

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

System Administration, Las Vegas
5550 W. Flamingo Road, Suite C-1, Conference Room
Las Vegas, NV 89103

Friday, July 26, 2013, 10:00 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: Mr. Kevin J. Page, ~~Chairman~~
Mr. Rick Trachok, Vice Chairman
Dr. Andrea Anderson {via telephone}
Mr. Robert Blakely
Mr. Cedric Crear
Dr. Mark W. Doubrava
Dr. Jason Geddes
Mr. Ron Knecht
Mr. James Dean Leavitt
Mr. Kevin C. Melcher
Dr. Jack Lund Schofield
Ms. Allison Stephens
Mr. Michael B. Wixom

Others Present: Mr. Daniel J. Klaich, Chancellor
Ms. Brooke Nielsen, Vice Chancellor, Legal Affairs
Ms. Renee Yackira, Vice Chancellor, Administration and Operations

1. Information Only – Public Comment (Agenda Item #1) Former Regent Mark Alden asked the full Board to support the School of Medicine and the University Medical Center in southern Nevada.

Regent Knecht entered the meeting.

Regent Knecht requested a ~~proof~~ of personal privacy (l)-2 (1)4 (va)4 (nt)-2 (o s)-1hon (t19.43(S1d ()T

2. Approved – Midtown Park Memorandum of Understanding, UNDA ~~Agenda Item #2)~~

2. Approved – Midtown Park Memorandum of Understanding, UNLV (Agenda Item #2)
(Cont'd.)

Regent Crear asked if UNLV was purchasing the land for \$17 million. Mr. Bomotti responded that was correct.

Regent Crear asked where the \$17 million would come from. Mr. Bomotti responded the funds were from multiple sources: 1) Over \$8 million will come from accumulated monies in the UNLV General Improvement Fund approved by the Board in 2000. Board policy states one dollar per credit hour of the General Improvement Fund can be allocated at the discretion of the president. In 2000, for UNLV President Carol Harter allocated those funds to the Land Acquisition Account. The allocation has not been changed, no funds have been spent and the funds have accumulated to over \$8 million; 2) the remaining approximate \$2.9 million from the sale of the Rainbow Gardens land; 3) \$4 million from UNLV's Capital Improvement Fund. Mr. Bomotti said Governor Sandoval approved a late session change in the 2011 Session of the Nevada Legislature to approve continuation of taxes which would have otherwise resulted in the projected budget reductions from 20 percent to 10 percent. Even with the lower reductions UNLV had remained cautious with its Capital Improvement Fund; and UNLV charges non state self-supporting accounts three and one half percent of gross revenue to cover overhead expenses such as payroll and facilities. The account currently containing \$1.8 million, will be swept.

Regent Crear asked if the appraisal was anticipated to come in at approximately \$20 million. Mr. Bomotti said the appraisal amount is still unknown. However, the results of an independent appraisal should be received by the end of the following week.

Regent Crear asked who will receive the equity of the difference between the appraisal and the proposed \$17 million purchase price. Mr. Bomotti responded the structure involves EFDS, working with a tax exempt foundation, purchasing the property from AVS through tax exempt financing. EFDS then immediately pays off the note and receives ownership of the land. EFDS then sells the land to UNLV for \$17 million.

Regent Crear asked if the land appraisal comes in at \$24 million, EFDS pays \$24 million, will EFDS turn around and sell the land to UNLV for \$17 million. Mr. Saltman responded there will be a long term note between EFDS and the Vista Group for the balance to be paid through project revenues.

Regent Anderson asked what the appraisal needs to come in at. Mr. Bomotti responded, for UNLV's purposes, the appraisal needs to come in at a minimum of \$17 million to support purchasing the property. EFDS and AVS will initiate a separate appraisal for their separate agreement structure.

Regent Crear asked if CORE Construction has already been selected as the builder. Mr. Bomotti responded UNLV will only be involved in the purchase of the land and not in the risk of construction or the financing operation. He said CORE Construction was selected as the builder by EFDS and AVS.

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(Cont'd.)

Regent Crear asked if construction of the building would fall under the Board of Regents' supply chain inclusion policies. President Smatresk said those policies would apply in the ground leaseback between UNLV and EFDS. However, President Smatresk said there have been significant conversations regarding expectations related to wage and project labor agreements. Blomotti said since the funds for construction are not through the University the construction does not fall under the Board's policy but UNLV has asked EFDS to be compliant with Board policy and provide the data normally reported to the Board.

Regent Crear said there was no accountability in simply asking for an outside company to comply with Board policy. The Cultural Diversity Committee has worked for years on the Board's Supplier Diversity Spending and Inclusion Policy to address tier 1 and tier 2 spending on minority, women-or veteran-owned and in-state businesses. He felt it was important for any construction project on Board of Regents property to be held to the Board's policies. He asked how the Board of Regents can require not just request, its policies be followed.

Mr. Steve Nielsen, Senior Vice President of Development, EFDS, said the project involves using private capital on a public project. The closer the Board of Regents gets to the project, the closer the project will come to finding its way onto UNLV's books. He said EFDS has worked with its partners on addressing concerns in other private partnerships such as at Arizona State University. EFDS wants the System to be proud of this project but the project will be privately owned for the entire length of its construction. He said EFDS looks at local hiring and subcontractors and will consider how best to meet the requested guidelines.

Regent Crear said he supported the project but was concerned the Board of Regents' policies and guidelines would not be included in private agreements.

Mr. Nielsen said because EFDS will borrow 100 percent of the project's funding to provide a guaranteed maximum price. The work will be conducted through a design build agreement which means there will be no change orders. He asked the Board to remember contracting will be done through EFDS and not through UNLV.

Regent Crear asked Mr. Nielsen if he was saying EFDS will establish goals to reach minority-owned and local businesses. Mr. Nielsen said EFDS can add those goals to its contracts with CORE Construction.

Regent Crear asked Mr. Nielsen if EFDS contracts include established goals to meet NSHE standards.

Regent Wixom said if NSHE imposes its requirements on EFDS then EFDS jeopardizes its ability to seek tax-exempt financing.

2. Approved – Midtown Park Memorandum of Understanding, UNLV (Cont'd.)

Regent Blakely moved approval of a Memorandum of Understanding (MOU) for the proposed Midtown Park Project which will encompass the redevelopment of property immediately north of the main campus into new student housing for the University of Nevada, Las Vegas with an amendment to Section 4.1.3 to state On the Closing Date, (i) fee simple title to the Real Property comprising the Site shall be conveyed to UNLV by warranty or other type of deed in form and substance satisfactory to UNLV and recorded in the Official Records of Clark County, State of Nevada.” Regent Stephens seconded.

Chairman Page left the meeting incC /STJ 0.0CID 2(k)4 (6 (n006 Tw a)2 (N)-8Dc)4 (onde)mhe mTk,

2. Approved – Midtown Park Memorandum of Understanding, UMA (Cont'd.) ~~Agenda Item #2)~~

2. Approved – Midtown Park Memorandum of Understanding, UNLV ~~Agenda Item #2)~~
(Cont'd.)

opinion will not be subject to reasonable challenge based on a conflict of interest. Mr. Bomotti said both he and Mr. Swendseid discussed the particular requirements of the project with Mr. Restrepo and determined there were no existing problems and Mr. Restrepo met the requirements to bring an independent report back to the Board of Regents.

Regent Knecht asked what happens if it becomes infeasible to open the facility in time for academic year 2015 as proposed by EFDS. Mr. Bomotti said if the MOU is approved but UNLV cannot complete its responsibilities in a timely manner then one possibility is the

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(Cont'd.)

Regent Knecht asked how the issue and resolution of prevailing wage will impact the students and families who will pay for the housing. He asked how the housing prices will be set. Mr. Bomotti replied UNLV, through AVS, will market and lease the property as it does with the existing oncampus freshman housing. However, because of the arms length agreement with independent private financing, UNLV will not want to be involved in setting the rates for the new housing. UNLV will continue to set the rates for the existing oncampus freshman housing only. The demand study for the housing as contracted through EFDS will include a review of its rates. At the end those rates will have to meet market conditions or be adjusted accordingly.

Regent Knecht asked if any cost factors will lie with the developer. Mrs Bomotti said the project was clearly nonrecourse for the University. The risk lies with the developer's proposed tax exempt financing. Under tax

3. Information Only – Public Comment Agenda Item #4- (Cont'd.)

Mr. Douglas Grass of Elite SDVOB (Service Disabled Veteran Owned Businesses) addressed the Board to respectfully request inclusion of those represented by SDVOB in setting goals for future projects.

The meeting adjourned at 11:32 a.m.

Prepared by: Jessica C. McMullen