 that was recommended by the Investment Committee, either a lower amount or more than recommended.

8. COMPLIANCE WITH BOARD POLICY:

- Consistent With Current Board Policy: Title # _____ Chapter # _____ Section # _____
- Amends Current Board Policy: Title # _____ Chapter # _____ Section # _____
- Amends Current Procedures & Guidelines Manual: Chapter # _____ Section # _____
- Other: _____
- Fiscal Impact: Yes _____ No _____
Explain: _____