

BOARD OF REGENTS
BRIEFING PAPER

1. Agenda Item Title: Support of UNLV Foundation’s Negotiation of
Contingent Purchase and Sale Agreement for 42 Acre Parcel near Tropicana
Avenue and Koval Lane

Meeting Date: March 5-6, 2015

2. BACKGROUND & POLICY CONTEXT OF ISSUE:

On or about October 1, 2014, UNLV obtained authorization from Chancellor Klaich (pursuant to BOR Handbook Title 4, Chapter 10, Section 1(9)) to commence negotiations for the possible purchase of 42 acres of real property located approximately .6 miles west of the UNLV main campus, on the northeast corner of Tropicana Avenue and Koval Lane (the “**Property**”). The UNLV Foundation (“**UNLVF**”), at the request of UNLV, has moved forward to negotiate a contingent purchase offer with Wells Fargo for the Property. Any definitive Purchase and Sale Agreement (“**PSA**”) that is negotiated between the UNLVF, on behalf of UNLV, is subject to final Board of Regents approval, in its sole and absolute discretion, and is also contingent upon full and complete satisfaction or waiver of each condition precedent in the PSA, including, but not limited to: buyer’s due diligence review, a revised Campus Master Plan approved by the Board in its sole and absolute discretion, a development plan for the Property, and a financing plan.

The key terms of the offer include the following:

- ❖ Due-diligence period through 12/18/15 to close purchase of the Property;
- ❖ \$50,000,000.00 purchase price;
- ❖ If, within ten years of the transfer of the Property from seller to buyer, a collegiate or higher level stadium receives official financing approval (funds available for the construction) anywhere on the Property and serves as the UNLV home field stadium, the buyer or its designee shall be obligated to pay the seller the sum of \$5,000,000.00; and
- ❖ \$500,000.00 escrow deposit made by the UNLVF, which would be refunded if the purchase is not closed by 12/18/15 or go towards the purchase price if the Property sale does close.

The University has prepared a summary paper (attached) to provide background and information for the Board on this requested action item.

3. SPECIFIC ACTIONS BEING RECOMMENDED OR REQUESTED:

UNLV President Len Jessup requests Board of Regent action to support the negotiation of a Purchase and Sale Agreement between Wells Fargo and the UNLV Foundation (“**UNLVF**”), as agent for UNLV, subject to Board of Regents final approval for the 42 acres of real property approximately .6 miles west of the UNLV main campus, on the northeast corner of Tropicana Avenue and Koval Lane; and to approve the proposed process and schedule defined by UNLV for the due diligence review of the Property.

4. IMPETUS (WHY NOW?):

The UNLVF has made a contingent offer on the Property, which expires December 31, 2015 with no extensions.

5. BULLET POINTS TO SUPPORT REQUEST/RECOMMENDATION:

The Property could represent a very important strategic opportunity to significantly expand the boundaries of our currently land-locked campus, providing potential to accommodate a variety of needs relating to our Tier One aspirations which go well beyond a stadium project, which may never become a reality on this site. In order to fully evaluate this opportunity we will need to complete important due diligence activities, which are outlined in the attached summary paper.

6. POTENTIAL ARGUMENTS AGAINST THE REQUEST/RECOMMENDATION:

- There are some risks involved in purchasing and developing the Property.
- There are better uses for UNLV funds than to purchase and develop the Property.
- The Property is not directly adjacent to the UNLV main campus and thus limits accessibility.
- The proposed project is NOT consistent with UNLV’s current Campus Master Plan, which was approved by the Board at the November 29-30, 2012 meeting.

7. ALTERNATIVE(S) TO WHAT IS BEING REQUESTED/RECOMMENDED:

- The Board does not support moving forward with negotiation of a contingent Purchase and Sale Agreement and related due diligence review of the Property and thus UNLV would not pursue this current opportunity.

8. COMPLIANCE WITH BOARD POLICY:

- Consistent With Current Board Policy: Title #_____ Chapter #_____ Section #_____
- Amends Current Board Policy: Title #_____ Chapter #_____ Section #_____
- Amends Current Procedures & Guidelines Manual: Chapter #_____ Section #_____
- Other:_____

X Fiscal Impact: Yes_____ No X

Explain: UNLVF made a contingent offer purchase offer with payment of a \$500,000.00 deposit to an escrow account that will be fully refunded if the purchase of the Property does not close by December 18, 2015.

Summary – Item: Support of UNLV Foundation’s Negotiation of Contingent Purchase and Sale Agreement for 42 Acre Parcel near Tropicana Avenue and Koval Lane

Board Action Item Requested for March 5-6, 2015 BOR meeting

Board of Regent Action requested to support the negotiation of a Purchase and Sale Agreement between Wells Fargo and the UNLV Foundation (“UNLVF”), as agent for UNLV, subject to Board of Regents final approval for the 42 acres of real property approximately .6 miles west of the UNLV main campus, on the northeast corner of Tropicana Avenue and Koval Lane (the “**Property**”); and to approve the proposed process and schedule defined by UNLV for the due diligence review of the Property. Any definitive Purchase and Sale Agreement (“**PSA**”) that is negotiated between the UNLVF, on behalf of UNLV, is subject to final Board of Regents approval, in its sole and absolute discretion, and is also contingent upon full and complete satisfaction or waiver of each condition precedent in the PSA, including but not limited to: buyer’s due diligence review, a revised Campus Master Plan approved by the Board in its sole and absolute discretion, a specific development plan for the long term use of the Property to support UNLV (with or without any future stadium located on this property), a specific proposal to connect the Property to the main campus through appropriate pedestrian and vehicular/transit, and a specific financing plan for the acquisition of the Property. The specific development plan for the Property is anticipated to include options for public/private partnerships that would support UNLV as well, although the exact structure and details of those partnerships will not be known until the proposal is completed. The contingent offer on the Property gives the UNLVF (or its assignee) until 12/18/15 to close the purchase of the Property. If the UNLVF (or its assignee) misses this deadline (and no extensions are granted), the exclusive offer expires and the \$500,000.00 escrow deposit would be returned to the UNLVF.

The Property could represent a very important strategic opportunity to significantly expand the boundaries of our currently land-locked campus, providing potential to accommodate a variety of needs relating to our Tier One aspirations which go well beyond a stadium project, which may never become a reality on this site. In order to fully evaluate this opportunity we will need to complete important due diligence activities, as outlined above.

Background Information

The University last updated its campus master plan at the November 29-30, 2012 Board of Regents meeting, and at that time the University contemplated a location in the northwest quadrant of the main campus for a mega-events center, along with student district (housing, retail, etc.) south of this location. This plan also was in coordination with the County, and assumed use of their property to the immediate west of the campus for relocation of existing athletic fields on the main campus (see special note below). After this master plan approval the 2013 legislative session approved Assembly Bill (AB) B335, which called for the formation of a

Campus Improvement Authority Board (“**CIAB**”), whose purpose was to study the need for and feasibility of a large events center to serve institutional and broader regional economic development needs. Through the work of the CIAB it was determined that the on-campus location for a stadium identified in our approved master plan was not feasible, given FAA and airport operational requirements. The CIAB reviewed other options for a stadium location, including other on-campus locations and the Property. Based on engineering and FAA/Airport reviews of the Property, it was assumed that a stadium development on this site was feasible, and in fact beneficial given its proximity to the UNLV campus and the strip corridor. As the University looked more closely at the Property, it broadened its consideration of the potential uses of the Property to meet UNLV needs that did not include a stadium. The Property is owned by Wells Fargo, a strong community partner and longtime supporter of the University, and they have been very cooperative and helpful in supporting the University’s review of the land. Given the knowledge and experience of certain UNLVF board members in real estate matters, the University requested the UNLVF act as the University’s agent in working with Wells Fargo in preparing an offer and negotiating an agreement. In addition, depending on the outcome of the final development plan, using the UNLVF gives the University maximum options for how to structure any public/private partnerships and finalize the purchase of the Property.

Proposed Schedule and Process

If the Board of Regents approves support for negotiation of a Purchase and Sale Agreement between Wells Fargo and the UNLVF, subject to Board of Regents final approval, UNLV would move forward, consistent with the attached general schedule, to develop an updated campus master plan, which would include specific development plans for the Property and how it would directly support UNLV academic and programmatic needs. UNLV would work to review any/all public/private partnerships for the development of this land as part of this process, and any viable options identified would be part of a final report and recommendation to the Board of Regents. Our approach to this master plan update would be to consider a stadium placement on the Property as one option, but we would not limit our review to assuming that a stadium would ever be placed on the Property. If there was a stadium developed on the Property, it would take up roughly 18 of the 42 acres. We anticipate being able to bring back an update/revision to the campus master plan, a specific development plan for the long term use of the Property to support UNLV (with or without any future stadium located on the Property), a specific proposal for how to connect the Property to the main campus through appropriate pedestrian and vehicular/transit, and a specific financing plan for the acquisition of the Property no later than the December 2015 Board of Regents meeting. We would plan to bring updates to the Board prior to that meeting on our progress in developing these proposals.

Special Note about Coordination with Clark County and McCarran Airport

As part of the previous mega-events center planning, UNLV and Clark County entered into a Memorandum of Understanding (“MOU”) in November 2012 related to the development of a mega-events center and student village on the UNLV campus. That MOU has lapsed, but it does show the very significant support UNLV has received from Clark County and McCarran Airport. As part of the due diligence to put together the necessary plans for the use of the Property, we will need to again work with Clark County and McCarran Airport, as the “connection to campus” mostly impacts land owned and managed by the County. It should also be noted that the MOU referenced an existing agreement between Clark County and UNLV/NSHE, from 1996/97 which was prompted by activities associated with Paradise Elementary School, and focused on development on the west side of the UNLV main campus, mostly relative to airport/FAA issues related to heights and noise and the efficient operation of the McCarran Airport.

Summary Attachment:

* Proposed 2015 Schedule on 42 Acre Property

Other Attachment to Agenda Item:

*Aerial photo of the Property and the UNLV campus

Proposed 2015 Schedule on 42 Acre Property

January, 2015 Wells Fargo expressed willingness to negotiate a contingent Purchase and Sale Agreement (“PSA”) with the UNLV Foundation (“UNLVF”) for purchase of the Property.

Feb 2, 2015 Start date for Legislative Session.

March 5-6, 2015 BOR Meeting Bring request to the Board of Regents for action to support the UNLVF’s negotiation of a contingent PSA for the Property and to approve the proposed process and schedule defined by UNLV for the due diligence review of the Property.

Feb – September, 2015 UNLV works to develop options for use of the Property relating to our Tier One aspirations. This will include the connection of this Property to the main campus (for pedestrian and other transportation options). UNLV may bring an update to the campus master plan to the BOR for action as early as September 2015 meeting, but more likely the December 2015 meeting.

Feb – September, 2015 UNLV works with UNLVF Real Estate Committee to consider development options for the Property, and specifically options to monetize land around the stadium site and best way to approach this development (including financing the land cost). Proposals coming out of this work would be coordinated with the campus Master plan update noted above.

Spring/Summer, 2015 Order appraisals for the Property and start performing other appropriate due diligence.

June 1, 2015 End of 120 day Legislative Session. Could be extended.

June, 2015 Outcome available of AB335 report and recommendations to extend the Campus Improvement Authority Board through 2017. This may not have any impact on the UNLV strategic interest in this property, and the final UNLV development proposal for the site may not include the assumption of a stadium.

June 11-12, 2015 BOR Meeting In case agenda items need to be brought forward, updates on the progress of this project would be given.

Sept. 10-11, 2015 BOR Meeting In case agenda items need to be brought forward, updates on the progress of this project would be given.

December 3-4, 2015 BOR Meeting Time allotted to finalize UNLV updated master plan, development plan for this site, and our financing plan to acquire the Property no later than 12/31/15.

42 Acre Parcel Tropicana and Koval

