SENATE BILL NO. 371–SENATORS TITUS AND RAGGIO

MARCH 11, 1999

JOINT SPONSOR: ASSEMBLYMAN DINI

Referred to Committee on Government Affairs

SUMMARY—Authorizes University and Community College System of Nevada to issue revenue bonds for Desert Research Institute building. (BDR S-1189)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State or on Industrial Insurance: No.

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EXPLANATION – Matter in ***bolded italics*** is new; matter between brackets ~~[omitted material]~~ is material to be omitted.

AN ACT relating to the University and Community College System of Nevada; authorizing the construction and equipment of a building for the Desert Research Institute; authorizing the issuance of securities to pay for part of the cost of the building; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. As used in sections 2 to 19, inclusive, of this act, unless the context otherwise requires, the words and terms defined in sections 2 to 14, inclusive, of this act, have the meanings ascribed to them in those sections.

Sec. 2. "Acquisition" includes the opening, laying out, securing, establishment, installation, construction or reconstruction, or the purchase, lease, gift, grant, endowment, bequest, devise, transfer, assignment, option to purchase, other contract or other acquisition, or any combination thereof, from the Federal Government, this state or any person, or any combination thereof, of any property pertaining to the project, or an interest therein.

Sec. 3. "Board" means the board of regents of the University of Nevada.

Sec. 4. "Cost of the project" means all or any part designated by the board of the cost of the project, or interest therein, which cost at the option of the board may include all or any part of the incidental costs pertaining to the project, including, without limitation:

1. Preliminary expenses advanced by the university or the board from any money available therefor, or advanced by this state, the Federal Government, or from any other source, with the approval of the board, or any combination thereof;

2. The costs in the making of surveys, audits, preliminary plans, other plans, specifications, estimates of costs and other preliminaries;

3. The costs of premiums on builders' risk insurance and performance bonds, or a reasonably allocable share thereof;

4. The costs of appraising and printing, and estimates, advice and services of engineers, architects, financial consultants, attorneys at law, clerical help, or other agents or employees;

5. The costs of making, publishing, posting, mailing and otherwise giving any notice in connection with the project, the filing or recordation of instruments, the taking of options, the insurance of bonds and other securities, and bank fees and expenses;

6. The costs of contingencies;

7. The costs of the capitalization with proceeds of bonds or other securities issued pursuant to this act of any operation and maintenance expenses pertaining to the project and of any interest on bonds or other securities for any period not exceeding the period estimated by the board to complete the project plus 1 year, of any discount on bonds or other securities, and of any reserves for the payment of the principal of and interest on the bonds or other securities, of any replacement expenses, and of any other cost of issuance of the bonds or other securities;

8. The costs of amending any resolutions or other instruments authorizing the issuance of securities pursuant to this act;

9. The costs of funding any short-term financing, construction loans and other temporary loans of not exceeding 5 years pertaining to the project and of the incidental expenses incurred in connection with those loans; and

10. All other expenses necessary or desirable and pertaining to the project, as estimated or otherwise ascertained by the board.

Sec. 5. "Equipment" means the furnishing of all related or appurtenant machinery, furnishings, apparatus, paraphernalia and other gear, or any combination thereof, pertaining to the project or any interest therein.

Sec. 6. "Facilities" means buildings, structures or other income-producing facilities from the operation of which or in connection with which pledged revenues for the payment of any bonds or other securities issued pursuant to this act are derived, including, without limitation, any facilities to be acquired with the proceeds of the bonds or securities issued pursuant to this act.

Sec. 7. "Improvement" includes the extension, widening, lengthening, betterment, alteration, reconstruction or other major improvement, or any combination thereof, of any property pertaining to the project, or an interest therein, but does not mean renovation, reconditioning, patching, general maintenance or other minor repair.

Sec. 8. "Net pledged revenue" means pledged revenue without deduction of operation and maintenance expenses, except as otherwise provided in section 11 of this act.

Sec. 9. "Operation and maintenance expenses" means all reasonable and necessary current expenses of the university or the board, or both, paid or accrued, of operating, maintaining and repairing the facilities pertaining to the pledged revenue for the payment of the bonds or other securities issued pursuant to this act. The term may include at the board's option, except as limited by contract or law, without limitation:

1. Legal and overhead expenses of the various university departments directly related and reasonably allocable to the administration of the facilities;
2. Fidelity bond and insurance premiums pertaining to the facilities, or a reasonably allocable share of a premium of any blanket bond or policy pertaining to the facilities;
3. The reasonable charges of any paying agent, or commercial bank, trust bank or other depository bank pertaining to any securities issued by the university or by the board or pertaining to the facilities;
4. Contractual services, professional services, salaries, administrative expenses, and costs of labor pertaining to the facilities;
5. The costs incurred by the board in the collection of all or any part of the pledged revenue, including, without limitation, revenue pertaining to the facilities;
6. Any costs of utility services furnished to the facilities by the university or otherwise; and
7. Reasonable allowances for the depreciation of furniture and equipment for the facilities.

Sec. 10. The term "operation and maintenance expenses" does not include:

1. Any allowance for depreciation, except as otherwise provided in subsection 7 of section 9 of this act;
2. Any costs of reconstruction, improvements, extensions or betterments;
3. Any accumulation of reserves for capital replacements;
4. Any reserves for the operation, maintenance or repair of the facilities;
5. Any allowance for the redemption of any bond or other security evidencing a loan or other obligation or the payment of any interest thereon;

6. Any liabilities incurred in the acquisition or improvement of any property comprising the project or any existing facilities, or any combination thereof; and

7. Any other ground of legal liability not based on contract.

Sec. 11. 1. "Pledged revenue" means a source of revenue arising from the gross revenue derived from or otherwise pertaining to the operation of one, all, or any combination of the facilities of the Desert Research Institute, including those relating to the project, after the deduction of the expenses of operation and maintenance of the facilities pertaining to that source or revenue.

2. The term includes:

(a) Grants, whether or not conditional, from the Federal Government for the payment of any securities requirements; and

(b) Net revenue derived from the operation of any facilities of the Desert Research Institute, or from any other available source, to which are extended a pledge and lien for the payment of the securities issued pursuant to this act or otherwise issued after the effective date of this act.

Sec. 12. "Project" means the planning, design, acquisition, improvement and equipment of a building for the Desert Research Institute in the vicinity of its existing campus in the environs of Las Vegas, Nevada, as required or desired by the university.

Sec. 13. "Securities" means notes, warrants, bonds, temporary bonds and interim debentures.

Sec. 14. "University" means the University and Community College System of Nevada.

Sec. 15. 1. The board may perform such acts, on behalf of and in the name of the university, as are consistent with the provisions of this act and other applicable law, to carry out the project.

2. To pay for the cost of the project the board may:

(a) Issue bonds and other securities of the university:

(1) In a total principal amount of not more than $8,600,000;

(2) In one or more series at any time, or from time to time, as determined by the board, within 5 years after the effective date of this act; and

(3) Consisting of special obligations of the university payable from any combination of net pledged revenue, secured by a pledge thereof and a lien thereon, subject to existing contractual limitations;

(b) Employ legal, fiscal and other expert services with any available money, including, without limitation, the proceeds of securities issued pursuant to this act; and

(c) Exercise the powers provided in NRS 396.809 to 396.885, inclusive, except as otherwise provided in this act.

3. This act does not prohibit the board from funding, refunding or reissuing any securities of the university or the board at any time pursuant to NRS 396.809 to 396.885, inclusive.

Sec. 16. Upon the request of the board, the state public works board may delegate to the board any authority concerning the project that is granted to the state public works board pursuant to chapter 341 of NRS.

Sec. 17. The legislature intends that the provisions of this act, being necessary to secure and preserve the public health, safety, convenience and welfare, be liberally construed to accomplish its purposes.

Sec. 18. If any provision of this act, or the application of this act to any person, thing or circumstance is held invalid, that invalidity does not affect any provision or application, and to this end the provisions of this act are declared to be severable.

Sec. 19. The provisions of this act are supplemental to and do not limit any other law of this state, except that the provisions of this act prevail over the inconsistent provisions of any other law of this state. No other law of this state concerning the issuance of securities applies to the issuance of securities pursuant to this act, except that the provisions of NRS 396.809 to 396.885, inclusive, that are consistent with this act apply as if the securities were issued pursuant to those sections.

Sec. 20. This act becomes effective upon passage and approval.

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