

UCCSN Board of Regents' Meeting Minutes September 17-18, 1981

09-17-1981

Pages 66-69

BOARD OF REGENTS

UNIVERSITY OF NEVADA SYSTEM

September 17, 1981

The Board of Regents met via a telephonic conference call on the above date to consider a recommendation that the Capital Improvement Fee be increased by one dollar per credit for all UNR and UNLV students, effective Fall semester, 1982.

Members present: Mr. Robert A. Cashell, Chairman

(Reno) Ms. Frankie Sue Del Papa

Mrs. Dorothy Gallagher

Members present: Mr. James L. Buchanan, II

(Las Vegas) Mr. John Mc Bride

Mrs. June Whitley

Members present: Mr. John Tom Ross

(Carson City)

Members absent: Mrs. Lilly Fong

Mr. Chris Karamanos

Others present: Chancellor Robert Bersi, Reno

President William Berg, Elko

President Joseph Crowley, Reno

President James Eardley, Reno

President Leonard Goodall, Las Vegas

President Clifford Murino, Reno

Vice Chancellor Mark Dawson, Reno

Secretary Bonnie Smotony, Reno

General Counsel Donald Klasic, Reno

Chairman Cashell called the meeting to order at 9:10 A.M. and asked Vice Chancellor Mark Dawson to explain the problem that has arisen concerning the bond issue.

Mr. Dawson reported that at the August 28, 1981 meeting, the Board approved a bond sale in the amount of \$2 million for the UNLV Hotel and Business Administration building at an interest

rate of 14.8% to the Bank of America. After analyzing the interest rate and the funds that are available, it was determined that the University does not meet all of the earnings tests that are required on this bond issue and therefore cannot satisfy the debt service in the year 1997 with existing revenues. Vice Chancellor Dawson further stressed the emergency nature of approving a \$1 per credit increase in the Capital Improvement Fee by stating the bonds must be delivered to the Bank of America by October 1, 1981, or the buyer will no longer be obligated for this purchase. He stated that in his opinion there were only two alternatives, one of which is to increase the Capital Improvement Fee by \$1 and the other to eliminate \$2 million from the Hotel and Business Administration Building Project. He stated that he did not believe the second alternative to be a viable one.

All of the Regents, individually, expressed their dislike and regret in having to impose such an increase. However, they also indicated that they believed it to be the only possible solution to the problem.

Dirk Ravenholt, UNLV Student Body President, stated that it was his understanding that the funds raised in one year would be adequate to satisfy the bond issue and requested that the \$1 increase, if necessary, be implemented for only the 1982-83 school

year.

Mr. Henry Chanin agreed that this was true and that the Board could reconsider and reduce the CIF after June 30, 1982.

Doc Bodensteiner, ASUN President, stated that the ASUN Senate had endorsed a recommendation and had directed him to make the following statement to the Board.

ASUN PRESIDENT ADDRESSES THE BOARD OF REGENTS

September 17, 1981

Once again, those who can least afford to bear a greater financial burden are faced with the possibility of having to dig deeper to bail out the System to the tune of \$200,000 per year. The Board will be making an ill-timed and unprecedented mistake by moving ahead with approval of another fee increase without any real opportunity for a well formulated opposition. It seems that at any time increased revenues are required anywhere within the System, it is most convenient to slap the burden on the students. After absorbing a 25% increase this year, we are vehemently opposed to any type of increase under any circumstances next year.

We are simply saying, find the money elsewhere. The students of UNR are responsible and have already done more than our share.

Further increase of student revenue will just give the Legislature another reason to cut State funding in 1983.

If you want to go ahead with construction of the Las Vegas building, then find some other source to supplement the bonding fund; if the Board doesn't know of any source at the present time, then table this matter until an equitable, rational, well thought-out decision can be reached. We are aware of the problem that you are facing in regard to high interest rates, but your problems are not unique. When students are faced with financial emergencies, they have to work out their own budget and survive. They have no one to impose levies or assessments upon.

At a time when students have already faced increased fees, increased tuition, increased housing and food costs, increased book prices, increased parking costs, and decreased financial aid we are being asked for more. The well is drying up. We believe that it is incumbent upon you to provide proper financial planning for us, and my question

from the students is, why have you not done so, and who is at fault?

In response to a statement by Regent Ross that UNR students are being asked to help finance a building at the UNLV Campus, Mr. Dawson indicated that no actual UNR funds will be expended, only used for cross pledging.

Mrs. Gallagher pointed out that it was the University of Nevada System having the problem and that it was the duty of the Board to remember that both Campuses are a part of that System. Mr. Cashell agreed, stating that this situation could be likened to UNR co-signing a note for UNLV.

Mr. Ross asked if any thought had been given to the UNR Church of Fine Arts building and was assured by President Crowley that this project is under consideration.

Ms. Del Papa moved approval of the recommended \$1 per credit increase in the Capital Improvement Fee with the stipulation it be reviewed after June 30, 1982. Motion seconded by Mr. Mc Bride.

In response to a question from Mrs. Whitley, Mr. Chanin explained the reason that this problem has arisen. Mr. Chanin stated that

a distinction should be made between things that are happening on paper and things that are really happening. The problem arises from the fact that the 1979 bond contract set up three tests on paper that needed to be met. These tests were designed as a part of a series of things included in the contract to enhance the security of the bonds and make them more attractive to investors. He added that a combination of factors, including the state of the bond market and the level of interest rates, have created this situation on paper. He further stated that no one could have anticipated such circumstances and that this was not a case of mismanagement or neglect on the part of anyone concerned.

Chancellor Bersi further clarified the situation by explaining that this was a circumstance created by factors in the economy and by timing factors over which the Board of Regents had absolutely no control. This was an example of a responsible body being compelled to act in the face of a problem with a major building under construction on one of its Campuses. He further agreed that there was a possibility that the fee could be returned and guaranteed that his Office and the Board would be watchful of that.

Motion passed without dissent by roll call vote.

Meeting adjourned at 9:33 A.M.

Bonnie M. Smotony

Secretary of the Board

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