

UCCSN Board of Regents' Meeting Minutes June 11-12, 1968

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BOARD OF REGENTS

UNIVERSITY OF NEVADA

June 11, 1968

The Board of Regents met in Special Session called by the
Chairman of the Board to discuss the Hughes Gift Contract.

Members present: Dr. Fred M. Anderson, Chairman

Mr. Archie Grant

Mr. Procter Hug, Jr.

Mr. Harold Jacobsen

Mrs. Molly Knudtsen

Mr. Albert Seeliger

Members absent: Mr. Thomas Bell

Dr. Louis Lombardi

Mr. Paul Mc Dermott

Mr. R. J. Ronzone

Dr. Juanita White

Others present: Chancellor Neil D. Humphrey

President N. Edd Miller

President Donald C. Moyer

Dr. Patrick Squires

Dean George T. Smith

Mr. Edward Olsen

Mrs. Mimi La Plante

Mrs. Linda Cooper

The meeting was called to order by Chairman Anderson at 2:30

P.M.

1. Motion by Mr. Grant, seconded by Mr. Jacobsen, carried without dissent that the Regents dispense with the reading of the minutes of the previous meeting.

2. Hughes Contract

Mr. Humphrey distributed copies of a 3-page agreement executed by Mr. Howard Hughes and Dr. Fred Anderson, noting that the control signature would be that of the Attorney General. (Copy of agreement filed with permanent

minutes.)

Mr. Humphrey noted that Dr. Anderson had signed the agreement upon his recommendation with the assurance that the contract would be held in the control of the University until such time as there was agreement by the Board of Regents.

Mr. Humphrey requested that President Miller proceed with the explanation concerning the contract.

President Miller stated that contract was substantially the same as drawn by Dan Walsh, providing up to \$300,000 a year for 20 years; however, two items in the contract need additional clarification from the Hughes organization.

He noted that on page 2, the first paragraph speaks of the first payment "commencing the date the Medical School has been constructed and opened for academic session." President Miller stated that this appears to impose a time limit since the contract further stated that the agreement will "remain valid for a period not to exceed three years (3) years from the date hereof." If the School must have opened for academic session within three years from May

31, 1968, it would, in effect, require the School to accept its first students in the Spring of 1971. He also expressed concern over the term "constructed" suggesting that it needed clarification as to whether it meant to build a permanent building or whether it would permit the University to begin with present buildings.

Chancellor Humphrey requested comments from Mr. Dan Walsh, who, he noted, had been involved from the beginning in the contract negotiations.

Mr. Walsh noted that he has reviewed all the negotiations up to this point and the original contract and this contract are similar except for the conditions outlined by President Miller. Mr. Walsh stated that his main concern is with the possibility of these being impossible conditions for the University to comply with. As it stands now, there are funds that could be received from various foundations and the Federal government; however, the receipt of these funds would be dependent upon the University having operating monies. It had been the hope that the Hughes pledge would qualify the University for construction funds. The conditions which have been inserted cause concern because there are so many "mights".

Clarification is necessary before the University could seek resolution of the contract.

Mr. Walsh stated that as the University's Counsel, he felt it important that the Regents be fully advised on their legal position. There is presently, he said, a possibility that the people who signed the contract could say that a full Medical School must be constructed to satisfy conditions of the agreement. This possibility could be eliminated by striking the words, "construction" or "constructed". Mr. Walsh also pointed out that prior to this time funds have been expended in reliance of the pledge that money would be forthcoming for the operation of the Medical School. In granting money for construction, the Federal agencies and foundation people would consider two things to be legally binding: (1) a written contract, and (2) an interpretation of that contract by a court of law.

Mr. Walsh said that if a court should conclude that there was an offer for the operation of a Medical School, one could imply from that that you have a reasonable time to construct the facilities. Once the document is fully executed this possibility would be waived. He also stated

that the University must determine whether or not it can comply with the terms as they appear to exist; i. e., that the School must open for academic session in approximately 2 1/4 years.

President Miller noted that the target date for the first class has always been 1972.

Dr. Anderson pointed out that very few Medical Schools start out in new buildings and suggested clarification of the terms "constructed" or "construction" might be based on whether facilities were considered acceptable to the Committee on Accreditation.

Mrs. Knudtsen asked whether there had been any kind of discussion between the Attorney General's Office and members of the Hughes organization concerning the reasons for the wording of the contract. Mr. Walsh stated that the second contract had not contained the restrictions.

Mr. Humphrey stated that the purpose for this Special Meeting of the Board was to involve the Board concerning what the discussion with the Hughes people would include.

Mr. Hug noted that at no point was a time limitation ever

mentioned and it placed a tremendous burden on the University to work within this time limit. He stated that it would appear impossible to be in a position to accept students in 2 1/4 years as required by the present wording of the contract. He suggested the University attempt to find out why this restriction had been introduced.

Mr. Grant suggested that Mr. Hughes be requested to amend the contract to allow for 5 years following acceptance of the feasibility study by the State Legislature. Mr.

Seeliger stated it was most important not to assume that any road blocks were intended.

Mr. Humphrey agreed and added that both he and President Miller recommend proceeding on the assumption that no one gives a major gift to the University without having the University's best interests at heart. He said that he was confident that the donor would wish to understand the problems and work with the University to resolve them. He requested that the Board authorize the Administration to contact Mr. Gray, or other representatives of Mr. Hughes, explain the problems which appear in the proposed contract and request that the changes be made. Mr. Humphrey further recommended that in the event that amend-

ment of the contract is not acceptable to Mr. Hughes, the contract be executed without amendment and the University's ability to comply with its terms be determined within one year.

Mr. Grant suggested that the negotiations with Hughes include the request for a 5-year period following acceptance of the feasibility study.

Mr. Hug pointed out that the University has been proceeding on the basis of a previous announcement which contained no time limitation and has expended money which might have been spent otherwise.

Mr. Humphrey noted that Mr. Ronzone had telephoned to say that he would not be present for the meeting and expressed himself as being in favor of authorizing the Administration to negotiate with Hughes.

Mr. Hug suggested that the University request that time restriction be eliminated. Mr. Grant asked what opposition there was to asking Hughes to specify a 5-year time program. Chancellor Humphrey advised that some discretion be left to the Administration during the negotiations.

Mr. Jacobsen asked if the offer could be withdrawn if the contract were not immediately completed or if the contract could be accepted as it is and then amendments requested.

Mr. Walsh stated that we would not be in a good position to request amendment once the contract had been fully executed.

Motion by Mr. Grant, seconded by Mr. Jacobsen, carried without dissent that the Board authorize Chancellor Humphrey, President Miller and Dan Walsh to proceed with negotiations with Mr. Hughes and his representatives to the end that the suggested changes might be made in the contract.

Chancellor Humphrey stated that if the negotiations were successful the contract would be brought back to the next meeting of the Board of Regents.

President Miller stated that for the record it should be made clear that if the feasibility study is accepted and the Medical School authorized, it will have one of the best financial starts of any Medical School in the country, all through the generosity of Mr. Hughes, Mr. Manville and

the Hancock Foundation who have together pledged more than
\$7 million for this purpose.

The meeting adjourned at 3:15 P.M.

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