

SENATE BILL NO. 455—COMMITTEE ON FINANCE

(ON BEHALF OF THE NEVADA SYSTEM OF HIGHER EDUCATION)

MARCH 26, 2007

Referred to Committee on Finance

SUMMARY—Revises provisions governing the issuance of revenue bonds and other obligations by the Nevada System of Higher Education. (BDR 34-273)

FISCAL NOTE: Effect on Local Government: No.  
Effect on the State: 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 Nevada System of Higher Education; authorizing the Board of Regents of the University of Nevada to delegate certain of its authority with respect to the issuance of certain obligations; authorizing the Board of Regents to issue revenue bonds to finance the construction of student housing and parking facilities at Nevada State College; increasing the total authorized amount of revenue bonds that the Board of Regents may issue for certain projects and facilities within the System; expanding the authorized scope of certain such projects; and providing other matters properly relating thereto.

**Legislative Counsel's Digest:**

Under existing law, the Board of Regents of the University of Nevada is authorized to delegate to the Chancellor of the Nevada System of Higher Education or the Vice Chancellor for Finance of the System its authority to sign a contract for the purchase of securities issued under the University Securities Law or to accept a binding bid for such securities. (NRS 396.8455) **Section 1** of this bill provides a similar authorization for other obligations issued by the System which are not subject to the University Securities Law.

Under existing law, the Board of Regents of the University of Nevada is authorized to borrow money to finance construction of campus facilities by issuing revenue bonds and other securities. (NRS 396.845) This debt is not a general obligation of the State and is not repaid by legislative appropriations. (NRS 396.839, 396.843) Instead, the Board of Regents pledges to retire the debt using revenue earned from certain fees paid by students and from various campus



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operations, such as dormitories and food service. (NRS 396.828, 396.829, 396.839, 396.8395) **Sections 1.5-9** of this bill authorize the Board of Regents to issue revenue bonds in a total principal amount not exceeding \$15 million to finance student housing at Nevada State College and in a total principal amount not exceeding \$5 million to finance parking facilities at Nevada State College.

Under existing law, the Board of Regents of the University of Nevada, pursuant to section 5 of chapter 501, Statutes of Nevada 1991, as last amended by chapter 297, Statutes of Nevada 2005, at page 1029, is authorized to issue \$276,855,000 of revenue bonds for facilities at the University of Nevada, Reno, and \$339,055,000 of revenue bonds for facilities at the University of Nevada, Las Vegas. **Section 10** of this bill increases the amount of such bonding authority for facilities at the Reno campus to \$312,695,000 and for facilities at the Las Vegas campus to \$422,155,000.

Under existing law, the Board of Regents of the University of Nevada, pursuant to section 5 of chapter 297, Statutes of Nevada 2005, at page 1028, is authorized to issue \$20,000,000 of revenue bonds for parking facilities at the Community College of Southern Nevada and \$10,000,000 of revenue bonds for a residence hall at Western Nevada Community College. **Section 12** of this bill increases the amount of such bonding authority for the Southern Nevada campus to \$45,000,000 and for the Western Nevada campus to \$20,000,000. **Section 11** of this bill expands the authorized uses of the revenue bonds at the Southern Nevada campus to include facilities other than parking facilities.

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

**Section 1.** Chapter 396 of NRS is hereby amended by adding thereto a new section to read as follows:

*1. Before the sale or delivery by the System of an obligation to repay money in any form, other than an obligation issued under the University Securities Law, the Board of Regents may delegate to the Chancellor of the System or the Vice Chancellor for Finance of the System the authority to sign a contract for the sale or exchange of the obligation or to accept a binding bid for the obligation subject to the requirements specified by the Board of Regents concerning:*

- (a) The rate or rates of interest on the obligation;*
- (b) The dates on which and the prices at which the obligation may be prepaid before maturity;*
- (c) The price at which the obligation will be sold or the property for which the obligation will be exchanged;*
- (d) The principal amount of the obligation and the amount of principal and interest due on any specific dates; and*
- (e) Covenants to protect the owner of the obligation and the System that the Chancellor or the Vice Chancellor for Finance determines are necessary or desirable to obtain favorable terms for the System. A determination made pursuant to this paragraph, absent fraud or gross abuse of discretion, is conclusive.*



2. *All terms of the obligation other than:*  
(a) *The rate or rates of interest;*  
(b) *The dates and prices for the prepayment of the obligation;*  
(c) *The price for the sale of the obligation or property for which it will be exchanged;*  
(d) *The principal amount of the obligation;*  
(e) *The requirements for the payment of principal and interest on specific dates; and*  
(f) *Covenants to protect the owner of the obligation and the System that the Chancellor or the Vice Chancellor for Finance determines are necessary or desirable to obtain favorable terms for the System as provided in paragraph (e) of subsection 1, must be approved by the Board of Regents before the obligation is delivered.*

3. *The final rate or rates of interest, dates and prices of prepayments, price for the sale of the obligation or property for which it is exchanged, principal amount, requirements for payment of principal and interest on specific dates, and covenants as described in paragraph (e) of subsection 1, are not required to be approved by the Board of Regents if each of those terms complies with the requirements specified by the Board of Regents before the contract for the purchase or delivery of the obligation is signed or the bid for the obligation is accepted.*

4. *The proceeds of any money borrowed pursuant to this section may be invested as provided in NRS 396.861 and 396.8615.*

**Sec. 1.5.** 1. Except as otherwise provided in sections 2 to 9, inclusive, of this act, terms used or referred to in sections 1.5 to 9, inclusive, of this act have the meanings ascribed to them in the University Securities Law.

2. As used in sections 1.5 to 9, inclusive, of this act, unless the context otherwise requires, the terms defined in sections 2, 3 and 4 of this act have the meanings ascribed to them in those sections.

**Sec. 2.** “Net pledged revenues” means all the pledged revenues, without any deduction of any operation and maintenance expenses, except as otherwise provided in the definition of “pledged revenues.”

**Sec. 3.** 1. “Pledged revenues” means, in connection with securities issued pursuant to sections 1.5 to 9, inclusive, of this act to finance in part the project designated in section 4 of this act:

(a) The gross revenues derived from or otherwise pertaining to the operation of any one, all or any combination of facilities enumerated in NRS 396.828 and situated on the campus of Nevada State College, including, without limitation, the project, which revenues the Board, by the resolution authorizing the securities issued pursuant to sections 1.5 to 9, inclusive, of this act, determines



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1 to pledge for the payment of the securities, after the deduction of the  
2 expenses of operation and maintenance of those facilities pertaining  
3 to those pledged revenues; and

4 (b) The gross revenues derived from the imposition and  
5 collection of the fees designated in NRS 396.8395, payable by the  
6 students attending Nevada State College, subject to the limitation  
7 provided in subsection 5 of NRS 396.840.

8 2. "Pledged revenues" includes, in connection with students  
9 attending Nevada State College, any fees of students authorized by  
10 law after the effective date of this act, all grants, conditional or  
11 unconditional, from the Federal Government for the payment of any  
12 securities requirements, if any, and net revenues, if any, to be  
13 derived from the operations of income-producing facilities of  
14 Nevada State College, the Board or from other available sources,  
15 and to which fees, grants and revenues, the pledge and lien provided  
16 for the payment of the securities authorized in sections 1.5 to 9,  
17 inclusive, of this act and any other securities payable therefrom are  
18 extended after the effective date of this act.

19 3. "Pledged revenues" indicates a source of revenues and does  
20 not necessarily indicate all or any portion of such revenues in the  
21 absence of further qualification.

22 **Sec. 4.** 1. "Project" means the construction, acquisition,  
23 rehabilitation or improvement, or any combination thereof, of:

24 (a) Student housing at Nevada State College; and

25 (b) Parking facilities at Nevada State College.

26 2. The term includes any land, equipment and furnishings  
27 required therefor, and other appurtenances relating thereto.

28 **Sec. 5.** 1. The Board, on behalf and in the name of the  
29 University, is authorized by sections 1.5 to 9, inclusive, of this act,  
30 as supplemented by the provisions of the University Securities Law:

31 (a) To finance the project by the issuance of bonds and other  
32 securities of the University in a total principal amount not exceeding  
33 \$15,000,000 for student housing at Nevada State College and in a  
34 total principal amount not exceeding \$5,000,000 for parking  
35 facilities at Nevada State College, except that if the Board sells any  
36 of the bonds or other securities at a discount, the total principal  
37 amount of the bonds and other securities the Board is authorized to  
38 issue increases by an amount equal to the amount of the discount at  
39 which the bonds or other securities are sold.

40 (b) To issue the bonds and other securities in connection with  
41 the project in one series or more at any time or from time to time,  
42 but not later than 15 years after the effective date of this act, as the  
43 Board determines, and consisting of special obligations of the  
44 University payable from the net pledged revenues authorized by  
45 sections 1.5 to 9, inclusive, of this act and which may subsequently



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1 be payable from other net pledged revenues, secured by a pledge  
2 thereof and a lien thereon, subject to existing contractual limitations,  
3 and subject to the limitations in paragraph (a).

4 (c) To employ legal, fiscal and other expert services and to  
5 defray the costs thereof with any money available therefor,  
6 including, without limitation, proceeds of securities authorized by  
7 sections 1.5 to 9, inclusive, of this act.

8 (d) To exercise the incidental powers provided in the University  
9 Securities Law in connection with the powers authorized by sections  
10 1.5 to 9, inclusive, of this act, except as otherwise expressly  
11 provided in those sections.

12 2. Sections 1.5 to 9, inclusive, of this act do not prevent the  
13 Board from funding, refunding or reissuing any securities of the  
14 University or the Board at any time as provided in the University  
15 Securities Law.

16 **Sec. 6.** Bonds and other securities authorized by sections 1.5  
17 to 9, inclusive, of this act are subject to no limitations upon their rate  
18 of interest or the rate of discount at which they may be sold,  
19 including the limitations set forth in subsection 2 of NRS 396.850  
20 and in paragraph (d) of subsection 1 of NRS 396.852, except that  
21 the rate of interest on any of those bonds or other securities must not  
22 exceed by more than 5 percent the Index of Revenue Bonds most  
23 recently published before bids are received or a negotiated offer is  
24 accepted.

25 **Sec. 7.** The powers conferred by sections 1.5 to 9, inclusive, of  
26 this act are in addition to and supplemental to, and the limitations  
27 imposed by sections 1.5 to 9, inclusive, of this act do not affect, the  
28 powers conferred by any other law, general or special. Securities  
29 may be issued under sections 1.5 to 9, inclusive, of this act without  
30 regard to the procedure required by any other such law except as  
31 otherwise provided in this act or in the University Securities Law.  
32 Insofar as the provisions of sections 1.5 to 9, inclusive, of this act  
33 are inconsistent with the provisions of any other law, general or  
34 special, the provisions of sections 1.5 to 9, inclusive, of this act  
35 control.

36 **Sec. 8.** The Legislature intends that sections 1.5 to 9,  
37 inclusive, of this act, being necessary to secure and preserve the  
38 public health, safety, convenience and welfare, be liberally  
39 construed to effect their purposes.

40 **Sec. 9.** If any provision of sections 1.5 to 9, inclusive, of this  
41 act or the application thereof to any person, thing or circumstance is  
42 held invalid, that invalidity does not affect the provisions or  
43 application of sections 1.5 to 9, inclusive, of this act that can be  
44 given effect without the invalid provisions or application, and to this



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1 end the provisions of sections 1.5 to 9, inclusive, of this act are  
2 declared to be severable.

3 **Sec. 10.** Section 5 of chapter 501, Statutes of Nevada 1991, as  
4 last amended by chapter 297, Statutes of Nevada 2005, at page  
5 1029, is hereby amended to read as follows:

6 Sec. 5. 1. The board, on behalf and in the name of the  
7 university, is authorized by this act, as supplemented by the  
8 provisions of the University Securities Law:

9 (a) To finance the project by the issuance of bonds and  
10 other securities of the university in a total principal amount  
11 not exceeding ~~[\$276,855,000]~~ **\$312,695,000** for facilities at  
12 the University of Nevada, Reno, and in a total principal  
13 amount not exceeding ~~[\$339,055,000]~~ **\$422,155,000** for  
14 facilities at the University of Nevada, Las Vegas,  
15 \$35,000,000 of which may be used for the construction, other  
16 acquisition and improvement of a dental school and other  
17 structures and clinics associated with the dental school;

18 (b) To issue such bonds and other securities in connection  
19 with the project in one series or more at any time or from  
20 time to time within 18 years after the effective date of this  
21 act, as the board may determine, and consisting of special  
22 obligations of the university payable from the net pledged  
23 revenues authorized by this act and possibly subsequently  
24 other net pledged revenues, secured by a pledge thereof and a  
25 lien thereon, subject to existing contractual limitations, and  
26 subject to the limitation in paragraph (a);

27 (c) To employ legal, fiscal and other expert services and  
28 to defray the costs thereof with any money available therefor,  
29 including, proceeds of securities authorized by this act; and

30 (d) To exercise the incidental powers provided in ~~[this]~~  
31 **the** University Securities Law in connection with the powers  
32 authorized by this act , except as otherwise expressly  
33 provided in this act.

34 2. If the board determines to sell the bonds authorized by  
35 subsection 1 at a discount from their face amount, the  
36 principal amount of bonds which the board is authorized to  
37 issue provided in subsection 1 is increased by an amount  
38 equal to the discount at which the bonds are sold.

39 3. This act does not limit the board in funding, refunding  
40 or reissuing any securities of the university or the board at  
41 any time as provided in the University Securities Law.



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1     **Sec. 11.** Section 4 of chapter 297, Statutes of Nevada 2005, at  
2 page 1028, is hereby amended to read as follows:

3         Sec. 4. 1. "Project" means the construction,  
4 acquisition, rehabilitation or improvement, or any  
5 combination thereof, of:

6         (a) ~~[Parking—facilities]~~ *Student service facilities,*  
7 *classrooms and parking* at the Community College of  
8 Southern Nevada; and

9         (b) A residence hall at Western Nevada Community  
10 College.

11         2. The term includes any land, equipment and  
12 furnishings required therefor, and other appurtenances  
13 relating thereto.

14     **Sec. 12.** Section 5 of chapter 297, Statutes of Nevada 2005, at  
15 page 1028, is hereby amended to read as follows:

16         Sec. 5. 1. The Board, on behalf and in the name of the  
17 University, is authorized by sections 1 to 9, inclusive, of this  
18 act, as supplemented by the provisions of the University  
19 Securities Law:

20         (a) To finance the project by the issuance of bonds and  
21 other securities of the University in a total principal amount  
22 not exceeding ~~[\$20,000,000 for parking]~~ *\$45,000,000 for*  
23 *student service facilities , classrooms and parking* at the  
24 Community College of Southern Nevada and in a total  
25 principal amount not exceeding ~~[\$10,000,000]~~ *\$20,000,000*  
26 for a residence hall at Western Nevada Community College,  
27 except that if the Board sells any of the bonds or other  
28 securities at a discount, the total principal amount of the  
29 bonds and other securities the Board is authorized to issue  
30 increases by an amount equal to the amount of the discount at  
31 which the bonds or other securities are sold.

32         (b) To issue the bonds and other securities in connection  
33 with the project in one series or more at any time or from  
34 time to time, but not later than 15 years after the effective  
35 date of this act, as the Board determines, and consisting of  
36 special obligations of the University payable from the net  
37 pledged revenues authorized by sections 1 to 9, inclusive, of  
38 this act and which may subsequently be payable from other  
39 net pledged revenues, secured by a pledge thereof and a lien  
40 thereon, subject to existing contractual limitations, and  
41 subject to the limitations in paragraph (a).

42         (c) To employ legal, fiscal and other expert services and  
43 to defray the costs thereof with any money available therefor,  
44 including, without limitation, proceeds of securities  
45 authorized by sections 1 to 9, inclusive, of this act.



1 (d) To exercise the incidental powers provided in the  
2 University Securities Law in connection with the powers  
3 authorized by sections 1 to 9, inclusive, of this act , except as  
4 otherwise expressly provided in those sections.

5 2. Sections 1 to 9, inclusive, of this act do not prevent  
6 the Board from funding, refunding or reissuing any securities  
7 of the University or the Board at any time as provided in the  
8 University Securities Law.

9 **Sec. 13.** This act becomes effective upon passage and  
10 approval.

