

PUBLIC HEARING ON PROPOSED SALE OF PROPERTY

**TELECONFERENCE
BOARD OF REGENTS
NEVADA SYSTEM OF HIGHER EDUCATION**

Sites: University of Nevada Reno
Nightingale Concert Hall
Reno, Nevada 89557
System Administration
5550 W. Flamingo, Suite C-1, Las Vegas
Main Conference Room
Las Vegas, Nevada 89103
Wednesday, September 7, 2005

Members Present: Mr. Bret Whipple, Chair *{Reno site}*

Mr. Mark Alden *{Las Vegas site}*

Dr. Jill Derby *{Reno site}*

Mrs. Thalia M. Dondero *{Reno site}*

Mrs. Dorothy S. Gallagher *{Reno site}*

Mr. Douglas Roman Hill *{Reno site}*

Mrs. Linda C. Howard *{Las Vegas site}*

Mr. James Dean Leavitt *{Reno site}*

Mr. Howard Rosenberg *{Reno site}*

Mr. Steve Sisolak *{Reno site}*

Mr. Michael B. Wixom *{Reno site}*

Members Absent: Dr. Stavros S. Anthony

Dr. Jack Lund Schofield

Others Present: Vice Chancellor, Legal Affairs Dan Klaich *{Reno site}*

President John Lilley, UNR *{Reno site}*

Vice President Ron Zurek, UNR *{Reno site}*

Interim Clerk to the Board, Fini Dobyns *{Reno site}*

Board Chair Bret Whipple called the public hearing to order at 2:11 p.m. on Wednesday, September 7, 2005, with all members present except Regents Anthony and Schofield.

Regent Michael B. Wixom offered the invocation.

Chair Whipple asked potential speakers in the audience to complete an identification card so that speakers could be identified in an orderly fashion. He related that the special meeting was being conducted to provide an opportunity for Board members to hear important information regarding the proposed sale of land at Mill Street and McCarran Boulevard in Reno, Nevada. No action was to be taken during the meeting.

Regent Alden requested that each speaker identify themselves prior to speaking so that Regents Alden and Howard could follow the context of the meeting while attending via teleconference from the Las Vegas System office.

Chair Whipple indicated that President Lilley would provide a brief presentation of the proposed sale that would be followed by a session for open comment. In order to provide sufficient time for everyone to speak, Chair Whipple limited comments to four minutes per person. He noted that information that had been provided subsequent to the mailing of the agenda had been provided to Board members and would be made part of the meeting record.

Regent Derby asked about the length of UNR's presentation. President Lilley replied it would take fifteen minutes.

1. Information Only-Presentation on Proposed Sale - Representatives of the University of Nevada, Reno, presented a proposal for the sale of fifty-five (55) acres of real property located at Mill Street and McCarran Boulevard, Reno, Nevada. The presentation and/or the public comment on the proposal included information regarding other bids received on the property, the relationship of this property to regional flood control issues, the relationship of this property to the mission of the University or its constituent parts and all other matters that might reasonably be considered by the Board of Regents to be material in considering the proposed sale.

President Lilley introduced Mr. Ron Zurek, Vice President, Administration and Finance-UNR. Mr. Zurek reported the University recommended the sale of 55 acres of property, located at Mill Street and McCarran Boulevard in Reno, Nevada.

Milestone Events:

- · July 2004, UNR campus master plan received final approval from Regional Planning Commission.
- ✓ · Current campus 267 acres; Valley Farms;
- ✓ · Anticipate by 2050 that campus will have expanded to 860 acres.
- · University's Guiding Principles:
- ✓ · Mission of the College of Agriculture, Biotechnology & Natural Resources will not be compromised.
- ✓ · All transactions and conveyances subject to fair and adequate consideration.
- ✓ · Board of Regents approval.
- · July 2004, Mill & McCarran appraised for \$6.9 million.
- · November 2004, Washoe County purchased the neighboring 26-acre Steele Ranch for \$6.2 million as part of the flood control program.
- · December 2004, Washoe County made a \$6.9 million unsolicited bid for the Mill and McCarran property.
- ✓ · UNR does not accept unsolicited offers.
- ✓ · Offers subject to Board approval for authority to enter into sale negotiations.
- ✓ · Public process employed for disposition of university held properties.
- · February 14, 2005, Mill & McCarran property reappraised for \$12.1 million. Same appraiser that facilitated the Washoe County purchase of the Steele Ranch.

1. Information Only-Presentation on Proposed Sale – (Cont'd.)

- · April 2005 Board meeting, Board approved UNR's request for authority to solicit offers for Mill & McCarran property.
- · May 10, 2005, UNR announces public bid process. Bids due June 20, 2005. Advertised locally (*Reno Gazette Journal & Las Vegas Review Journal*), as well as in the western and national editions of the *Wall Street Journal*.
- · May 24, 2005, Washoe County added Mill & McCarran to the flood control "Critical Properties Acquisition List".
- · June 24, 2005, President Lilley received a request for a 30-day postponement in bid due date. New date set for July 28, 2005. During 30-day postponement, UNR received no contact from Washoe County.
- · July 21, 2005, UNR received agenda for July 22nd Flood Coordinating Committee meeting containing a resolution asking UNR to postpone the Mill & McCarran public bid indefinitely.
- · July 22, 2005, upon advice of System legal counsel, UNR indicated the bid must proceed on July 28th. The committee staff indicated they could be ready by that date. The committee requested that staff be aggressive in their bidding.
- · July 28, 2005, four bids received.
- ✓ · Washoe County Bid Key Terms:
 1. New appraisal becomes binding price.
 2. \$12.1 million cap on appraisal.
 3. If possible, combination of cash/real property, otherwise cash.
 4. No time frames for completion of transaction.

- · August 5, 2005, UNR announced selection of Pacific West Homes, LLC based upon \$13.2 million offer price with contingencies. All bidders were notified.
- ✓ · Pacific West Homes, LLC Bid Key Terms:
 1. \$13.2 million.
 2. 60-day due diligence period. No penalty fee for backing out.
 3. Deposit (\$660,000) becomes non-refundable as follows:
 - · \$250,000 non-refundable after 60 days.
 - · \$410,000 non-refundable after tentative map approved or 6 months, whichever occurs first.
- · August 9, 2005, UNR met with *Reno Gazette Journal* regarding bid results. Reporter provided copy of County bid.
- · August 10, 2005, *Reno Gazette Journal* reports that:
 - ✓ · Washoe County intends to derail UNR's selection.
 - ✓ · Washoe County's minimum bid is \$12.1 million.
 - ✓ · Washoe County maintains that Mill & McCarran property critical for flood control and UNR is thwarting the public good for \$1.1 million difference in the bid.
- · August 10, 2005, *Reno Gazette Journal* contacted regarding factual error; editors decline to issue a correction/clarification.
- · August 11, 2005, *Reno Gazette Journal* editorial asks UNR to accept Washoe County's \$12.1 million bid.
- · August 12, 2005, at the Flood Coordinating meeting, UNR:
 - ✓ · Clarified that Washoe County's bid is indeterminate with a \$12.1 million maximum;
- 1. Information Only-Presentation on Proposed Sale – (Cont'd.)
 - ✓ · Clarified that, presently, 9 acres are in the floodway, while 46 acres are considered in the floodplain;
 - ✓ · Defended the selection of Pacific West Homes, LLC based upon the price and contingencies.
 - · The Flood Coordinating Committee members:
 - ✓ · Discussed the possibility of requesting UNR to reconsider its decision;
 - ✓ · Discussed attending the Board of Regents' meeting to lobby the rejection of the Pacific West Homes, LLC bid;
 - ✓ · Discussed letting the sale to Pacific West Homes, LLC go forward and negotiate a land exchange;
 - ✓ · Agreed to reconsider the matter again at their September 9th meeting.
 - · September 2005, *Reno Gazette Journal* indicates that UNR reports it is legally and ethically obligated to recommend Pacific West Homes, LLC offer to Board of Regents.

Mr. Zurek reported that all of the flood management alternatives being studied had one thing in common: the need for a major flood detention basin and consideration of the University Main Station Farm. UNR has indicated that they are prepared, have engaged in conversations, and outlined a potential scenario for issuing an easement on the property for use as a flood detention basin.

Regent Sisolak asked whether the nine acres in question was where the standing water was now. Mr. Zurek replied that the property nearest the river is in the floodway. Vice Chancellor Klaich stated that the property referred to by Regent Sisolak was nearer to the southeast corner of the property by Mill & McCarran; likely irrigation water. Mr. Zurek replied that was not the nine acres. He then displayed the exact location of the property on the overhead screen. Regent Sisolak asked whether this was a California LLC. Mr. Zurek replied it would be conducted as a Nevada LLC, though it is a California company. Regent Sisolak asked whether the LLC was presently in Nevada. Mr. Zurek assumed it was since the offer had been submitted. Regent Sisolak asked whether statute required disclosure of the members/partners of an LLC. He said he wanted to know their identities. Mr. Zurek said he did not know their identities. Vice Chancellor Klaich offered to research whether the statute had passed in the last legislative session. He agreed the proposed statute required disclosure of members of limited partnerships/limited liability companies with ownership in excess of one-percent when doing business with governmental entities. Regent Sisolak again requested the members' identities.

Regent Alden expressed his appreciation for Regent Sisolak's comments, noting that the Board conducts its business in the open.

Mr. Zurek clarified that Pacific West Homes, LLC is an existing Nevada LLC and offered to provide the members' identities at the September meeting. He reported the company had completed 20-25 home building projects in the area.

1. Information Only-Presentation on Proposed Sale – (Cont'd.)

Regent Howard observed that the information could be obtained from the Secretary of State's website and questioned the delay in providing the information. Mr. Zurek offered to make a telephone call immediately following adjournment of the meeting.

Regent Sisolak clarified that the information could not be accessed from the website, which was why he had requested the disclosure.

Regent Derby expressed her concern for being "good neighbors", the Board's responsibility to the community, and the common concern regarding flooding, as well as the Board's commitment to the agricultural community and the university's focus on research and advancing the agricultural community. She asked about the 1,100 acres across the street and its role in the flood mitigation plans. Mr. Zurek recalled that, at the previous Board meeting, UNR made a presentation about ongoing discussions with Washoe County, the City of Reno, the City of Sparks, and the Army Corps of Engineers. One scenario outlined called for UNR to make the Main Station Farm available with an exchange of property. The property could primarily be used for agricultural production, research, and teaching. Careful consideration would be given to the placement of improvements and facilities to allow for flooding. Regent Derby asked whether it would take a major portion of the property. Mr. Zurek surmised that it would, but could be shared during non-flood years. Regent Derby asked whether the agricultural community had been included in these conversations. Mr. Zurek replied that conversations had been primarily with Washoe County, the City of Reno, the City of Sparks, and the Army Corps of Engineers. UNR has established a Citizens Advisory Committee, which is working with the Dean, College of Agriculture, Biology, and Natural Resources-UNR, to help develop a long-term property plan required for their programs. He said they had requested input from the agricultural community, thus no suggestion that UNR will do anything beyond the 55 acres at this time. Regent Derby said the Nevada agricultural community is very concerned about what they consider to be a diminishing focus on agricultural research and support. She felt it was important to hear their voices in this process. Mr. Zurek noted that, in 1979, the Dean, School of Agriculture-UNR, identified that property as excess property. That property has been viewed as separate from Main Station Farm property for quite some time.

Regent Dondero asked about the status of the negotiations. Mr. Zurek replied that the Army Corps of Engineers has been promising a plan, possibly by the end of the year. Regent Dondero asked whether any funds had been committed to this project. Mr. Zurek replied that no funds had been committed. Federal legislation is several years away. Nevada employs a 1/8-cent sales tax increment to accumulate a fund for purchases of critical flood property, which is under County management. There is no federal funding at this point. Regent Dondero asked about any promises. Mr. Zurek replied they were on track to apply for federal funds, but it is a long and complex process. Once the plan is received, an environmental impact study will be conducted.

Regent Leavitt asked whether the 55-acres were being used for a specific project that could not be conducted on the 1,100 acres. Mr. Zurek was not aware of any function or

1. Information Only-Presentation on Proposed Sale – (Cont'd.)

activity that was unique to the 55 acres. He said they would have specific answers at the September meeting.

Chair Whipple asked whether Regents Howard or Alden had any questions. They did not.

2. Information Only-Open Comment on Proposed Sale Requirements - Public comment was taken on the proposed sale, including any or all of the matters set forth in the preceding agenda item.

Mr. Tony Lesperance, President, Humboldt County Farm Bureau, provided a letter from Winnemucca rancher,

Mr. Roger Richards (*on file in the Board office*) . Mr. Lesperance stated that agriculture is very important in Humboldt County, the largest agriculture producing county in the state. Directly and indirectly, Humboldt County generates approximately \$250 million into Nevada's economy. The College of Agriculture and the Main Station Farm are very important to them. Historically, the Main Station Farm has been an integral part of the college, including the Mill Street property. It has been used in innumerable research projects, master theses, and publications in the past. Mr. Lesperance performed his masters and Ph.D. work at the college in the 1950's-1960's. As a senior professor in the College of Agriculture in the 1970's, he was unaware of anyone declaring any of the property as surplus. In the 1960-70 era, research was dictated by regional projects. UNR was a member of the Western Regional Project System, which included the twelve western land grant institutions. Nevada Experiment Station was highly regarded, and was generally considered the third best agricultural experiment station in the west, following Davis and Oregon State. The college was a leader in range livestock nutrition, range livestock management, crop production, and plant breeding. Without the Main Station Farm facilities, it would have been impossible for the college to maintain that position. Today the College of Agriculture/CABNR (*College of Agriculture, Biotechnology & Natural Resources*) is no longer involved in that type of research. Regional project funding is still available, but the emphasis has shifted from production agriculture to basic laboratory oriented research driven by NIH grants, conservation biology, or ecological research that is foreign and sometimes counterproductive to production agriculture. Mr. Lesperance lamented the dwindling number of research areas no longer being taught. He said that production agriculture no longer receives the technological advances that CABNR could provide. He related that agriculture production did not support the sale of the farm. He felt that the intent of Board Resolution # 81-8 was clear; all money would go to agriculture, and not merely some minor percent of the sale value. He suggested that ignoring or rescinding the resolution would be extremely unwise. If the pressure to sell the Mill Street property is insurmountable, he strongly urged the Board to invest those monies into the positions necessary in research and teaching to bring the College of Agriculture back to production agriculture where it can play a vital role to the state's welfare. Mr. Lesperance provided a copy of his remarks (*on file in the Board office*) , as well as letters from two of the largest agriculture enterprises in Humboldt County (*on file in the Board office; copies were faxed to the Las Vegas participants*) .

2. Information Only-Open Comment on Proposed Sale Requirements – (*Cont'd.*)

Regent Sisolak asked whether there were two different groups opposed to the sale. Mr. Lesperance replied that agriculture felt that if the door were opened to sell the farm, it would never close until it was entirely sold. He related that agriculture opposed the sale. With regard to the 55 acres, he knew of no one who felt that the money could be used for anything other than agriculture. Most importantly, the university must reinstate production agriculture as a vital campus program. Regent Sisolak asked whether no one favored selling the 55 acres and using that money to help with the 1,200 acres. Mr. Lesperance replied that a case could be made in return for a guarantee to return to production agriculture, but the Board would not receive any support for siphoning a portion of the money for other university projects.

Regent Leavitt asked whether there was anything unique about the 55 acres that could not be conducted on the 1,100 acres. He asked whether the 1,100 acres were being used to the full capacity. Other than the concern for opening the floodgates, he asked whether the Board would lose anything if the money was diverted to the 1,100 acres. Mr. Lesperance replied that they would be losing nothing because nothing was occurring on the property at this time. He said the institution was a national leader in production agriculture and now is last in the west. He said they had nothing to lose except the faith of all rural Nevada if it were sold. Regent Leavitt established there was nothing unique about the 55 acres that could not be done on the 1,100 acres. Mr. Lesperance reminded Board members that they represent the interests of the people of the State of Nevada. Production agriculture generates nearly \$2 billion annually to Nevada's economy. Mr. Lesperance stated that the Board would probably have support to sell the property if the Board could guarantee the Nevada agriculture community that every dollar from the sale would be used to develop production agriculture.

Mr. Dennis Hellwinkel, President, Nevada Farm Bureau, stated that it was fundamental for the Board to understand that the Nevada Farm Bureau did not believe that the land grant obligations for agricultural research were being met. The Bureau fully understands the challenges faced by those working on behalf of the industry with the CABNR. The research needs of Nevada production agriculture are not being met. The Bureau

maintains the following two points:

1. The Nevada Farm Bureau is not certain that the sale should be authorized. The research property under discussion could easily be important for use as meaningful, production oriented agricultural research. Because it is somewhat apart from the Main Station Research Farm, separated by McCarran Boulevard, the possibility exists for using the 55 acres as a control area or for experimental activities; particularly in the area biodiversity genetic alteration. CABNR Dean David Thawley has asked Nevada agriculture representatives to develop a proposed plan for agriculture research. He felt that sale of the property was premature in light of the unfinished planning process. He said it was an unnecessary action except for generating cash.
2. The Board is asked to set aside the provisions of Resolution #81-8, which called for the proceeds of the sale of agricultural research property to be placed into a trust fund with a priority of benefiting agricultural research and 4-H. He felt that attempts to bypass the provisions constituted a betrayal of that commitment.

2. Information Only-Open Comment on Proposed Sale Requirements – (Cont'd.)

Should the policy be retracted, the process for a total sellout of the Main Station Farm is a possibility. The Bureau is aware of the university's objectives for turning agricultural research property into cash assets for completing campus expansion plans. He questioned whether the 55-acre parcel would still be for sale if the decision had been made to uphold Resolution #81-8. He suggested that the basis for the sale was unrelated to advancing or enhancing the agricultural research mission.

Mr. Hellwinkel urged the Board not to approve the proposed sale and to allow for the completion of the comprehensive research plan. He also requested that the Board not authorize changes to Resolution #81-8 regardless of the decision concerning the 55-acre parcel.

Regent Sisolak clarified that the Nevada Farm Bureau opposed the sale, but felt the money should be kept in agriculture if the property were sold. Mr. Hellwinkel agreed.

Regent Leavitt asked whether the agricultural community would be better off making use of the \$13 million funneled into agricultural programs rather than having the land sit vacant. Mr. Hellwinkel agreed they would, however, the proposal for defining the research capabilities and planning only just began. He felt the property sale was premature. Regent Leavitt asked, if the sale should go forward and the monies placed in a trust fund, whether the decision regarding appropriation of the monies would only come forward after the plan had been developed. Mr. Hellwinkel agreed. He said they would not object as loudly if the monies remained in agricultural research. Regent Leavitt asked about the possibility of the Nevada Farm Bureau requesting Board approval for the sale of this property at some future date. Mr. Hellwinkel replied that would have been contrary to Nevada Farm Bureau policy. They feel that none of the property associated with the Main Station Farm should be sold.

Regent Gallagher recalled prior discussions regarding this issue. The idea that one day, because of Reno's expansion, the Main Station Farm would be traded for another property that would take care of the same functions. She asked about a feeling that another Main Station Farm could be created in another location. Mr. Hellwinkel replied that the Newland Station in Fallon could not benefit Reno students because it was too far from campus. Campus researchers could not travel to a research facility that was more than an hour away because of teaching commitments. He felt that having the Main Station and Valley Road properties near the main campus was a huge advantage and the only way to involve students and researchers on campus.

Regent Wixom asked who instituted the planning process for the use of the Main Station Farm. Mr. Hellwinkel replied that Dean Thawley had done so at the request of President Lilley during the previous week's meeting with the College of Agriculture's advisory board. They are currently in the initial planning stages, with the first meeting of the task force to be held the following week. Regent Wixom asked who was participating in the planning process. Mr. Hellwinkel replied they had attempted to get broad representation.

2. Information Only-Open Comment on Proposed Sale Requirements – (Cont'd.)

It was hoped to involve students, local and state government, federal entities, as well as local interests. Regent Wixom asked about the anticipated time required for the planning process. Mr. Hellwinkel replied it was

unknown. Regent Wixom established that the Nevada Farm Bureau was working with the university on this effort.

Regent Derby suggested that the task force should be allowed to complete its work prior to selling the property. She thanked those for testifying, adding that it was helpful for the Board to hear from the constituencies affected. She asked whether Dean Thawley was present. President Lilley replied that Dean Thawley was attending a meeting with the U.S. Department of Agriculture in Washington D.C.

Regent Sisolak asked whether the pumpkin patch, the two kinds of corn, and the bees were considered research projects. Mr. Hellwinkel replied that it was part of the master gardener program. Vice Chancellor Klaich clarified there was also some property leased to a local farmer. Mr. Hellwinkel stated that it was not university research. He did not believe the pastures were currently being used.

Mr. Geno Martini, Mayor, City of Sparks, expressed his support for the sale of the land to Washoe County. He related that the cities of Sparks and Reno, as well as Washoe County, had determined that this property is a critical piece of the floodplain. Having witnessed the past five floods, he was aware of the damage that can be incurred and felt they needed to move forward with the Army Corps of Engineers to put the flood mitigation project into motion.

Ms. Jessica Sferrazza, Reno City Council Member and Chair, Flood Project Coordinating Committee, related that the purpose of the Committee is to protect the Reno-Sparks area from flooding by ensuring the timely implementation of a Truckee River flood management project. The Committee includes representatives from the City of Reno, City of Sparks, Washoe County, and UNR. She related that the Mill & McCarran property had always been part of the flood plan for both storage and conveyance of flood water. It has been on the list of desired early land acquisition. Every alternative presented by the Army Corps of Engineers has included this parcel of land. She said the unprecedented growth in the community had created a situation where regional governmental cooperation is a critical part of any and all future planning efforts. The disposition of the 55-acre parcel owned by UNR is an opportunity not to be ignored. While UNR has the right to choose the buyer at any price, and the buyer may build apartments in the flood zone if they secure the necessary zoning permits, she reminded the Board that the developer must still approach the Reno City Council for approval of those entitlements. She felt that a future flood disaster could be prevented with thoughtful action. She related that most of the parcel would flood in a 100-year flood event and many parts will flood more frequently. She suggested the best use of the property was as part of a terraced river parkway system that reduces flooding downstream. She asked the Board to delay its decision until after the Flood Committee's meeting that week.

Regent Leavitt asked Ms. Naomi Duerr, Director, Truckee River Flood Project, to come forward. Ms. Duerr related she was seeking a win-win solution for all groups, adding that

2. Information Only-Open Comment on Proposed Sale Requirements – (Cont'd.)

the Board's decision would affect many people's lives in the coming years. Regent Leavitt asked whether there were other properties that could be acquired to accomplish the flood district goals instead of the property in question. He asked whether the property was unique and had to be acquired. Ms. Duerr replied that all of the properties along the river that are currently available are necessary for the project. It was hoped to create a terraced flow way with levees on this property. Regent Leavitt asked whether it would be more or less costly for the flood control district to proceed without the property. Ms. Duerr replied it would be more costly, adding that acquiring land along the river was a must.

Regent Wixom asked why the property in question had been removed from the acquisition list. Ms. Duerr replied that a list was compiled of all properties needed to be acquired for the project, which was then prioritized. The flood control project had assumed that all participants on the Flood Coordinating Committee (*public entities*) would come to the table with their land, in-kind resources, and special expertise for the project. The property was not viewed as being in imminent danger of development at that time. Regent Wixom asked when a plan could be expected from the Army Corps of Engineers. Ms. Duerr replied that the Corps has an elaborate planning process. They are cognizant of their responsibility to taxpayers nationwide. Several alternatives are being evaluated and a specific timeframe has not yet been determined. The schedule will be

impacted by other events in the country. The Corps is funded on a project-by-project basis. She felt it was important for the community to be viewed as unified in this effort in order to receive federal funding.

Regent Sisolak clarified that Ms. Duerr favored selling the property to Washoe County. Ms. Duerr stated that the Truckee River Flood Project was cognizant of the agriculture community's needs and was considering a leaseback to the university farms since there will be a period of time before construction begins. She felt the 1,200 acres was also required for the flood project and could be used compatibly with agricultural use.

Mr. Jason Nessminger appeared by proxy for Mr. Ty Smith, Nevada Future Farmers of America Association. He related that the FFA Association strongly supports CABNR. The students feel that agriculture in their lives is important to preserve. Student participation at the Nevada Meats lab helps students prepare for meat identification competitions. He related the Nevada FFA is in strong support of CABNR and looks to the Board to be the future of agriculture. He stated that FFA high school and college students, FFA advisors, and research professors all utilize the land that provides for that future.

Regent Rosenberg established that Mr. Nessminger opposed the sale of the property.

Regent Sisolak asked why the land wasn't being used instead of leasing it to others. Mr. Nessminger replied that the FFA uses the land quite often, conducting range and soil competitions in the past. They also use Wolfpack Meats for their meat slabs. The local chapter also holds a veterinary science class twice a week at the Main Station Farm. There have also been several proposals for using the 55-acre parcel. The FFA chapter is

2. Information Only-Open Comment on Proposed Sale Requirements – (Cont'd.)

housed at the Main Station Farm, with proposals for conducting a high school animal science unit on the 55-acre parcel. Regent Sisolak established the FFA was currently using the larger parcel across the street and not the 55 acres.

Mr. Michael Compston, Executive Director, State of Nevada Dairy Commission, expressed support for continued use of the subject property for floodplain management, open space and agricultural research. This parcel and other property are more commonly known as the Main Station Farm, provide an experimental and research platform for CABNR, as well as an area within a natural floodplain of the Truckee River, Thomas Creek, and Steamboat Creek watersheds. The property is a valuable asset that should be retained and utilized to demonstrate the necessity of sustaining agriculture and open space along streams and other drainages in the state. The vegetation provides a natural filtration system for flood waters and allows the spread of large flows during peaks in flood events. Research and implementation of flood water management plans can be carried out in the area contained within this parcel and the remaining agricultural properties. The Truckee Meadows has been developed extensively with little regard to floodplains. He noted that agriculture provides between \$1 and \$1.5 billion dollars annually to the economy. The Main Station Farm provides a nearly unique and ideal opportunity to the university to demonstrate the urban agri-business interface. He felt the property could be used more efficiently by expanding its use as a hands-on field laboratory located near the main campus instead of a quick monetary gain. He asked that the Board consider the sale of the property carefully. If a decision to sell the property is made, the proceeds should go to the enhancement of the balance of the Main Station Farm and the support and development of efficient research and educational programs that focus primarily on production agriculture. He felt the property provided opportunity for interdisciplinary research that had not been fully realized.

The meeting recessed at 3:46 p.m. and reconvened at 3:54 p.m. with all members present except Regents Anthony, Schofield, and Wixom.

Mr. Sean Carrey, City Manager, City of Sparks, reported that the City of Sparks forms the northern boundary of this property. The 1997 flood caused \$300 million in property damage. Within that floodplain, 19,000 jobs are located. This is a critical public safety issue to all in the Truckee Meadows. The university has been a wonderful partner participating in the flood coalition. He requested Board support for remaining a solid partner as they move to property acquisition. Previous plans from the Army Corps of Engineers (*not involving university property*) proposed erecting a 19' wall across the street from this site, which is not the best solution. A flood

coalition was formed with stakeholders from environmental groups, universities, and downstream water users. They reached a consensus plan that found a balance for everyone's best interests. Since then, the coalition has been engaged with the Army Corps of Engineers. He thanked Senators Harry Reid and John Ensign for their efforts in continuing to provide federal funding. Next year, another \$ 3.5 million in federal funds will come forward to advance this project.

Regent Wixom entered the meeting.

2. Information Only-Open Comment on Proposed Sale Requirements – (Cont'd.)

Mr. Carrey said they need the university and Board of Regents to put the finishing touches on what must be an intersection of the university's needs and the community's public safety needs. He urged the Board to accept Washoe County's presentation, adding that this parcel was key to the success of the project. He urged the Board to allow a process for the stakeholders to find the intersection of public interest and safety.

Regent Sisolak asked whether eminent domain was ever considered. Mr. Carey replied that it was a tool. However, they must find a project which has a positive benefit-cost ratio in order to enjoin the use of federal funds. When considering high value, developed property, the benefits do not meet the costs for the project. He felt the university's mission could be enhanced by this partnership.

Ms. Stephanie Licht, Spring Creek, Nevada, has been actively involved in production agriculture for many years. She is currently a Nevada Farm Bureau field representative. She expressed her support for keeping the property for research and hands-on projects. She noted that the land grant system's hallmark has been its historical commitment to an integrated, three-part mission: teaching students, conducting research, and extending knowledge and research findings to off-campus customers. She noted the difficulty with attracting diverse students into the agricultural sciences. She said there was a great fear among the agricultural community that the land will be sold and not pumped back into agricultural programs. She urged the Board not to sell the farm or, alternatively, to work on a solution that benefits everyone. She provided copies of an article from *Rangemagazine* (on file in the Board office).

Ms. Elisa Maser, Business, Residential & Environmental Partnership, reported that her group had worked hard with the local and federal stakeholders to arrive at a consensus on a flood protection plan that works for everyone. She felt a win-win solution could be determined. The Partnership believes the 55 acres will be sold and urged the Board to sell the property to the flood project. She believed that a recommendation would be developed at that week's meeting that would be acceptable for all. She related that if the property were sold to the flood project, they would work in the interim with the agricultural interests to ensure there is a use that benefits all of the players, including the University and the agricultural interests. She also felt that an agreement could be reached with the Main Station Farm involving an easement or other arrangement. She related that the property was necessary to handle the massive flow during flood events. The Partnership is urging the coordinating committee to offer \$12.1 million in cash, understanding that there is a \$1.1 million difference in this offer and that of the successful bidder. The Partnership believes that the flood project protection provides value to the community as well as the university System and is worth more than the \$1.1 million difference.

Regent Leavitt asked how much of the 55 acres was actually needed for flood control and how much could be left for agricultural purposes. Ms. Maser replied that there are three flood alternatives under consideration. The two Army Corps alternatives involve running a levee diagonally across the parcel; un-flooded portions could be used for agriculture.

2. Information Only-Open Comment on Proposed Sale Requirements – (Cont'd.)

The community alternative involves running the levee along Mill Street and McCarran Boulevard with terraces that could be used for agriculture.

Regent Sisolak asked why these proposals were not brought forward before the issue of the sale arose. He agreed the Board wants to be a good neighbor, but questioned why these proposals only came forward after the announcement of a successful bidder. Ms. Maser replied that they had been working with University staff, the

Agriculture Experiment Station, and Dean Thawley. She agreed it would have been a good idea to provide a briefing of the three alternatives prior to this occurring, adding that it was one parcel of very many being considered for the flood project.

Mr. Dennis Ghiglieri, Community Flood Coalition, reported that a community coalition was developed to work on the flood project in 1999. Many public meetings were held and “Alternative Three” was developed in 2002. Part of the process involved people from the University. It has often been discussed that the Main Station Farm function would continue after the flood project was completed. They never envisioned the flood project would consume the Main Station Farm. It was also assumed that a payment of some kind would be made. The third alternative was agreed upon because of the flood benefits provided for everyone residing/working in the flood plain area. Since that time there have been unfortunate delays, possibly due to scale backs with the Army Corps of Engineers funding. He noted that the University’s parcels border the river, which makes them so important. It is also part of the flatter landscape where water naturally pools. Using these properties flood elevations can be lowered in other areas. Washoe County paid for extensive engineering studies conducted in this regard. The Main Station Farm is a very important part of the flood project. Mr. Ghiglieri said he would be uncomfortable to see a housing development adjacent to the most active part of the Farm.

Ms. Pauline Rusert, private citizen, asked whether the 55-acre parcel under consideration was included in the projected parcel for future growth projection of UNR. President Lilley replied that it was not. Vice Chancellor Klaich clarified that the 55 acres was not included in the 50-year master plan for expansion of the University.

Mr. Gene Gardella, private citizen, advocated for trying to find a solution that is a win for everyone. He noted the \$1.1 million difference in the price offered by Pacific West Homes, LLC and the \$12.1 million appraisal value. He felt that additional value should be included in the consideration of whether to sell the Mill Street property to a private developer or for the flood control project. The University is a partner in the flood control project, which will reduce risk to University properties (*i.e., S Bar S Ranch, Main Station Farm*). It will provide benefit and value to the University by preventing economic loss to the community in which the University exists. It will also enhance the safety of the citizens who make donations to the University, as well as employees and students. He felt the University could demonstrate its leadership role by taking a community-minded view. He felt the parcel could be used in such a manner that the University could receive funds from the sale of the property to the flood control project, while leasing back property for research and agricultural purposes in perpetuity.

2. Information Only-Open Comment on Proposed Sale Requirements – (Cont’d.)

Mr. Don Henderson, Director, Nevada State Department of Agriculture, reported that the Department of Agriculture is neutral on the sale of the 55 acres. He observed that the property has some of the most productive soils located on the Main Station Farm, and that flood control and agricultural research/production are compatible land uses and are not mutually exclusive. He was concerned about the precedent being set with the land sale for maintaining a meaningful and viable research and education facility at the Main Station Farm in the future. He felt that Nevada needs a functioning agricultural experiment station in close proximity to the University and asked the Board not to set aside the provisions of Resolution #81-8.

Regent Howard requested clarification of Resolution #81-8. Vice Chancellor Klaich explained that the resolution was adopted by the Board in August 1981 and indicated that the proceeds of any sales from certain agricultural properties, including the property considered at this meeting, should be applied in a specific order of priority:

1. To purchase land for an agricultural experiment station;
2. For improvements to an agricultural experiment station;
3. For improvements to the 4-H Camp.

Vice Chancellor Klaich summarized that the resolution intended that the proceeds from the sale of assets of the College of Agriculture should be reinvested in the College of Agriculture.

Ms. Edith Isidoro-Mills, Nevada Wildland Seed Producers, said she was concerned about selling assets from the

College of Agriculture. She observed there is currently no plant science department, and very little available in range science. She said that land was needed to experiment with the growth of native seed, and to improve landscaping efforts. She expressed concern for reducing College of Agriculture assets that could be used to train individuals to work in this field in the state. She clarified that her organization began as a result of the large fires encountered and the difficulty in getting native seed to Nevada. Regent Sisolak asked about her preference for selling the property. Ms. Isidoro-Mills replied that she preferred the property not be sold in order to provide ground for teaching students. She noted that fires occur in cycles and farmers cannot deal with the up and down cycles, and require continuous production. Regent Sisolak asked whether she opposed the sale of the property due to the flood control issue. Ms. Isidoro-Mills replied that certain plants help hold down the soil.

Regent Rosenberg observed that UNR was concluding a bid process and had accepted a bid. He asked whether an unsuccessful bidder could make a counteroffer that could be legally considered. Vice Chancellor Klaich replied that they could. Regent Rosenberg asked whether the Board could legally accept a bid that was lower than the successful bidder. Vice Chancellor Klaich replied that they could.

Regent Hill observed this was an opportunity for the Board to follow Regent Rosenberg's comments to arrive at a win-win compromise. He encouraged people to work in this direction.

2. Information Only-Open Comment on Proposed Sale Requirements – *(Cont'd.)*

Regent Alden stated that a good meeting had been conducted and thanked Board members for their thoughtful questions.

Chair Whipple thanked the public speakers for their comments.

3. Public Comment – None.

4. New Business – None.

The meeting adjourned at 4:45 p.m.

Fini S. Dobyms
Interim Clerk to the Board