Minutes are intended to note (a) the date, time and place of the meeting; (b) those members of the public body who were present and those who were absent; and (c) the substance of all matters proposed, discussed and/or action was taken on. Minutes are not intended to be a verbatim report of a meeting. An audiotape recording of the meeting is available for inspection by any member of the public interested in a verbatim report of the meeting. These minutes are not final until approved by the Board of Regents at the November 2012 meeting.

BOARD OF REGENTS* and its
INVESTMENT AND FACILITIES COMMITTEE
NEVADA SYSTEM OF HIGHER EDUCATION
Sierra Building, Elizabeth Sturm Library
Truckee Meadows Community College
7000 Dandini Boulevard, Reno
September 6, 2012

Video Conference Connection to:
System Administration – Las Vegas
5550 W. Flamingo Rd., Suite C-112, Las Vegas
Great Basin College – Elko
Berg Hall Conference Room, 1500 College Parkway, Elko

Members Present:	Mr. Michael B. Wixom, Chair Mr. James Dean Leavitt, Vice Chair Mr. Mark Alden Mr. Cedric Crear Mr. Ron Knecht Dr. Jack Lund Schofield
Other Regents Present:	Dr. Jason Geddes
Others Present:	Mr. Daniel J. Klaich, Chancellor Mr. Scott G. Wasserman, Chief of Staff to the Board Mr. Vic Redding, Vice Chancellor, Finance & Administration Dr. Steven Zink, Vice Chancellor, IT Mr. Hank Stone, System Counsel and Director of Real Estate Planning Ms. Ruby Camposano, Director of Banking & Investments Dr. Michael D. Richards, President, CSN Mr. Bart J. Patterson, President, NSC Dr. Maria C. Sheehan, President, TMCC Dr. Neal J. Smatresk, President, UNLV President Marc A. Johnson, UNR Dr. Thomas L. Schwenk, UNR-UNSOM Mr. David Breiner, Cambridge Associates Ms. Wendy Walker, Cambridge Associates Mr. Brian Brannman, UMC

Faculty Senate Chairs in attendance were Dr. David Freistroffer, GBC; Ms. Angela Brommel, NSC; Ms. Dani Chandler, System Administration; and Ms. Shannon Sumpter, UNLV.

For others present, please see the attendance rooster on file in the Board office.

Chair Wixom called the meeting to order at 3:16 p.m. with all members present except for Regent Leavitt.

1. Public Comment – None.

2. Approved-Consent Items – The Committee recommended approval of the Consent Items *(Refs. IF-2a(1) and IF-2a(2), IF-2b, IF-2c, IF-2d on file in the Board office).*

    2a. Approved-Minutes – The Committee recommended approval of the minutes from the March 9, 2012, and the May 31, 2012, meetings.

    2b. Approved-Transfer of Real Property from the UNR Foundation to NSHE for the Benefit of UNR – The Committee recommended approval of the deed transfer of 819-821 N. Center Street from the University of Nevada, Reno Foundation to the Nevada System of Higher Education for the benefit of the University of Nevada, Reno.

    2c. Approved-Acquisition of Residential Real Property by UNR – The Committee recommended approval to purchase residential real property at 1317 N. Virginia Street, Reno for $127,000.

    2d. Approved-Property Inventory Reports – The Committee recommended approval of a revised Property Inventory report format and a summary of the real property inventory data collected from NSHE institutions.

Regent Crear moved approval of the Consent Items. Regent Alden seconded. Motion carried. Regent Leavitt was absent.

Mr. Vic Redding, Vice Chancellor of Finance, stated that he will email the chart showing the rough percentages of the sources of the endowment funds *(on file in the Board office)* requested by Regent Knecht at the March 9, 2012, meeting.

Regent Knecht requested that Mr. David Breiner, Cambridge Associates, provide follow-up information about the market risk premium for equities and real returns on bonds, and the assessment of the trade-off between the expected increment of cost in terms of fees and the expected benefit from diversification. Ms. Walker indicated the long-term equilibrium asset class assumptions are listed on page 40. She pointed out while Cambridge agreed with the underlying principal of the risk premiums approach of developing asset class assumptions; it is only one of the factors Cambridge uses.

Regent Leavitt entered the meeting.

2. Approved-Consent Items – *(continued)*

Regent Alden asked if there was an error in IF-2c.-Acquisition of Residential Real Property by UNR. Mr. Ron Zurek, Vice President of Business & Finance, UNR, explained there is the purchase price of $127,000, but additional work has to be done to the property, creating a fiscal impact total of $167,000. He noted total price is still $3,000 less than the appraised price.

3. Approved-Asset Allocation and Investment Returns – The Committee recommended approval to redeem $1 million from the Vanguard Mid-Cap Index Endowment account to add to the current cash balance in order to have sufficient cash to fund the pool's regular quarterly distributions to the campuses for the quarter ending September 30, 2012.
The Committee recommended approval for a new $5 million commitment to the HarbourVest Dover Street VIII fund.
The Committee recommended approval to hire two marketable alternative fund-of-fund firms, Forester Diversified and Maverick, and direct the liquidation proceeds from the Och-Ziff and Farallon endowment accounts to these two new firms, distributed roughly equally as the funds are received.

Chair Wixom indicated the three action items on page 5 of the Cambridge Associates report *(on file in the Board office)* will be taken under this agenda item. The fourth action item will be addressed under agenda item 5.

Mr. Breiner reported the endowment return for the second quarter ending June 30, 2012, was negative 2%, bringing calendar year-to-date performance through June to positive 6.2%, tracking ahead of the policy benchmark this year. In the second quarter bonds protected the downside, but strong gains in equities in the first quarter delivered good year-to-date returns through June 2012. There was a boost from manager performance in the bonds, international equities, and marketable alternative areas.

Mr. Breiner continued that System staff made a recommendation to source $1 million in cash for the quarterly distributions to the campuses. The proposal is to source the cash from U.S. Equities and the Mid-Cap Institutional Index Fund, specifically.

Chair Wixom assumed this was the standard distribution and the recommended source of cash would be within the policy. Vice Chancellor Redding agreed the distribution and cash source was pursuant to policy and not out of the ordinary.

3. Approved-Asset Allocation and Investment Returns – *(continued)*

Regent Crear moved approval to redeem $1 million from the Vanguard Mid-Cap Index Endowment account to add to the current cash balance in order to have sufficient cash to fund the pool's regular quarterly distributions to the campuses for the quarter ending September 30, 2012. Regent Alden seconded. Motion passed.

Mr. Breiner continued that the performance in the operating fund on page 2 showed the returns were negative .6%, positive 4% year-to-date, and even or ahead of the policy benchmarks over these time periods with the exception being 5 years. Cambridge has completed the implementation of the revised policy targets of the operating pool and there are no changes to recommend at this time.

Ms. Wendy Walker, Cambridge Associates, said there is a recommendation for a $5 million commitment to Dover Street VIII. The endowment is currently invested in Dover Street IV, which is a 1999 fund from HarbourVest that is close to winding down. It has been distributing capital back to the System and returned 1.3 times the paid-in capital and it creates an internal rate of return of 8.9% over the life of the investment.

Ms. Walker continued that page 15 showed current discounts on the secondary market purchases have been in the 20% range as indicated in the graph at the lower left of the page. Ms. Walker explained the secondary funds purchase venture capital and private equity interests on the secondary market. If an institution such as the NSHE wishes to divest of its current private equity or venture capital portfolio, it could sell to other players in the market, and buyers could purchase at a discount. Ms. Walker said the chart shows transaction volumes in the secondary markets have reached historical levels in 2010 and 2011, and deal flow is expected to remain strong. Sales are motivated by regulatory changes, portfolio rebalancing, and fund restructuring, which are some of the deal flow drivers outlined on page 14.

Ms. Walker stated that given this favorable market environment and with the current investment in Dover Street IV winding down, Cambridge felt that the System should maintain its exposure to the secondary market with this new fund from the current manager, HarbourVest. For comparison purposes information on another secondary fund is included, which is LGT Capital's Crown Global Secondarie's III. Both of these managers have delivered strong performance in prior secondary funds and have solid direct private equity fund platforms that give them increased visibility to accurately price these secondary interests they consider buying, and strong industry relationships that give them access to deal flow.

3. Approved-Asset Allocation and Investment Returns – *(continued)*

Ms. Walker believed the HarbourVest Dover Street VIII is better for the NSHE because it has a more diversified strategy, is more diversified in the types of transactions it pursues, has a lower management fee and, because the System already has a relationship with them, it reduces the administrative burden. Regent Knecht asked for clarification of the HarbourVest fee structure. Ms. Walker responded that many private investment managers take a management fee on committed capital, but HarbourVest has agreed to take a management fee on actual paid-in capital until the fund is 50% committed, so there is a fee reduction while it is ramping up its investment period. To arrive at an all-in average over the life of the fund, Cambridge assumed a three- to four-year investment period, which tends to be the average for this type of fund.

Regent Knecht asked if there is assurance HarbourVest has an expected lower net all-in fee over the life of the investment. Ms. Walker said it is difficult to predict because it depends on how the fund ends up performing. The management fee is paid, no matter the level of success of the fund. The GP Carry fee ends up depending upon the profitability of the fund. Cambridge has done some high level analysis on this and decided the preference is to pay a lower management fee and give up some of the up-side participation. On a blended basis this fee structure is looked upon favorably. Regent Knecht agreed about keeping the upfront management fee lower because if there is a substantial fee paid on the return, it means there is a good return.

Regent Knecht moved approval for a new $5 million commitment to the HarbourVest Dover Street VIII fund. Regent Crear seconded.

Ms. Walker continued that since the 2006 commitment to Drum Capital the benchmark to private investments has been over the policy benchmark. It is currently at 11.1% versus the 7% policy target, but many of the private investment managers are distributing capital back to investors. Cambridge anticipates being very close to the policy target by 2013, and by 2014 and 2015, dipping below the policy target. Ms. Walker explained this is because the private investment managers tend to pull in the commitment money and deploy the capital over a several year period. Chair Wixom added it is not the nature of the investment – it tends to stretch itself out over time.

Motion passed.

Mr. Breiner said action item three is a recommendation to stay within the category of endowment's marketable alternatives, but to change the structure of the investment from direct funds to a fund-of-funds to diversify the risk within the category. The first step is to redeem the investment of the direct funds, Farallon

3. Approved-Asset Allocation and Investment Returns – *(continued)*

and Och-Ziff. Mr. Breiner asked the Committee to consider investing in two hedge fund-of-funds. Cambridge has offered three to consider: Evanston Capital Management, Forester Capital and Maverick Capital on page 18. Mr. Breiner stated Forester Capital is the highest conviction recommendation, followed by Maverick Capital. Page 23 shows the year-by-year performance where all three hedge fund-of-funds presented have outperformed the hedge fund research benchmark over all the compound periods. Page 24 indicates Forester Capital is a clear stand-out in terms of its performance, including volatility.

Mr. Breiner continued that page 28 addressed the question considering the trade-off with respect to fees. It is felt the incremental fees are relatively modest for what is a very valuable risk reduction when adding up the fees and comparing them to what is currently being paid for the direct funds.

Mr. Breiner reported that as of June 30, 2012, there is $30.6 million invested with the two hedge funds. The recommendation is that all the redemption proceeds from those two funds be reinvested in Forester Capital, LLC and Maverick Capital, LLC. Regent Knecht asked for a break-down of the dollar amounts in those funds. Mr. Breiner said Och-Ziff has $15 million, and Farallon has $15.6 million. There will be no access to the illiquid assets of approximately 12%, or $3.6 million, of the total within those amounts in the next months or quarters. It is unknown when cash will be seen from those assets. As the balance of $27.1 million comes in incrementally, it will be reinvested equally to the Forester and Maverick funds over the course of the coming months.

Regent Knecht moved approval to hire two marketable alternative fund-of-fund firms, Forester Diversified and Maverick, and direct the liquidation proceeds from the Och Ziff and Farallon endowment accounts to these two new firms, distributed roughly equally as the funds are received. Regent Crear seconded. Motion passed.

4. Information Only-Operating Pool Reserve Update – Ms. Ruby Camposano, Director of Banking and Investments, reported the activities and most current balance of the reserve account of the operating pool fund.

Ms. Camposano reported the account balance of the reserve account of the operating pool fund as of Wednesday, September 5, 2012, was $13.3 million, down by $1.1 million from the balance of $14.4 million on Friday, August 31, 2012. The equity portfolio was responsible for the decline in the account balance.

5. <u>Information Only-Distributions from Endowment Fund</u> – The Committee discussed current NSHE distributions from the endowment fund, including the 4.5% spending rate and 1.5% management fee distribution in relation to current investment allocation, projected returns, and Board policy *(Handbook Title 4, Chapter 10, Section 5.2.b).*

Chair Wixom explained there is concern about the distributions to the institutions, specifically, if the spending rate of 6% is sustainable and what the long-term effects will be given the current investment policies. He said Cambridge will describe the options and the impact to the Committee.

Ms. Walker said page 29 gives an overview that shows the current distribution policy totals to approximately 6% while the current expected real return of the endowment (excluding inflation) is 5.6% over the long-term. The Committee has been concerned about the mismatch between these two rates since sustained spending over 5.6% is likely to impair purchasing power over the long-term.

Ms. Walker stated page 30 is a summary of model outputs estimating the impact of five different spending rates between 4% and 6% at the end of a 25 year period. The model simulates several thousand scenarios of different market environments. Page 31 shows the real market value of endowment assets is in real terms, so that the ending values are in today's dollars comparing apples to apples.

Ms. Walker said that page 32 indicated the impact on the real annual spending line. The graphs point out that within 25 years, and continuing thereafter, the 6% spending rate is expected to result in lower distributions than the lower percentage spending rates today. Chair Wixom clarified that if a 6% distribution rate is maintained the value of the pool will go down and less will be distributed. Ms. Walker agreed and added it would be 6% of an ever shrinking pool, which will also likely shrink the dollar level.

Ms. Walker commented page 33 looked at the probabilities of maintaining the purchasing power of keeping the distribution steady with where it is today in real terms. The table indicates at the current level of 6% there is a less than 50% base-case probability of preserving the purchasing power of the endowment asset, based on the endowment's current asset allocations.

Ms. Walker stated page 34 examined various probabilities of market value declines that are summarized in the table on page 35, where the 6% spending column shows the endowment has a less than an even chance of preserving purchasing power over 25 years. The probability of a decline in real spending increases as the spending rate increases. If a lower percentage is spent, the probabilities of this decline will become more favorable.

5. Information Only-Distributions from Endowment Fund – *(continued)*

Ms. Walker said page 36 is Cambridge's response to questions about expected returns in the current environment. Forecasts are presented by several different managers for different time periods. Ms. Walker pointed out the example is intended to provide a range of well-respected opinions and, Cambridge is not signifying endorsement of the firms or confidence in the accuracy of these projections. It is meant to highlight that market forecasts vary significantly over different time frames. Cambridge does not know what short-term returns will be, and such forecasts are often unreliable. When thinking about strategic decisions such as asset allocations or spending policies, Cambridge urges their clients to focus on long-term.

Ms. Walker said page 37 showed peers' spending rates over time. Peer spending rates have hovered at approximately 5% for the past 10 to 15 years, largely because it is difficult to generate real returns of approximately 5% without assuming risks outside the tolerances of many institutions. Additional comparative data points are on page 38, and a survey of a broader group of endowed institutions that includes colleges and universities is on page 39.

Regent Knecht wondered if lower expected equity risk premiums were used, and looking at the results on pages 29 through 39, would that not make the case for higher payouts looking worse if assuming lower returns going forward. The tendency would be to deplete the resources and the graphs would show even lower in 25 years at 6% than what the graph shows now. Ms. Walker tended not to focus very much on that one number, as it is a mid-point of the distribution. That number is expected to be too low 50% of the time and too high 50% of the time. Ms. Walker felt a return on the lower half of the range, or higher spending, would likely result in erosion of the purchasing power of the pool over time. Regent Knecht expressed discomfort with the payout levels.

Chair Wixom explained Cambridge is not making a recommendation. He felt the choices were: a) Continue with the distributions which will gradually deplete the corpus of the endowment; b) Reduce the distribution level; c) Change the investment policy and be more aggressive towards a higher payout. Regent Knecht said there could be catastrophic outcomes to increase the return by changing the asset allocation on an expected value basis. Chair Wixom would like input from the institutions.

Dr. Marc Johnson, President, UNR, said that the management fee is going directly into hiring people who will support the capital campaign. Therefore it is in an investment in hopefully more rapid growth for gifts to the university. President Johnson was uncertain if the institution would have a choice of spending on management or being locked into 4.5% spending for the purpose of the fund.

5. Information Only-Distributions from Endowment Fund – *(continued)*

President Johnson felt even though the value of these particular funds may be going down over time in total, the spending capabilities, as a result of a capital campaign, would go up.

Mr. John Carothers, Vice President of Development & Alumni Relations, UNR, said the funds have been critical in difficult financial times. A study was conducted by UNR of the operating costs, and over the past five years the cost of funds ran from 11% to 18%, with a five year average of 14.2%, representing a 700% return on investment. He believed over the long period in real spending terms the NSHE endowment will be depleted at the current spending rate – not in nominal terms because the inflation piece payout is unknown. Mr. Carothers believed the UNR Foundation endowment will be built at a greater rate. If UNR is raising $25 million to $30 million a year, UNR is probably adding $5 million to $6 million from the endowment per year in return for reducing it by approximately $1.5 million.

Chair Wixom asked about the legal obligations of the Board to maintain the values of the NSHE endowment. Mr. Henry Stone, System Counsel, said the rule focuses on prudence. One issue is the presumption of imprudence if the nominal distribution exceeds 7% of the average market value over a minimum of three years. There is no presumption of prudence when spending less than7%. Inflation is a factor to be considered in determining prudence. The rule does not require the value to be maintained other than as maybe dictated by a gift document. Another issue is dealing with a pool and with multiple pools because there is a pool at the System level and a pool at each of the foundations levels. It would be appropriate to look at all these pools as a single super pool. When the 4.5% and 1.5% are analyzed, that is what is being dealt with at the NSHE pool level. It does not incorporate in or give weight to what is happening at the individual institution endowment pool levels. Those portions of the pool dealing with gifts that require minimum, maximum or set values have to be excised out of the analysis. A gift of an asset has to be maintained so there is a fairly significant audit function that has to be conducted in order to understand how the rule plays and how the Cambridge analysis would play if applied over the broader number of pools.

Mr. Carothers added in 2008 the UNR Foundation staff engaged in an extensive study of approximately 320 endowments that benefited UNR. He believed there is a nominal dollar amount you cannot go below, which is the historic gift value of the fund.

Ms. Nancy Strouse, Senior Associate Vice President and Executive Director, UNLV Foundation, said the UNLV process is almost identical to UNR. Once the market crash happened in 2008, the Foundation lowered their distribution to the campus to 2.5% and lowered the Foundation fee slightly. The distribution to

5. Information Only-Distributions from Endowment Fund – *(continued)*

campus has now been raised to 3% and it is being held there as the volatility of the market continues. Ms. Strouse stated the UNLV Foundation does not distribute on funds whose gift value drops below 90% of the original gift value. Every donor agreement has been reviewed and it is honored first. After that the stated required distribution has been honored.

Chair Wixom stated a decision today was not necessary. He recommended getting more information to be fully informed. He asked that these questions be answered at the November 2012 meeting: how the funds are spent and how the 4.5% is spent specifically from each institution; how the 1.5% is spent specifically from each institution and what it is spent on; and a full understanding of how activities were funded prior to 2008 – specifically with respect to the 1.5%. If the 1.5% enabled funding of something in particular, please supply that information. Chair Wixom continued that if other sources of funds were used before 2008, to supply any facts that enabled spending or undertaking new activities, and what those activities were. He said the Committee has an obligation to view this holistically because there are responsibilities to all of the endowments. There are many obligations that dovetail and carry serious challenges.

Regent Leavitt asked about Cambridge offering a recommendation. Mr. Dan Klaich, Chancellor, thought it might be helpful if Cambridge could offer any examples of other institutional clients regarding spending rates. Chair Wixom pointed out the information supplied by Cambridge today is that everyone is reducing their spending rates. The System's situation is unique because of the types of spending being done which is enhancing the other endowments. Mr. Breiner said the approach is to think of the fund's purpose as an input to the analysis, but it is very difficult to weigh in on this point because there is no right or wrong answer. Cambridge is doing their best to show the trade-offs around prioritizing the current and future generations in terms of spending high or low.

Regent Knecht asked if it was possible to give an update in trends among similarly situated or somewhat comparable funds in terms of lowering, raising or maintaining their payout ratios. He also inquired whether the report been broadened to give the most robust sense of what other funds are doing in the middle of this year and the second half of this year. Mr. Breiner said they will do their best to give more information about peer practices on this topic.

Chair Wixom asked System staff to return with ideas – not recommendations – in terms of whether the distribution should be taken down and if so, how it would be done, and over what time period. It is critical to seek input from the institutions and foundations and to begin talking about some of these possibilities.

5. <u>Information Only-Distributions from Endowment Fund</u> – *(continued)*

Ms. Walker said there is detailed survey information from all of Cambridge's clients regarding spending policies on page 39. This is a very new survey published in July 2012. The survey results for fiscal year 2012 will not be available until early 2013.

Chair Wixom requested the Cambridge materials be emailed to the institutional presidents and financial officers.

6. <u>Approved-Development of the University of Nevada School of Medicine *(UNSOM)* Facility at UMC (Agenda Item 7)</u> – The Committee recommended approval of a Memorandum of Understanding *(MOU)* for UNSOM to hire architectural/space planning experts to conduct a space needs assessment for an amount not to exceed $200,000 *(Ref. IF-7on file in the Board office).*

Dr. Thomas L. Schwenk, Dean, University of Nevada School of Medicine, and Vice President, Division of Health Sciences, UNR, reported there has been considerable progress regarding the School of Medicine facility in Las Vegas and the UMC campus. Interviews of various educational, clinical and administrative leaders were conducted to gather information to supply to the architectural designers to work on some detailed planning. More specific plans will be presented at the November 2012 meeting. The focus has shifted a bit from having substantial clinical space at this building to moving it to another location. There are many other possibilities for the use of that space which will transform the visibility of the School, its partnership with UMC, and the quality of experience for students, residents and faculty members.

Regent Leavitt recognized the building location provided substantial satisfaction to Dean Schwenk, Mr. Brannman, the County Commission and Dr. Marcia Turner, Vice Chancellor of Health Sciences. Dean Schwenk believed changing the clinical strategy to serving more of the greater Valley would bring patients in for procedures and complex care resulting in a more integrated and far reaching system.

Regent Crear thought this building created a centralized zone for all things medical. Dean Schwenk agreed that it connected to the Shadow Lane activities, the hospital and the patient care center. Regent Crear asked about the brand on the building. Dean Schwenk said it will say the University of Nevada School of Medicine, Las Vegas Campus.

6. Approved-Development of the University of Nevada School of Medicine *(UNSOM)* Facility at UMC (Agenda Item 7) – *(continued)*

Regent Crear moved approval of a Memorandum of Understanding *(MOU)* for UNSOM to hire architectural/space planning experts to conduct a space needs assessment for an amount not to exceed $200,000. Regent Schofield seconded. Motion carried.

7. Approved-iNtegrate Business Process and Practices Evaluation (Agenda Item #6) – The Committee recommended approval to expend up to $1 million of the $20 million earmarked for phases of the iNtegrate Project to fund a System-wide analysis of business processes and practices *(Ref. IF-6 on file in the Board office)*.

Dr. Steven Zink, Vice Chancellor, Information Technology, explained this request is for up to $1 million of the $20 million earmarked for future phases of the iNtegrate Project approved at the Board meeting of December 2, 2010. This action is to proceed with the planning and business process analysis to unify procedures before being automated for the next step in the overall iNtegrate project, which would be the Finance and the Human Resource systems. There are eight institutions that have been operating independently. To make sense of automating activities for eight different institutions, particularly in Finance and Human Resources, it has to be done correctly.

Regent Crear asked if the money was going to pay a consultant. Vice Chancellor Zink agreed and said the consultant SCS and NSHE already used to give a new perspective on the chart of accounts and accounts across the System will be hired. Regent Crear asked if this consultant would be used throughout the entire project. Vice Chancellor Zink said while the capability is there, that is not the intention. Regent Crear asked about the consultant being aware of sub-contracting work out to disadvantage businesses and the like. Vice Chancellor Zink said it was included in the contract.

Chancellor Klaich explained the procedure was openly bid in a transparent process. He felt Vice Chancellor Zink made a critical point of finding out what will be implemented before it is implemented. This is the only way to arrive at effectiveness and efficiency. The Request for Proposal clearly measures with one of the key Board goals and marries it to iNtegrate. He strongly supported this request.

Dr. Michael D. Richards, President, CSN, said the presidents unanimously agreed iNtegrate II should not proceed without this process review.

7. Approved-iNtegrate Business Process and Practices Evaluation (Agenda Item #6) – *(continued)*

Regent Crear moved approval to expend up to $1 million of the $20 million earmarked for phases of the iNtegrate Project to fund a System-wide analysis of business processes and practices. Regent Knecht seconded. Motion carried.

8. Information Only-UNLV Campus Master Plan – Mr. Gerry Bomotti, UNLV Senior Vice President of Finance & Business, and UNLV Executive Director of Planning Construction David Frommer, provided an update on the UNLV campus *Master Plan* *(Ref. IF-8 on file in the Board office)*.

Mr. Bomotti said the *Master Plan* was going quite well. The UNLV NOW Project began in April 2012, and since then there have been a number of sessions providing input from faculty, staff and people on- and off-campus. The priority for the *Master Plan* is to make sure UNLV meets its mission and, to the extent possible, to accommodate the other activities of UNLV NOW. The county is a critical partner in that, and there have been some good discussions. At this point the expectation is UNLV will couple the *Master Plan* with a Memorandum of Understanding adopted by the County Commission saying they are on-board and working with UNLV. There will be contingencies like having buildings in place before the Commission will engage and give us a lease on land they own where UNLV could relocate some facilities. The main priorities for the campus operation are retained and given great importance in this overall operation.

Mr. Frommer stated the spirit of those engaged in the *Master Plan* has been positive. The potential use of land to the west, in collaboration with Clark County, has been well received and is moving forward. Progress includes a variety of focused work sessions with all constituents involved, including the Brookings and Lincy Institutes.

Mr. Frommer said UNLV has been working with consultants engaged by the UNLV partner Majestic, to look at a few technical issues, one being height restrictions. Majestic's FAA consultant is working with UNLV and McCarran Airport to generate a proposal for submission to the FAA for review with McCarran Airport's consent and agreement. There are major infrastructure items in consideration of the *Master Plan* like traffic access and parking. A traffic engineering firm has been engaged to work with UNLV to help with the parking analysis to determine the requirements of the different components on campus.

Mr. Frommer continued that there is a three way benefit to UNLV, Clark County and McCarran Airport. This will provide a great entry gateway and an excellent environment for all areas. The key component is for the UNLV *Master Plan* to

8. Information Only-UNLV Campus Master Plan – *(continued)*

work, read and function as a robust, cohesive campus that will eventually have 35,000 students.

Mr. Bomotti will ask for approval of the *Master Plan* at the November 2012, meeting. He mentioned that in 1996 the Board passed an agreement with the County that self-restricted the height on approximately half of the UNLV campus which will be part of what will be seen in the MOU.

Chancellor Klaich felt that 35,000 was ambitious and asked about a timeline to accomplish this. Mr. Bomotti does not know of a specific time frame; those were the metrics under the original *Master Plan*. Dr. Neal Smatresk, President, UNLV, did not believe the 35,000 figure was wildly inaccurate in terms of need based on the demographics of the region. Right now it is the best guess.

Chair Wixom asked if Midtown UNLV was part of the *Master Plan*. Mr. Bomotti said that it was part of the current *Master Plan* and will be retained and embedded in what is brought forward. Chair Wixom requested that be highlighted going forward.

9. Information Only-Master Developer for NSC Campus Property – Mr. Bart J. Patterson, President, NSC, discussed the process which NSC will utilize to identify a master developer for the NSC campus property *(Ref. IF-9 on file in the Board office).*

President Patterson said this item is to inform the Board that NSC plans to issue Requests for Quotations *(RFQ's)* related to the campus property. He explained that NSC went through a master planning process and planned 340 acres as part of a core academic *Master Plan*. This particular RFQ does not focus on that *Master Plan*; it focuses on additional acreage NSC has outside of that *Master Plan*, approximately 170 acres, which could be utilized for commercial, residential, retail, or other purposes. President Patterson felt it is the right time to test the market. The City of Henderson has 100 acres next to the campus property and suggested a joint RFQ. If there is interest and the partner is right, a proposal would be brought to the Board and to the City of Henderson Council for approval of a master developer for that acreage outside the core academic *Master Plan*.

10. Information Only-Nevada State College Campus Capital Projects Report – President Patterson presented an update on a potential capital project for the construction and lease of a Nursing/Science Building and a Student Services/Administration Building on the Nevada State College campus *(Ref. IF-10 on file in the Board office)*.

President Patterson said this has been reported regularly to the Board and there is no update right now except that NSC is continuing to work through details on how two additional buildings would be built through either long-term financing,

10. Information Only-Nevada State College Campus Capital Projects Report – *(continued)*

lease-purchase, or public-private partnership types of arrangements. The project was presented to the Public Works Board, but it does not appear state money is available. This will be placed on the November 2012, agenda.

11. Deferred-Space Study Inventory and Utilization Reports – *(Ref. IF-11 on file in the Board office)*.

12. New Business – None.

13. Public Comment – None.

The meeting adjourned at 5:26 p.m.

Prepared by:	Nancy Stone Special Assistant & Coordinator to the Board of Regents
Submitted for approval by:	R. Scott Young Deputy Chief of Staff to the Board of Regents