

**SPECIAL MEETING  
BOARD OF REGENTS  
NEVADA SYSTEM OF HIGHER EDUCATION**

Student Union, Ballrooms B & C  
University of Nevada, Las Vegas  
4505 S. Maryland Parkway, Las Vegas

Friday, January 11, 2013, 9:00 a.m.

Video Conference Connection to:  
System Administration, Reno  
2601 Enterprise Road, Conference Room  
and  
Great Basin College, Elko  
1500 College Parkway, Berg Hall Conference Room

Members Present: Dr. Jason Geddes, Chair  
Mr. Kevin J. Page, Vice Chair  
Dr. Andrea Anderson  
Mr. Robert Blakely  
Mr. Cedric Crear  
Dr. Mark W. Doubrava  
Mr. Ron Knecht  
Mr. James Dean Leavitt  
Mr. Kevin C. Melcher  
Dr. Jack Lund Schofield  
Ms. Allison Stephens  
Mr. Rick Trachok  
Mr. Michael B. Wixom

Others Present: Mr. Daniel J. Klaich, Chancellor  
Ms. Crystal Abba, Vice Chancellor, Academic & Student Affairs  
Mr. Larry Eardley, Vice Chancellor, Business and Finance  
Ms. Brooke Nielsen, Vice Chancellor, Legal Affairs  
Mr. Vic Redding, Vice Chancellor, Administration and Finance  
Dr. Marcia Turner, Vice Chancellor, Health Sciences System  
Ms. Renee Yackira, Vice Chancellor, Administration and Operations  
Mr. Steven Zink, Vice Chancellor, Information Technology  
Mr. Scott Wasserman, Chief of Staff and Special Counsel to the Board  
Dr. Michael D. Richards, President, CSN  
Dr. Stephen G. Wells, President, DRI  
Dr. Mark A. Curtis, President, GBC

Mr. Bart Patterson, President, NSC  
Dr. Maria C. Sheehan, President, TMCC  
Dr. Neal J. Smatresk, President, UNLV  
Dr. Marc A. Johnson, President, UNR  
Dr. Carol A. Lucey, President, WNC

Also present were faculty senate chairs Dr. Charles Milne, CSN; Ms. Angela M. Brommel, NSC; Ms. Dani Chandler, NSHE; Dr. Shannon Sumpter, UNLV; Mr. Deuvall Dorsey, NSSA President, NSC; Mr. Mark Ciavola, CSUN President, UNLV; Mr. Michael Gordon, GPSA President, UNLV; Mr. Orion Cuffe, GSA President, UNR; Mr. Navgeet Zed, SGA President, TMCC; and Mr. Curtis Blackwell, ASWN President, WNC.

Chair Jason Geddes called the meeting to order at 9:02 a.m. on Friday, January 11, 2013, with all members present except for Regent Knecht.

Regent Schofield led the Pledge of Allegiance.

1. Information Only – Oath of Office (Agenda Item #1) - Nevada Supreme Court Justice Michael L. Douglas administered the Oath of Office to newly elected and re-elected Regents:
  - Dr. Andrea Anderson
  - Mr. Cedric Crear
  - Ms. Allison Stephens
  - Mr. Rick Trachok

Regent Knecht entered the meeting.

The meeting recessed at 9:07 a.m. and reconvened at 9:25 a.m. on Friday, January 11, 2013, with all members present.

Justice Douglas administered the Oath of Office to Regent Ron Knecht separately.

2. Information Only – Public Comment (Agenda Item #2) – None.
3. Approved - Employment Contract, Head Football Coach, UNR (Agenda Item #3) – The Board of Regents approved UNR President Marc A. Johnson’s request for a multi-year employment agreement for Mr. Brian Polian, as UNR head football coach, effective January 12, 2013, through January 11, 2018. The terms and conditions of the agreement were presented and discussed at the meeting (*Ref. BOR-3 on file in the Board office*).

3. Approved - Employment Contract, Head Football Coach, UNR (Agenda Item #3) – (Cont'd.)

President Johnson said UNR Head Coach Chris Ault announced his retirement on Friday, December 28, 2012. The recruiter currently contracted in the search for the athletic director position was contacted and engaged in the search for the head football coach position. An ethnically diverse pool of candidates was found and five interviews were conducted in Dallas, Texas on Friday, January 3, 2013. President Johnson participated in the interviews and in the selection and recommendation of Mr. Brian Polian to the Board of Regents as UNR's head football coach for a five year term to expire January 11, 2018.

President Johnson said a longer contract provides a sense of stability in a football program and makes it easier to recruit players and assistant coaches. The search consultant also recommended five to seven years as a standard length for coaching contracts. President Johnson cited several schools offering five year or longer contracts to coaching staff, including Boston College; Northern Illinois University; University of Akron; Colorado State University; San Diego State University and San Jose State University.

President Johnson said the offer's base pay is in the same range as Coach Ault's contract but with additional incentives. A new set of performance pay incentives has been created in the Mountain West Conference (MWC). The revenue received from the MWC through those endeavors will finance the majority of the performance bonuses, which are capped at \$300,000. Academic performance bonuses and liquidated damages are also involved.

Regent Knecht moved approval of a multi-year employment agreement for Mr. Brian Polian as UNR head football coach, effective January 12, 2013, through January 11, 2018, as presented. Regent Doubrava seconded.

Regent Knecht was heartened to see academic performance on a sliding scale built into the contract and would like to see it included in all coaching contracts in the future. He was hoping to see NCAA incentives as a normal feature in all head coach contracts to ensure full compliance with all rules. He was satisfied the base pay is less than what would have been paid to Coach Ault. Chair Geddes agreed NCAA compliance is important and is now being included in the president contracts. President Johnson said the NCAA element is addressed by inclusion of a disincentive clause of termination for serious violation of NCAA rules.

Chair Geddes was able to attend a reception for Mr. Polian the previous evening with UNR donors and boosters where enthusiasm for the recommendation was high.

Regent Crear expressed concern for offering a five year contract to an unproven head coach, feeling there was a difference between an assistant coach and head coach. Five years is a long and expensive investment in someone without a track record and he feels it is fundamentally irresponsible to lock the institution into such a long contract. He recommended a three year contract as more appropriate.

3. Approved - Employment Contract, Head Football Coach, UNR (Agenda Item #3) – (Cont'd.)

Regent Crear requested the Board to address the issue of hiring staff prior to Board approval. He said the reception held in Mr. Polian's honor, prior to Board approval of his contract, added salt to the wound and he would not support the five year contract, feeling it irresponsible.

Regent Geddes said he supports the five year contract and believed the reception was appropriate. He and Vice Chair Page recently met with the UNLV and UNR athletic directors to standardize coaching contracts. Although contract restrictions had not been part of those discussions they could be moving forward. He also felt a precedent had been created through the five year extension to UNLV Coach Hauck's contract after only one year on the job.

Regent Crear was open to dialogue but felt the situation was not comparable since Coach Hauck had previous head coach experience. He is not opposed to hiring someone without head coach experience but feels a five year contract is too much for this situation.

Regent Stephens felt the offer is clearly a rush judgment. The preferred method of placing current personnel in the interim position until a more thorough search could be conducted was overlooked and caused her concern. She would like to have a broader understanding of the diversity of the candidate pool and how Mr. Polian could be determined the best person in such a short period of time. She felt the reception the previous evening reflected the Board's approval was more of an afterthought although Chair Geddes had made it clear the Board would make the final decision.

President Johnson said there is tremendous community interest in football and basketball coaches. Although a deal was not ready until Sunday night the media was already reporting front page stories on the rumors. He emphasized the upcoming weekend is a heavy recruiting weekend and it is important to get the community involved. The university did not confirm any of the reports and had made clear the reception was for a meet-and-greet only and not a press conference. A press conference would be held later in the day after the Board's vote.

In regard to diversity, President Johnson had made it clear to the search firm a diverse pool of candidates on an ethnic basis was required. Of the five candidates interviewed one was an African American involved in the National Football League, one was a Hispanic American involved in college sports and three were Caucasian. Mr. Polian was selected because he had studied UNR well, has experience in coaching offense and defense and has shown himself to be a nationally recognized recruiter of student athletes.

President Johnson stated it is typical to move rapidly in hiring coaches to stabilize and solidify the program. As previously stated, there was a timing issue between Coach Ault's announcement and an important recruiting weekend. The search consultant also has a history as an athletic director and as a recruiter.

3. Approved - Employment Contract, Head Football Coach, UNR (Agenda Item #3) – (Cont'd.)

Regent Stephens said she is satisfied with the time frame and more satisfied with the ethnically diverse candidate pool. However, she is not satisfied the Board's role in the approval process is more than an afterthought.

Regent Wixom asked who prepared the contract. Vice Chancellor of Legal Affairs Brooke Nielsen said the standardized contract used at UNR and UNLV was prepared by UNR's General Counsel Mary Dugan. Vice Chancellor Nielsen said she reviewed the contract and believes it to be in proper form. Regent Wixom felt it important to confirm for purposes of the record the contract was the standard form prepared by the institution's general counsel.

Regent Wixom said a number of athletic contracts have been addressed during his time on the Board and he has struggled with the process. He felt the Board is forced into a box because the process has to move quickly although a good solution may not be available. Particularly heading into the recruiting season he felt it imperative for the Board to support the president and the team. He looks forward to a discussion on the process to make sure it is responsive and has the involvement of the Board.

Regent Page supports the contract but held reservations including the length of contract. He would have preferred to see an initial three year contract. He was concerned the reception was held the night before the Board meeting instead of waiting one more night until after the Board's vote. Overall, Regent Page liked the contract and the academic aspects contained within.

Regent Blakely supports the recommendation and the contract. He understood the concerns for the length of the contract but felt the longer time frame was important to program continuity.

Regent Knecht said his motion for approval was made despite having some of the same concerns as Regents Crear and Stephens. It is difficult to manage the process and keep the information confidential but agreed the reception could have waited until after the Board meeting. He suggested the situation be handled differently in the future to alleviate the concerns expressed. He felt Mr. Polian's background would allow him to take on the role of head coach without previous experience.

Regent Melcher welcomed Mr. Polian and complimented President Johnson and UNR's Athletic Director Cary Groth for completing a difficult job in a short amount of time. He appreciated the more standardized contract process. He noted the System just completed and approved three presidential searches without every member of the Board sitting on every search committees or having met all the candidates. He recommended the Board consider the need to shorten its discussions regarding athletics. He said he was tired of watching coaching candidates being put on the spot and having to listen to discussions about the Board's lack of process.

3. Approved - Employment Contract, Head Football Coach, UNR (Agenda Item #3) – (Cont'd.)

Regent Trachok requested the Board consider it spends much time hiring presidents and then second guessing those presidents' hiring decisions. He noted this level of discussion had not been held for the hiring of the last provost. However, Regent Trachok said he could not support the contract due to his position on coaching salaries.

Regent Crear asked what UNR's academic progress rate (*APR*) is. President Johnson replied it is 949.

Regent Crear noted the contract provides a bonus of \$25,000 just to maintain the current *APR*. President Johnson said the bonus is to reward continuous maintenance of the 949, which is above the minimum requirement of 925, and to provide a greater reward for increasing the score.

Regent Crear noted the three most recent president hires received three-year contracts yet a coach is being offered a five-year contract.

Regent Leavitt said he does not mind having a discussion on process but is concerned when standardization occurs too much. He was not sure everything has to be the same among the institutions. He said the Board needs to be careful not to micromanage as long as the process set by the Board is followed which he felt was done in this case. The Board needs to support the decisions of the presidents and to recognize it is not the hiring body but the approving authority.

Regent Crear felt the proposed contract was too one-sided in favor of Mr. Polian.

Regent Anderson questioned whether approval of coaching contracts should be under the authority of the Board.

Regent Schofield felt the Board hires good presidents as its leaders and the Board needs to rely upon those presidents.

Upon a roll call vote, Regents Anderson, Blakely, Doubrava, Geddes, Knecht, Leavitt, Melcher, Page, Schofield and Wixom voted yes. Regents Crear, Stephens and Trachok voted no. Motion carried.

Mr. Polian was then invited to address the Board and audience. Coach Polian said he is humbled and grateful for the opportunity to coach the UNR Wolf Pack and he is excited for his family to establish roots in the Reno area. Coach Polian recognized he was inheriting a program not in disrepair. He publicly recognized and thanked Coach Ault for his service to UNR and the state of Nevada. He emphasized he negotiated his own contract and felt it beyond fair to both parties. He would owe the university the length of the contract plus a \$1 million penalty if he chooses to leave before two years.

3. Approved - Employment Contract, Head Football Coach, UNR (Agenda Item #3) – (Cont'd.)

Regent Blakely asked Coach Polian to consider retaining some of the current coaching staff. Coach Polian said many factors would be considered in the selection of his staff, including consistency and continuity.

Regent Page asked Coach Polian for his perspective on the UNR football program. Coach Polian said the Wolf Pack's head coach is a premier job opportunity in the industry. He noted the program's stability, identity of the pistol offense, ability to recruit offensive skill, fan base and tradition of winning and a good recruiting footprint. He had also been surprised and pleased with the strong academic commitment expected from student athletes reflected in UNR's high APR.

4. Approved - Consent Items (Agenda Item #4) -Consent items were considered separately

*The Following Consent Items Were Considered Separately:*

- 4a. Approved – Minutes (Agenda Item #4a) – The Board of Regents' approved the October 19, 2012, Special Meeting minutes (*Ref. BOR-4a(2) on file in the Board office*).

Regent Blakely moved approval of the October 19, 2012, Board of Regents' Special Meeting minutes. Regent Schofield seconded. Motion carried. Regent Stephens abstained.

4a. Approved – Minutes (Agenda Item #4a) – (Cont'd.)

- August 24, 2012, Board of Regents' Special Meeting (*Ref. BOR-4a(1) on file in the Board office*).

Regent Knecht referred to page 5 of Ref. BOR-4a(1), agenda item 2d (*Amendment to Utility Easement, DRI and TMCC*) and asked if the deadlines had been met for the wind generated electricity turbine project. President Wells replied the deadlines had not been met making the project null and void.

Regent Knecht asked if the questions posed by the Board in regard to meeting schedules, cost effectiveness and economics were now moot. President Wells stated that was correct.

4. Approved - Consent Items (Agenda Item #4) – (Cont'd.)

4a. Approved – Minutes (Agenda Item #4a) – (Cont'd.)

- August 24, 2012, Board of Regents' Special Meeting (*Ref. BOR-4a(1) on file in the Board office*) – (Cont'd.)

Dr. Ellie Oppenheim said it had appeared advantageous for DRI and TMCC to secure fixed and predictable funding for utility expenses going into the future. The proposed project was dependent upon developer financing which they were unable to secure. For this reason, DRI notified the developer in a timely fashion and the agreements were terminated.

Regent Melcher called a point of order stating the agenda item is to approve the meeting minutes and not to reopen the discussion.

Regent Knecht clarified he was not trying to reopen the topic for discussion but rather to emphasize when such projects come before the Board in the future, he hoped definitive data on project schedules and financing would be available.

Regent Knecht referred to page 9 of Ref. BOR-4a(1) and asked Chancellor Klaich to clarify if the System actually received \$683 million from the legislature. Chancellor Klaich replied \$683 million was the high level appropriation mark but was not fully received.

Regent Knecht asked if the NSHE ever received or spent \$683 million as approved by the legislature. Chancellor Klaich said the actual dollars received are approximately \$640 million.

Regent Knecht referred to the second and third paragraphs on page 9 of Ref. BOR-4a(1) feeling the Chancellor's explanations of the FTE funding per institution over the course of the two paragraphs were in conflict with each other. Chancellor Klaich asked to be allowed to research and clarify his statements and to provide a response to the Board in writing.

Regent Knecht moved approval of Consent Item #4a(1) August 24, 2012, Board of Regents' Special Meeting minutes. Regent Blakely seconded. Motion carried. Regent Stephens abstained.

4b. Approved- Report of the Ad Hoc Performance Pool Taskforce (Agenda Item #4b) – The Board of Regents approved the report of the Board of Regents' ad hoc Performance Pool Taskforce meetings held on October 24, 2012, and December 12, 2012 (Ref. BOR-4b on file in the Board office).

4. Approved - Consent Items (Agenda Item #4) – (Cont'd.)

4b. Approved- Report of the Ad Hoc Performance Pool Taskforce (Agenda Item #4b) – (Cont'd.)

Regent Doubrava asked if the requested action is to approve or accept the report. Chair Geddes said the requested action is for approval of the taskforce's findings.

Regent Doubrava expressed his displeasure and disagreement with the findings. He did not feel the research monies obtained by the University of Nevada School of Medicine should be rolled into the undergraduate program.

Vice Chancellor of Academic and Student Affairs Crystal Abba said the taskforce felt it appropriate to include all sponsored project expenditures to increase the dollar volume over time.

Chair Geddes added the Legislative Committee to Study the Funding of Higher Education's discomfort was alleviated when UNR and UNLV were not competing or measuring against each other.

Regent Wixom agreed it was more of an issue in the Interim Committee. The taskforce was focused more on the performance pool aspects

Regent Wixom moved approval of Consent Item #4b – Report of the Ad Hoc Performance Pool Taskforce. Regent Trachok seconded. Motion carried. Regent Doubrava voted no.

4c. Approved - Revised Resolution for the University of Nevada Cooperative Extension Building Bond Call (Agenda Item #4c) – The Board of Regents approved a revised resolution directing the defeasance and redemption of the outstanding University and Community College System of Nevada Universities (nka NSHE) Revenue Bonds series 2004B and providing other details in connection therewith and approval of the associated amended escrow agreement (Ref. BOR- 4c on file in the Board office).

Regent Knecht asked Vice Chancellor Nielsen if it is her formal legal opinion to the Board that the instruments involved are legally sufficient and will do what the rest of the report purports is being done.

Vice Chancellor Nielsen said she has reviewed the resolution documents prepared by the UNR General Counsel and NSHE Bond Counsel Kendra Follette and feels them to be in proper form to accomplish the intent set forth in the resolution.

4. Approved - Consent Items (Agenda Item #4) – (Cont'd.)
  - 4c. Approved - Revised Resolution for the University of Nevada Cooperative Extension Building Bond Call (Agenda Item #4c) – (Cont'd.)

Regent Knecht moved approval of Consent Item #4c - Revised Resolution for the University of Nevada Cooperative Extension Building Bond Call. Regent Trachok seconded. Motion carried.
  
5. Information Only - Regent Orientation (Agenda Item #5)
  - 5a. Information Only - Welcome from the Chair and Members of the Board (Agenda Item #5a) - Meeting participants were introduced and Board Chair Jason Geddes and members of the Board offered welcoming remarks to newly elected Regent Allison Stephens and also to the re-elected Regents.
  
  - 5b. Information Only - Welcome from the Chancellor (Agenda Item #5b) - Chancellor Daniel J. Klaich welcomed the Regents and offered welcoming remarks.
  
  - 5c. Information Only - Institutional Presidents Introduction and Remarks (Agenda Item #5c) - The Presidents introduced themselves, gave a summary of their personal and professional (*academic*) background and discussed their institution, their institution's mission statement and what differentiates their institution from the other institutions in the System.
  
  - 5d. Information Only - Duties and Responsibilities of System Administration Staff and Board of Regents' Staff (Agenda Item #5d) - The Chancellor, System Administration staff and Board of Regents' staff provided information on the operation of their respective departments.

The meeting recessed at 11:45 a.m. and reconvened at 12:12 p.m. on Friday, January 11, 2013, with all members present.

Chair Geddes thanked UNLV President Smatresk and the UNLV and NSHE staff for hosting the meeting.

6. Information Only - Strategic Directions for the Future of Higher Education (Agenda Item #7) – Chancellor Daniel J. Klaich introduced a template (*Ref. BOR-7 on file in the Board office*) used to track and communicate the System's progress in achieving its Strategic Directions for the Future of Higher Education in Nevada. A report will be presented to the Board as a standing item at every meeting going forward.

7. Information Only - 2013-15 Biennial Budget and Legislative Report (Agenda Item #8) - The Board of Regents continued its discussion of the 2013-15 NSHE Biennial Budget Request submitted to the Governor, the Executive Budget, and any new developments from the 2013 pre-session legislative meetings.

Chancellor Klaich said the Governor's State of the State Address will occur on January 18, 2013. An excellent working relationship has been developing between the NSHE and the Governor's Office.

Regent Leavitt thanked Chair Geddes and Chancellor Klaich for developing and improving upon a close working relationship with the Governor.

Dr. Constance Brooks, NSHE's Director of Government Relations, reported the 77<sup>th</sup> Session of the Nevada Legislature will commence in three weeks. Thus far, 884 Bill Draft Requests (*BDR*) have been proposed of which 142 have been pre-filed. Of the 185 *BDR*'s the System has identified as important for tracking, 10 will require much attention, analysis and lobbying. The range of those 10 "hot" bills include concealed fire arms on NSHE property, the Millennium Scholarship, the Knowledge Fund and bills related to veterans' tuition.

Dr. Brooks and Vice Chancellor of Administration Renee Yackira have focused on outreach efforts with legislators including a presentation at the new legislator orientation, attendance at forums and the Governor's State of the State Address as well as a pre-session budget presentation scheduled for January 25, 2013.

Dr. Brooks said the System is working with the Nevada Student Alliance and K-12 to promote Education Awareness Day on February 25, 2013. The System and Board of Regents will also host a reception on February 25, 2013, at the Governor's Mansion. Further information will be sent out at a later date.

Legislative communication guidelines have been distributed to the institution presidents in order to ensure there is a well-organized strategy throughout the legislative session. In addition, an NSHE information sheet will be distributed to legislators the first week of the session.

Chancellor Klaich said System staff and the presidents will be working closely throughout the legislative session. System staff is also developing a new bill tracking system to keep the Board informed throughout the session.

8. Approved - University of Nevada, Reno, Planning Funds Request for the UNR Student Achievement Center (Agenda Item #6) – The Board of Regents approved UNR's request to move forward with the development of the new Student Achievement Center project and to expend up to \$7,000,000 from the Main Station Field Laboratory land and water rights sales proceeds for design and for site preparation which includes asbestos abatement and demolition of the vacated Getchell Library (*Ref. BOR-6 on file in the Board office*).

8. Approved - University of Nevada, Reno, Planning Funds Request for the UNR Student Achievement Center (Agenda Item #6) – (Cont'd.)

At the November 29-30, 2012, Board of Regents meeting, the Board of Regents approved the Investment and Facilities Committee report. The report included a recommendation for the sale of land (\$7.4 million) and water rights (\$5.3 million) for a combined total of \$12.7 million for the purposes of paying down remaining UNR Fire Science Academy (FSA) capital and operating debt and/or for use for UNR capital improvements as approved by the Board.

President Johnson said UNR's first priority remains paying down the remaining FSA capital debt of \$6.5 million currently paid for through student fees. UNR will pay the capital debt first so students are no longer responsible for the FSA. UNR would then like to expend up to \$7 million of the proceeds from the land and water sale for design and site preparation of the Student Achievement Center.

President Johnson said in June of 2012, the Board prepared a capital improvement priority list including a \$6.9 million request to support design and site preparation for the UNR Student Achievement Center. However, in August 2012, none of the \$6.9 million was recommended by the State Public Works Board for state appropriations. Therefore, the University is turning to its own resources from the sale of land and water rights to move ahead rapidly on construction of the Student Achievement Center.

The UNR Student Achievement Center will include a number of student services to connect the students to the campus and help ensure graduation. The projected services include a writing center, math center, tutoring center, disability support center, various areas for student cultural diversity and the veterans' center.

Regent Trachok moved approval of the development of the new Student Achievement Center project and to expend up to \$7,000,000 from the Main Station Field Laboratory land and water rights sales proceeds for design and for site preparation which includes asbestos abatement and demolition of the vacated Getchell Library. Regent Anderson seconded.

Regent Wixom understood the FSA capital debt would be paid off but asked if it would be wise to also pay off the FSA operating debt or go forward with the project. President Johnson explained after paying off the \$6.5 million capital debt, an \$11.8 million operating deficit will remain. The \$11.8 million operating deficit was created from balancing funds within the university so there is a zero interest effect. In 2013, \$2 million of the \$10 million in excess student fees was allocated to the debt. UNR anticipates fully paying off the deficit over a period of years. However, UNR believes the priority is to get facilities and services available to students.

8. Approved - University of Nevada, Reno, Planning Funds Request for the UNR Student Achievement Center (Agenda Item #6) – (Cont'd.)

Regent Wixom asked to see a plan in place to erase the operating deficit. He could support the project but did not want the deficit to be overlooked. President Johnson said UNR would submit a plan and the plan could be reported on quarterly in the fiscal exception report.

Regent Wixom asked if the total cost of the project is roughly \$36.2 million. President Johnson said that was correct.

Regent Wixom asked how the balance of the project will be funded. President Johnson said UNR does not anticipate the use of state funds for this building project. The Board is being asked to approve \$7 million of the proceeds from the land and water sale for design and site preparation which covers the \$6.9 million in unapproved state allocations. The Board's approval of the project will also prompt efforts to begin raising \$10 million through private fundraising. UNR also plans to spend \$20 million in bonded funds supported by the student's Capital Improvement Fee previously used to pay off the FSA construction debt.

Regent Anderson is excited about the project and what it will mean to improved student welfare.

Regent Trachok noted UNR will receive \$12.7 million from sale of the water rights and land. He asked what the balance of the FSA capital debt is. President Johnson replied the balance of the capital debt is \$6.5 million. In addition, the Board granted UNR permission to spend \$2 million of excess student fees against the FSA capital debt this year on a one-time basis.

Regent Trachok asked if the correct terminology is capital debt or a capital deficit. Chancellor Klaich explained the FSA operated at a deficit. Intra-departmental transfers occurred within the operations of the University to cover the operating deficit. Since the closure of the FSA the balance no longer accrues but the balance remains to be paid.

Regent Trachok asked if the operating deficit or obligation would be paid for by the remaining balance of the proceeds from the sale of the land and water rights and some of the excess student fees. President Johnson confirmed it to be the case.

Regent Knecht asked if \$7 million from the proceeds of the two sales will be used for site preparation including asbestos abatement and demolition. President Johnson clarified UNR still collects a \$6.50 per credit hour capital improvement fee to support bonding capacity. The building will be supported by \$20 million of this bonding capacity and \$10 million from philanthropic gifts.

Regent Knecht asked if the total of the funding sources comprises \$36.2 million of the estimated \$63 million for project completion. President Johnson clarified there were two

8. Approved - University of Nevada, Reno, Planning Funds Request for the UNR Student Achievement Center (Agenda Item #6) – (Cont'd.)

projected costs involved. The first one was for \$63 million to renovate the existing Getchell Library building. The alternative projection is to tear down Getchell Library and construct a stand-alone building for \$36.2 million.

Regent Knecht asked what the schedule will be. President Johnson said UNR will immediately work with H&K Designers hired to plan the building's footprint to support buildings. In the Request for Proposal (*RFP*), the company receiving the area design bid also receives first right of refusal to design the building. H&K Designers has accepted the project. As soon as the request is approved by the Board, work will begin on footprint and building design simultaneously in January. It is anticipated a footprint design will be available by the February 28-March 1, 2013, Board meeting. The building design is anticipated to be presented to the Board at its June 2013 meeting along with a request for consideration for bonding authority.

Regent Knecht asked when the Board could anticipate presentation of an action item for bonding and when the bond may be taken to market. Johnson replied a request for bonding is anticipated to occur in June.

Regent Knecht felt capital projects should move forward as soon as possible given the opportunity for significant savings in the current period of historically low interest rate levels. President Johnson said UNR will work with the Investment and Facilities Committee to assess the benefits of bringing a bond request to the March Board meeting. Regent Knecht welcomed President Johnson's suggestion.

Regent Page said caution is required to ensure more interest is not paid out over the life of a bond by moving its market date up.

Regent Knecht said his support of this request does not change his opinion the funds from the sale of portions of the Main Station Field Laboratory land and water rights should be used for agricultural programs.

Regent Stephens agreed with Regent Knecht, adding had she been on the Board at the time, she too would not have been in support of the measure.

Motion carried.

9. Approved - Campus Development, NSC (Agenda Item #9) – The Board of Regents approved NSC President Bart Patterson's request for NSC to appear before the Legislature's Interim Finance Committee to seek approval of a lease purchase agreement and its associated financing to construct two facilities on the NSC campus (Ref. BOR-9 on file in the Board office).

9. Approved - Campus Development, NSC (Agenda Item #9) – (Cont'd.)

President Patterson said NSC's goal is to construct two new buildings on the main campus site for a nursing education building and a student-centered administrative building. The estimated size of the project is 110,000 square feet and will replace the currently leased 52,000 square foot building located five miles from the main campus. The project is desperately needed and will allow additional room to grow and centralize the campus. The current campus does not have space for student activity or public meetings and the split campus creates a challenging situation.

President Patterson said now is the time to undertake the project due to the currently low interest rates. NSC's objective is to finance up to \$62 million to be paid through a reallocation of existing lease payments, utilization of existing Capital and General Improvement Funds, and implementation of a special student fee of \$150 per semester for those taking four classes or more. The finance method being pursued is a lease-purchase authorized pursuant to *Nevada Revised Statutes* 353.545. The NSHE is authorized like other state agencies to pursue a lease-purchase although it has not done so to-date. The structure of a lease-purchase is for a developer and general contractor to deliver a finished building and a separate ownership entity leases the property back to NSC for a period of 30 years at a flat rate until fully paid for.

President Patterson said in the current economic environment, when state capital is not available, a lease-purchase is an advantage since no state capital funds will be necessary. Bonding capacity is not an available option due to the constitutional debt limitations of the state and bonding capacity is maximized by a 20-year term which would make the project unviable. In these types of projects, the State Public Works Board is not the construction manager but will perform a design plan review and building inspection.

President Patterson said there is a competitive bidding process for these types of projects. Eighty-five to 90 percent of the project is through a bid or selection process of some type. Aspects of the project not bid include the general developer and buyout costs. The advantages of a lease-purchase are it minimizes risk of construction costs and delay and will not cost the state money.

Regent Melcher asked to hear information on operation and maintenance plans.

Mr. Buster Neal, Vice President of Finance, NSC, said the institution is currently looking at financing options including private lending or a public offering. The advantages and disadvantages of both have been reviewed from NSC's perspective.

Mr. Neal said private sector financing is a more expedited process, has fewer upfront costs and is more helpful when the entity does not have a high credit rating or a market name. The disadvantages of using private sector financing are the pool of investors is somewhat limited and more risk is involved since it is possible a private lender may not be able to complete the transaction.

9. Approved - Campus Development, NSC (Agenda Item #9) – (Cont'd.)

On the other hand, Mr. Neal said a public offering is more flexible in allowing for prepayment and refinancing without penalty. He noted the estimated cost projections were made conservatively and a prepayment option would allow NSC the option to prepay or refinance at a lower rate in the event of higher-than-normal enrollment or revenue projections. It is also felt the investment group in a public offering may be larger and would allow more Nevadans to participate. Certificates of Participation (COP) have been used by the state and the System in the past. The disadvantages to a public offering are higher costs, far more reporting requirements throughout the life of the loan, and lengthier project completion timelines.

Mr. Neal referred the Board to the two conservatively developed pro forma's contained in the reference material dealing with COP versus private funding. The upfront cost is higher with the COP process while its interest rate is lower than with private funding. However, the upfront costs offset the lower interest rate so there is little material difference by the end of the 30 year timeframe.

President Patterson said NSC is recommending the route of the COP financing. NSC must obtain approval from the Legislature's Interim Finance Committee (IFC) or the full legislature. The request before the Board is to allow NSC to appear before the Legislature's IFC on January 25, 2013, to seek its approval of up to \$61 million in financing through Certificates of Participation. NSC will then begin working with the Treasurer's Office and the Governor's Office on the necessary documents and agreements. It is hoped those agreements will be available for presentation to the Board at its February 28-March 1, 2013, meeting.

President Patterson said the objective is to get the COPs to market by mid-March in order to maximum the benefits to students by taking advantage of the lower interest rates. President Patterson is working with Mr. Glenn Christensen, chair of the NSC Foundation, to raise funds in order to increase the project's capacity without increasing the amount borrowed.

Regent Knecht asked if it would be better to include in the motion an option to pursue private funding in the event it is determined to be a better choice. President Patterson said NSC is comfortable with the COP route but having flexibility to consider both options with a strong preference for the COP route would be appreciated in the motion.

9. Approved - Campus Development, NSC (Agenda Item #9) – (Cont'd.)

Regent Knecht moved approval of allowing NSC to appear before the Legislature's Interim Finance Committee on January 25, 2013, to seek its approval of a lease purchase agreement of up to \$61 million in financing to construct two facilities on the NSC campus. Incorporated into the motion is flexibility on the financing, but with a strong preference for the Certificates of Participation option. Regent Crear seconded.

Regent Wixom said he is strongly in favor of the COP process over private sector financing. The narrow scope of the request to allow NSC to appear before the IFC added to his comfort level. The final lease and developer agreements will be brought back to the Board. President Patterson confirmed it to be true.

Regent Wixom said there is a profound need on the NSC campus for a building and he felt the timing was right.

Regent Leavitt felt Regent Knecht's suggestion wise and asked if a friendly amendment would be appropriate. Regent Knecht indicated the motion was rephrased to incorporate flexibility.

Regent Knecht restated the motion to be approval of the request as presented, with flexibility on the financing and with strong preference for the Certificates of Participation option as requested by NSC.

Regent Blakely said he is concerned for the System's ability to pay on the back end of 30 years. He feared the proposal pushes the institution into a place to expand student population and therefore is not in support of the request.

Regent Knecht understood Regent Blakely's reservation but noted the process going forward is not irrevocable until the Board approves the final documents. He feels NSC has done a good job in being conservative in their estimates. He did not feel the Board had to embrace the idea that the future of public higher education involves no or less public funding. The proposal is a creative model to the extent the Board is expected to search for new sources of funding on a continuing basis.

Regent Anderson felt if the buildings are available the student population will increase exponentially.

Regent Schofield felt acquiring the NSC acreage had been a golden opportunity from day one and feels the institution is going in the right direction. He supports the request.

Motion carried. Regent Blakely voted no.

The meeting recessed at 1:10 p.m. and reconvened at 1:20 p.m. on Friday, January 11, 2013, with all members present.

10. Information Only - UNLV Now Project (Agenda Item #10) - UNLV President Neal J. Smatresk, staff and project stakeholders presented an update on UNLVNow activities occurring since the November 2012 Board meeting (*Ref. BOR-10 on file in the Board office*).

Regent Geddes announced there would be a special Board meeting on February 22, 2013, for UNLV to present detailed information on the UNLV Now Project. The meeting is anticipated to begin at 9:00 a.m. and will be located on the UNLV campus.

Mr. Donald Snyder, Dean, Harrah College of Hotel Administration, UNLV, Mr. Craig Caveleer, Majestic Realty, and Mr. Pat Christenson, president of Las Vegas Events, provided a PowerPoint presentation on the UNLV Now Project (*on file in the Board Office*). The presentation included information on the reasons for considering a mega-events stadium in the Las Vegas area, history and timeline of steps having already occurred, progress made to-date, next steps, possible events and targeted future events.

Dean Snyder said the financing plan, the area plan and the basic economic terms will be presented to the Board of Regents at its February 28-March 1, 2013, meeting.

Regent Wixom requested to see a complete analysis of the project's upfront costs, the annual and biennial operating expenses and how those expenses will be allocated, the revenue stream with a particular focus on how revenues impact UNLV, the anticipated capital replacement reserves and an analysis of the return on investment over time on an annualized basis.

Regent Leavitt asked for an understanding of how the mega-events stadium will impact events currently held at other locations. Regent Leavitt is also curious of ways a mega-events stadium in southern Nevada will benefit the entire state, including the Reno area.

Regent Crear asked what the anticipated timeline and plan is for introduction of the Bill Draft Request (BDR) for the tax revenue district to the legislature. Dean Snyder said the BDR is in the process of being drafted and will be sponsored by Speaker of the Nevada Assembly Marilyn Kirkpatrick. It is anticipated the framework for the bill will be available for review by the Board's February 22, 2013, meeting. Regent Crear asked for the Board to receive a copy of the finalized BDR.

Regent Page asked if there were plans to move the National Finals Rodeo (NFR) to the future mega-events stadium. Dean Snyder said the NFR will stay at the Thomas and Mack Center with the meg-events stadium to be used as an extension of the NFR activities.

Regent Page asked if changes were anticipated for the Thomas and Mack Center. Dean Snyder recognized the Thomas and Mack Center is a 30 year old facility and would benefit from updating although no structural changes are anticipated.

10. Information Only - UNLV Now Project (Agenda Item #10) – (Cont'd.)

Regent Knecht viewed the project in statewide terms but recognized 72 percent of the people and economy are in Clark County and feels the project is vitally important. He asked for information related to prevailing wage or contract labor agreements.

Regent Trachok appreciated the UNLV Now Project team for being responsive to the many questions. He asked to see an analysis of the NSHE's exposure or risk if the project does not go as planned.

Regent Schofield appreciated the vision of the mega-events stadium and the benefits the project will bring to UNLV, the City of Las Vegas and the state.

Regent Melcher asked what impact the mega-events stadium will have on the disposition of the Sam Boyd Stadium and what is being done to ensure the safety and welfare of faculty, staff and students. He felt there needed to be a focus on the welfare of the students and the campus as a whole.

Dean Snyder believed information on all the Regents questions would be available at the February 22, 2013, meeting.

11. Information Only - Universities Athletic Report (Agenda Item #11) - UNR President Marc A. Johnson and UNLV President Neal J. Smatresk provided an update on recent changes to the Mountain West Conference (MWC) membership.

President Johnson reported the MWC is comprised of 10 football member institutions and nine all sports members. Recent changes would have included the exit of Boise State and San Diego State to the Big East Conference and the gain of San Jose State and Utah State. However, due to the deteriorating situation of the Big East Conference, Boise State has asked to remain in the MWC but requested special conditions to recognize the financial gains of their particular high performance football program.

President Johnson said the MWC board of directors approved a plan to bring Boise State back to the MWC while retaining three important principles: 1) the MWC is a set of similar, regionally-based colleges and universities which operates as an association of equals; 2) the MWC is an association of schools with all sports under the same conference, with the exception of Hawaii which is a football program only; and 3) all MWC members have equal opportunities for revenue distribution with no single school receiving special treatment.

President Johnson stated after tough negotiations, Boise State will return to the MWC as an all-sports school and will give all television rights to the MWC. The MWC will have exclusive ability to sell the games. The MWC will retain the Boise State home games as a separate package not under the current CBS contract. The CBS contract has been renegotiated with a lower amount of revenue and CBS has agreed to allow the MWC to keep the Boise State home games outside of the renegotiated contract.

11. Information Only - Universities Athletic Report (Agenda Item #11) – (Cont'd.)

President Johnson said the MWC held to its principles during the negotiations. However, a performance pay program was established to help protect Boise State's value while also providing incentives to the other members. The first category is a national exposure bonus which gives \$500,000 to any school participating in a national televised contest on ESPN, ESPN2, ABC, CBS, NBC or Fox on a Saturday.

President Johnson explained with the BCS system change in 2014 to a four-team national finals process it is anticipated the different conferences will receive post-season revenue distribution from the BCS. The second category in the new performance pay program is MWC schools participating in the BCS finals or attaining a spot in the top 25 rankings will receive half of the distribution received by the MWC and the other half will go to the general conference for equal distribution among the schools. Profits from participation in a BCS bowl game will also be distributed 50 percent to the school in the bowl game and 50 percent to the schools in the conference.

President Johnson said Boise State is paying exit fees to the Big East Conference and Big West Conference. The MWC has agreed to reimburse Boise State up to \$3 million from the distribution of revenues they would have normally received in the current year which were forfeited by their initial intention to leave. The MWC will now have 11 teams. If a twelfth team is signed, the conference will be split into two divisions which will result in a championship game and further revenue.

President Smatresk added San Diego State will need to decide by January 31, 2013, to rejoin the MWC or they will owe the conference a significant sum of money. If the MWC ends up with twelve member programs, there will be massive rescheduling exercises which may mean UNR and UNLV will not meet in the first year. Also being discussed and considered is a possible revenue sharing system for basketball programs within the conference.

President Smatresk said since a more fair system of revenue distribution appears to be on the horizon, there is an opportunity for a significant amount of funds but not until as late as 2015. In the interim, President Smatresk anticipates some difficulty with television budgets. CBS continues to be a contractually obligated partner with the purchase of a primary package of inventory. The remaining inventory is available for sale to interested partners and should create some value added. The universities may need to consider bridging the funds until 2014 due to the shortfalls in television revenue.

Regent Trachok asked for a future agenda item to address Board approval prior to conference changes.

12. Information Only - New Business (Agenda Item #12) – Regent Geddes requested a future agenda item to address the Board’s policy on athletic contracts.

Regent Trachok requested a future agenda item to determine what value a successful athletic program plays in promoting and improving overall educational benefit.

President Schofield requested the Board consider ways to improve and promote the importance of mathematics.

Regent Melcher requested a future agenda item to revisit options to reward executive administrators in benefits incentives and healthcare. Secondly, he asked the institutions to maintain their on-line events calendars. He noted in 2013 GBC and UNR are holding commencement exercises on the same day making it impossible for Regents to attend both. He asked the Regents to consider showing the GBC students their support by attending the GBC commencement with him.

Regent Schofield requested the institutions return to the Board’s policy of coordinating commencement ceremonies so Regents could attend each one.

Regent Page requested the start times of the commencement ceremonies also be evaluated to allow the Regents to travel and attend in the same day.

13. Information Only - Public Comment (Agenda Item #13) – None.

The meeting adjourned at 2:54 p.m.

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Chief of Staff and Special Counsel to the Board of Regents

*Approved by the Board of Regents at the June 6-7, 2013, meeting.*