

**SPECIAL MEETING  
BOARD OF REGENTS  
NEVADA SYSTEM OF HIGHER EDUCATION  
Third Floor Rotunda  
Frank H. Rogers Science & Technology Building  
Desert Research Institute  
755 E. Flamingo Road, Las Vegas  
February 11, 2011**

Members Present: Mr. James Dean Leavitt, Chairman  
Dr. Jason Geddes, Vice Chairman {via telephone}  
Mr. Mark Alden  
Dr. Andrea Anderson  
Mr. Robert Blakely  
Mr. William G. Cobb  
Mr. Cedric Crear  
Dr. Mark W. Doubrava  
Mr. Ron Knecht  
Mr. Kevin C. Melcher  
Mr. Kevin J. Page  
Dr. Jack Schofield  
Mr. Michael B. Wixom

Others Present: Chancellor Daniel J. Klaich  
Executive Vice Chancellor & CEO, HSS, Maurizio Trevisan  
Vice Chancellor, Administrative & Legal Affairs, Bart Patterson  
CEO & Special Counsel to the Board, Scott Wasserman  
System Counsel & Director of Real Estate Planning, Hank Stone  
President Neal J. Smatresk, UNLV

Faculty senate chair in attendance was Dr. Cecilia Maldonado, UNLV. Student government leaders in attendance were Mr. David Rapoport, UNLV, and Mr. Kyle George, UNLV-GPSA.

Chairman Leavitt called the meeting to order at 9:01 a.m. with all members present except Regent Blakely.

The Pledge of Allegiance was led by Regent Schofield.

1. Approved Exclusive Rights to Engage in Negotiations with Majestic Realty Company on a Major UNLV Campus Development Project The Committee moved approval for the Preliminary Assessment Agreement as submitted, subject to the following revision and express provisions: 1) changes the term of the Preliminary Assessment Agreement to 150 days; 2) no further agreement shall be executed by, or on behalf of UNLV unless and

1. Approved Exclusive Rights to Engage in Negotiations with Majestic Realty Company on a Major UNLV Campus Development Project (continued)

President Smatresk said that the Agreement requests a 130 day period to determine if UNLV can move forward with a more substantial agreement. President Smatresk indicated that there are four major goals to achieve in the 130 day period: 1) Majestic will work with, and honor existing UNLV contracts and commitments, particularly those involving student housing and hotel development; 2) UNLV and Majestic will explore

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1. Approved Exclusive Rights to Engage in Negotiations with Majestic Realty Company on a Major UNLV Campus Development Project (continued)

Mr. Cavileer continued that the bond financing would be paired with cash flow from operations, retail, club seat sales, corporate and private donations, and other sources including traditional bank financing to complete the financing structure. The initiatives will be led with the understanding that UNLV is tuctuct [(ev)-4 (elf-9er /Type /Page(l)-2 (r)3 (e)4



2. Public Comment (continued)

Once again, those two clauses combined together, would indicate that UNLV is signing up for a longterm project with Majestic Realty.

Ms. Lundvall thought that Majestic Realty was being granted an audition without the opportunity for any other competitor to audition or respond to an RFP to present a competing proposal. Ms. Lundvall stated that Chapter 338 of Nevada Statutes memorialized the fact that our Legislature recognizes that competition is the best way to get the best products and/or the best services for our public entity. It obligates competitive bidding for a public body. Ms. Lundvall confirmed affirmatively that she would respond to an RFP.

Ms. Lundvall continued that Article 10, Section 1(2), does not permit UNLV to speak to anyone else during the 130 days or during the exclusive negotiating period of time. That exclusivity removes any practical check and balance from another competitor that might suggest that there could be a better, way more cost effective way to accomplish this potential project. Ms. Lundvall encouraged UNLV to maintain a neutral status until it engages in a competitive bid process.

Mr. Dom Combeiro, CDD Architects, felt that this event will start another spike in the local economy. He believed that education is the only true ladder to success. This magnificent project will boost the educational goals and serve as an opportunity to be a catalyst both for UNLV and the community. Mr. Combeiro favors a public/private partnership that has no fiscal impact. It is a win proposition that makes the project feasible, it will revitalize UNLV, create jobs and reenergize the community. UNLV could then compete at levels with major universities throughout the nation and world-wide. He urged a favorable vote for this amazing project.

Mr. Dominic Salomone, First Charities Network, believes in higher education and UNLV. This proposal will transform UNLV from average to a top tier University. More students will live on campus, more jobs will be created and much needed revenue will be generated. He requested the Regents to take a hard look at finding a way to make this project work as opposed to finding the negatives. This is the shot in the arm the area needs now to bring it back to prosperity.

Former professional basketball player, Mr. Spencer Haywood, believed that with this project there is an opportunity to stabilize and anchor UNLV with an arena. The student

2. Public Comment (continued)

competing projects to make this University better. It is a great proposal and may be the best that UNLV has ever seen. Of course there are hurdles to overcome because it is a complicated, difficult project and the planning will take a long time, but we have a world class set of participants that have their feet in the arena and are ready to go.

Mr. Bob List, former governor of Nevada, has been a long time supporter of UNLV and the athletic programs. This is an incredible opportunity. He recalled that during his term as governor everyone worked hard to put money into the campus projects. This is a huge leap. The team of developers are world class, first class people. He has known Mr. Roski for 17 years. There is nobody better. Mr. List stated that Mr. Roski has vision, is careful and does not proceed unless it is feasible and, when he proceeds is done first class. There is first hand development of campus housing, restaurants and retail – this is an unprecedented opportunity for the faculty and students. UNLV is so fortunate that a first class developer has come forward to take the campus into a world class facility. He felt this might be the most important vote that the Regents will make.

Mr. Tom Thomas, Thomas & Mack Development Group, is representing the Thomas and Mack families. They have adopted UNLV as their own and are very passionate about the opportunities that have been presented to UNLV over the years. Thomas noted that most Regents have not had an opportunity to know the Majestic organization as the Thomas and Mack families have for the past 10 years. The Majestic organization is a creative, passionate and extremely ethical group of individuals who will take the 130 day period seriously and devote their time and effort to present the reality of what the possibilities will be. Mr. Thomas felt that Majestic will be above board in their dealings. From his family's standpoint, Mr. Thomas highly recommended going forward to see where this may lead.

Mr. Charles Munoz, Americans for Prosperity, preferred speaking from a student's standpoint. He said that students are excited and have been talking about this since it was announced in the news. The type of atmosphere is needed on campus. He stated that students would like to be a part of this much needed UNLV arena.

Mr. Michael Saltman, Vista Corporation, adopted UNLV many years ago. He met with the Roski/Cavileer organization and with the staff and president of UNLV. He plans to be very much involved with the housing portion of the arena project and the process. Mr. SJ T\* [(S)1 (a)6c03.89 news. Tj EMC n(s)-1 (. Mo2t)-2 (he)4 ( 2 (i)-2 l)-2 (n(t)-2 (w)2 (s)2 (n)

2. Public Comment (continued)

Mr. Fred Albrecht went to work at UNLV in 1970. He attended the first UNLV football game at Cashman Field. At that time all athletic events were off campus. Everything that has been built since that time was done to engage students on campus. In 1950 visionary people developed the UNLV campus and that plan contained a football facility exactly where it is proposed right now. He asked the Board to complete that goal for students and alumni and to make UNLV a better place.

Mr. Chuck Davidson, former President of the UNLV Football Foundation, watched his first basketball game at the Dooley Center in 1957 when he was seven years old. For 20 years he asked the university to bring something like this on campus and now the opportunity is here. Go Rebels!

The meeting recessed at 10:47 a.m. and reconvened at 10:57 a.m. with all members present.

1. Approved Exclusive Rights to Engage in Negotiations with Majestic Realty Company on a Major UNLV Campus Development Project (continued)

Mr. Bart Patterson, Vice Chancellor, Administrative & Legal Affairs, indicated that there are legal issues in the Agreement related to the competitive bid process. Addressing those issues with the



1. Approved Exclusive Rights to Engage in Negotiations with Majestic Realty Company on a Major UNLV Campus Development Project (continued)

Mr. Patterson stated that regarding the NRS Chapter 338 issues, obviously all of the institutions and legal counsel regularly work with the implications of Chapter 338 and what is or is not a public work that may require competitive bidding, what may require the use of the Public Works Board, what may require prevailing wage, all of those various elements involved in a construction project. He felt that, at this point in time, there is a services provision – not a construction project. There is no specific proposal being brought forward to construct any particular facility. In fact, the economic relationship of the parties has yet to be established. Until that economic relationship becomes established, it is premature to talk about any particular portion of the project would require a bid as a public work, nor is it necessary to move forward in an RFP context. He cannot express a view from a policy standpoint whether an RFP would be useful or helpful – it is not his role. From a legal standpoint Mr. Patterson is comfortable with the Board moving forward without an RFP based on this existing Agreement.

Regent Wixom was excited about the conversations offered. He thought there were dramatic proposals which mean a great deal for the future of the University. However, the Board should look skeptically at those responsibilities and opportunities to make sure nothing is missed.

Regent Wixom said he and Regent Geddes have the same questions which relates to the current revenue stream for the Thomas & Mack Center. Depending on what is and is not included, the revenue stream ranges between approximately \$7 million and \$23 million annually from the three facilities that are affected by this proposal: the Thomas & Mack Center, the Cox Pavilion and the Sam Boyd Stadium. He asked how that revenue stream would be preserved going forward. President Smatresk said approximately \$26 million per year is derived by UNLV, some of which supports UNLV athletics. What he would be concerned with is losing revenue stream. UNLV holds some major activities and loss of several of these activities would put a very large structural hole in the budget of athletics and the campus. Many costs associated with the Thomas & Mack Center is related to its operational expenses. The actual proceeds above and beyond that is the area of concern. UNLV does not know the precise details of any term that would be established with a developing entity going forward, but it would be imperative to insist that a major portion is that UNLV Ath

1. Approved Exclusive Rights to Engage in Negotiations with Majestic Realty Company on a Major UNLV Campus Development Project (continued)

President Smatresk replied that he would not commit to financing streams that would obligate students, compromise athletics, put funds at risk, or damage the ability to grow and function as an academic campus. He anticipated being in close contact with the Board.

Regent Wixom asked about what point in time, and in what manner, will the proposed financing legislation be presented to the Legislature and ~~return~~ the Board before it receives final approval or submission. Chancellor Klaich stated that the legislation would be brought to the Board as is the procedure ~~of~~ legislative matters that will take place between now and the closure of the Legislature.

Regent Wixom noted that the Preliminary Assessment Agreement ~~was~~ an Agreement to negotiate, not an Agreement to agree. He believed it did not present an issue, especially with the caveats contained in the Agreement. Regent Wixom would like to discuss a process whereby the ENA and the Development Agreement ~~come~~ back to the Board. Chairman Leavitt ~~directed~~ that this be a standing item to be addressed at the Investment and Facilities Committee.

Regent Wixom referred to Article II, Section B(1), where UNLV would approve the planning materials presented by Majestic Realty ~~and~~ asked who would participate in the approval process. Mr. Gerry Bomotti, Senior Vice President, Finance & Business, UNLV, replied that there will have to be some specific, detailed structures if the Board grants approval today. It would include the NSHE finance team (Scott Nash, Jo Swenseid and others) ~~and~~ architects from the Planning & Construction area who developed the Master Plan, which would have to be reviewed because it would be impacted. Mr. Bomotti anticipated that there will be a number of individuals at UNLV working through the normal process, which would include stakeholder review and comment because this is a very large design undertaking. Information would feed back through the president to share and discuss with the Board and the Chancellor. From the technical standpoint each individual element would have to be set up with teams.

Regent Wixom indicated that this would be a three-tiered process, with the first being today's approval. There will then be an assessment phase and the legislative phase, followed by a due diligence period. After that there would be an ENA which would then lead to a due diligence period of an analysis of the project. The last phase will be the Final Agreement. Regent Wixom asked about the time frame for that to take place. President Smatresk stated that there is the 130 day period. The second phase to develop the business model, more concrete plans, Master Plan and other details could take a year or potentially more. Mr. Cavileer indicated that the 130 days is clear. The next of time falls into two categories: there is a 12 month period of time to ~~advise~~ ~~the~~ ~~EN~~ ~~20~~ (s)-1 (i)

1. Approved Exclusive Rights to Engage in Negotiations with Majestic Realty Company on a Major UNLV Campus Development Project (continued)

not been completed. Maybe after the 130 day period is finished, an outline of what first 12 months and following six months could be presented. Chairman Leavitt added that there will be an update that will provide more information at the June 2011 Board meeting.

Regent Wixom viewed the right of first refusal to be perpetual. He felt there should be a limitation period on that provision. He would like as part of the analysis to go back to what the original plans were for the use of the 150 acres to understand the original idea and how it interplays with that vision. He thought that it was crucial not to lose sight of the existing contractual obligations.

Regent Knecht noted that this project is to do what is best for UNLV. He pointed out that this is a 130 day Preliminary Assessment Agreement, moving toward an ENA. He is concerned that the residual risks with a public-private partnership concerning revenues, costs, and delays be privatized, not socialized and should not rest with UNLV, NSHE the state of Nevada or the public. Regent Knecht understood that there is a risk relationship and the benefit has to be balanced by the risks that UNLV and the public are taking should this proceed after 130 days. The major risks betting on the success rests with private capital. He requested that UNLV provide close coordination with Chancellor Klaich, Board Chairman and the Chair of the Investment and Facilities Committee.

Regent Knecht agreed with Mr. Patterson that the "shall" issue was not an issue. The perpetual right of first refusal shall be addressed in the motion. He continued that Article II, Section A(2)(ii) has a parenthetical that says altt[(A)16c[(A6c[(A6c[(A6c[6)-10 (t)-tic)6(ri)-15 t A62( t)-2 (he s)-1 ( t)-2 th,002 Tw T\* [(w-2 (i)-2)-2 (hane (at)-6)-2 (h )]TJ -1.78 -1.15 Td [(C)-3 (h ,2ha T\* [( )4 (t) ( t)u-6h

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1. Approved Exclusive Rights to Engage in Negotiations with Majestic Realty Company on a Major UNLV Campus Development Project (continued)

Regent Knecht moved approval for the Preliminary Assessment Agreement, as submitted, subject to the following express provisions: 1) no further agreement shall be executed by, or on behalf of UNLV unless, and until, it is submitted to and approved by the Board of Regents; 2) all agreements shall, in all respects, comply with Nevada law, including requirements for competitive bidding should such requirements apply; any rights of Majestic pursuant to Article 1, Section A(1)(b), the right of first refusal shall lapse (a) in the event of the adjournment of the 76<sup>th</sup> Session of the Nevada Legislature or any immediately subsequent special Session if the financing legislation has not been approved or (b) 36 months after the termination after the term of the Preliminary Assessment Agreement, regardless of the cause of such termination. Regent Schofield seconded the motion.

Regent Alden suggested a friendly amendment to increase the amount of time from 130 days to 150 days have the Exclusive Negotiation Agreement removed from the Preliminary Assessment Agreement and have the Agreement capable of being extended by both parties, as necessary, without Board approval. Regent Wixom urged rejection of the friendly amendment because the exclusivity period relates to the right of first refusal. He stated that it is unfair to require Majestic to expend the effort, intelligence and energy and then have the ability to pull the rug out from underneath them. Understand, Majestic is also bringing something to the table.

Regent Page stated that Nevada is the country in unemployment, foreclosures and bankruptcies. He requested that if the project moves forward to be conscientious of using Nevada companies and workers.

Regent Alden explained that the friendly amendment was meant to show some confidence in Majestic and UNLV.

Regent Knecht asked about the 130 days to the end of the Legislative session. Mr.

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Chairman Leavitt indicated that the Board has spoken and today it continues to invent the future; that future is now and it is ours.

3. New Business– Regent Knecht stated that the ~~the~~ Board made a move to have reciprocal members between the Regents' Board and theirs. He requested that this be placed on the next agenda. Chairman Leavitt requested that Mr. Wasserman place this item on the March ~~2011,~~ agenda.

The meeting adjourned ~~at~~ 12:07 p.m.

Prepared by: Nancy Stone  
Administrative Assistant IV

Submitted for approval by: Scott G. Wasserman  
Chief Executive Office & Special Counsel  
to the Board of Regents

Approved by the Board of Regents at the June ~~7,~~ 2011