

**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 Dearson~~
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, UN
Dr. Stephen G. Wells, President, DRI
Dr. Mark A. Curtis, President, GBC

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 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 long-term contract provides a sense of stability in a football program and makes it easier to recruit players and assistant coaches. The consultant also recommended five to seven years as a standard length for coaching contract. 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. He would like to see it included in all coaching contracts in the future. He was

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 UNM was prepared by UNR's General Counsel Mary Dugan. Vice Chancellor Nielsen said she reviewed the contract and believes 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 supported 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 supported the recommendation and the contract. He understood the team's position and the Board's role in the process.

3. Approved -Employment Contract, Head Football Coach, UNR (Agenda Item #3) (Cont'd.)
Regent Trachoke requested the Board consider it spends much time hiring presidents and then second guessing those president's hiring decisions He noted this level of discussion

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 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 based 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 are coachiTw ()Tj1ne.004 j ESpan <</M

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

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

³/₄ 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 schedule and financing would be available

Regent Knecht referred to page 9 of Ref. BOR(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. BOR4a(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. BOR4b 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 Geddesaid the requested action is for approval of the taskforce's findings.

Regent Doubrava expressed ~~dis~~pleasure and disagreement with the findings. He did not feel the research ~~mon~~obtained by the University of ifo([(f-5 (19p4 cw)-2 (eaj 4 192f1 1(fo([(fcu([(f Tc (not)-2 (dTJ 0 /P <</MC8.56.

4. Approved -Consent Item(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 to 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 elected Regents.

 - 5b. Information Only -Welcome from the Chance Storman(Agenda Item #5a) 5 WA

7. Information Only -2013-15 Biennial Budget and Legislative Report (Agenda Item #8) The Board of Regents continues its discussion of the 2013 NSHE Biennial Budget Request submitted to the Governor, the Executive Budgetary and new developments from the 2013 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 77th 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 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 bills include concealed fire armson NSHE property, the Millennium Scholarship, the Knowledge Fund and bills related to veteranstuition.

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 to promote Education Awareness 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 president in order to ensure there is a well organized strategy throughout the legislative session. In addition, a 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 of the UNR Student Achievement Center (Agenda Item #6) The Board of Regents approved UNR Request to move forward with the development of the new Student Achievement Center project and

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

At the November 29, 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 purpose 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 sales on 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. 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 of 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 \$27 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 defi (n)--4 (er)-1 (7n (p)-

8. Approved -University of Nevada, Reno, Planning Funds Request of 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 architecture 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-March 1, 2013, Board meeting. The building design is anticipated to be presented to the Board at its June 2013 meeting along with request for consideration for bonding authority.

Regent Knecht asked when the Board could anticipate presentation of an architect 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 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 agree Regens

9. Approved -

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 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. Its advantages 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 forms 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

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 COP process over private sector financing. The narrow scope of the request to allow NSC to appear before the legislature 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 NSC campus for a building and he felt the timing was right.

Regent Leavitt felt Regent Knecht's suggestion was 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 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 institutions 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 UNLV Now activities occurring since the November 2012 Board meeting. (BOR10 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 stadium in the Las Vegas area, history and timeline of steps having already had 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, 2013, meeting.

Regent Wixom requested to see a complete analysis of the project's upfront costs, annual and biennial operating expenses and how those expenses will be allocated revenue stream with a particular focus on how revenues impact UNLV's 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 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 mega 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 Tachok 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 megastadium and the benefits the project will bring to UNLV, the City of Las Vegas and the state.

Regent Melcher asked what impact the megastadium 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 provide 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; 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.

12. Information Only -New Business(Agenda Item #12)