

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 December 2016 meeting.

**BOARD OF REGENTS and its
ad hoc COMMITTEE ON ATHLETICS
NEVADA SYSTEM OF HIGHER EDUCATION**
System Administration, Las Vegas
4300 South Maryland Parkway, Board Room
Thursday, September 1, 2016

Video Conference Connection from the meeting site 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, Chair
Dr. Jason Geddes, Co-Chair
Mr. Cedric Crear
Mr. Trevor Hayes
Mr. James Dean Leavitt
Mr. Kevin C. Melcher

Other Regents Present: Mr. Sam Lieberman
Mr. Rick Trachok, Chairman, Board of Regents

Others Present: Mr. John V. White, Chancellor
Mr. Dean J. Gould, Chief of Staff & Special Counsel to the Board of Regents
Ms. Brooke Nielsen, Vice Chancellor for Legal Affairs
Mr. Nicholas Vaskov, System Counsel & Director of Real Estate Planning
Mr. James Martines, System Counsel
Dr. Len Jessup, President, UNLV
Dr. Marc A. Johnson, President, UNR

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

Chair Kevin J. Page called the meeting to order at 8:35 a.m. with all members present except Regent Hayes.

1. Information Only-Public Comment – None.

Regent Hayes entered the meeting.

2. Approved-Minutes – The Committee recommended approval of the minutes from the June 2, 2016, meeting (*Ref. COA-2 on file in the Board office*).

2. Approved-Minutes – (continued)

Regent Leavitt moved approval of the minutes from the June 2, 2016, meeting. Regent Crear seconded. Motion carried.

3. Approved-Review of Football/Basketball Head Coach and Athletic Director Contract Templates, Checklist and Guidelines – The Committee recommended approval of: 1) the proposed revisions to the Football and Basketball Head Coach Contract, Checklist and Guidelines and 2) the Athletic Director Contract Template, as amended (*Refs. COA-3a, COA-3b, COA-3c, COA-3d and COA-3e on file in the Board office*).

Ms. Brooke Nielsen, Vice Chancellor for Legal Affairs, recommended the 60 days allowed for the background check on the original template be shortened to 30 days. The 30-day allowance is consistent with background checks for employees and consistent with the report the President would make to the Board regarding the certifications and disclosures.

Chair Page was concerned that even if the background check is shortened to 30 days, the institution and the System would still suffer embarrassment if the hired coach does not meet the job requirements. He was unsure of why the background check cannot be completed before offering the job. Vice Chancellor Nielsen responded that a large amount of due diligence is done before the coach is hired; however, some background checks take longer.

Ms. Tina Kunzer-Murphy, Athletics Director, UNLV, added they had discovered that when going to a prior institution for information on a candidate there are privacy restrictions and it can take longer than anticipated.

Chair Page understood there is no way to speed up the process as far as obtaining releases for the privacy restrictions, but he believes that checking academic credentials through a clearinghouse should be built into the background check process as it is a quick way to verify the education of the candidate.

Vice Chancellor Nielsen agreed with Chair Page about using a clearinghouse for degree verification and did not think changing the template to reflect that would be difficult to execute.

Dr. Marc A. Johnson, President, UNR, shared that they always do the NCAA (National Collegiate Athletic Association) checks before hiring to find out if the coach has any violations and if so, what the nature of those violations are. For the UNR and UNLV Schools of Medicine faculty transition agreement, they had to approach each faculty member for permission to release their personnel file if a question arose regarding whether an individual had been through the compliance review. President Johnson noted that in regard to obtaining certain information,

3. Approved-Review of Football/Basketball Head Coach and Athletic Director Contract Templates, Checklist and Guidelines – *(continued)*

permission is required and the process can take more time to complete than anticipated.

Regent Leavitt suggested requiring the finalists to sign a release so the institution can initiate the background check immediately. Ms. Kunzer-Murphy clarified by saying they ask the applicants to verify their credentials. They recently went through this process and were advised by legal counsel to take an extra step beyond what is required.

Chair Page asked Ms. Kunzer-Murphy to clarify that because using the clearinghouse is not a typical part of the procedure, they would not have done that in the past. Ms. Kunzer-Murphy replied their compliance office verifies degrees and conducts the background checks. She was unsure if they used the clearinghouse for degree verification. Chair Page thought it would be best to incorporate using the clearinghouse in the background check procedure moving forward.

Regent Melcher commented on the NSHE presidential search committees and how consultants conduct some basic checks, but the background checks are not in-depth until there is a final candidate.

Vice Chancellor Nielsen said in regard to background checks the timing of hires is often a quick window. Substantial due diligence can be done in advance, but there may be a need to follow up and more closely examine certain things or even contact other institutions for additional information. The 30-day requirement is reasonable, but it could be revised to indicate that certain items must be completed before the hire, including degree verification and the NCAA compliance review.

Ms. Kunzer-Murphy pointed out they agreed to have some flexibility on the template. Although she understands Chair Page's comments, she is concerned about being boxed in and unable to comply with policies.

Chair Page emphasized using the clearinghouse would be a quick process and then they could swiftly move forward to the NCAA review. Those two pieces could be done prior to the job offer. He did not believe it should take 30 days to conduct a background check and recommended researching other vendors that can do the check in a shorter amount of time.

Board of Regents Chairman Rick Trachok shared Chair Page's thoughts about 30 days being too long to conduct a background check.

3. Approved-Review of Football/Basketball Head Coach and Athletic Director Contract Templates, Checklist and Guidelines – *(continued)*

In response to a question from Regent Crear, Ms. Kunzer-Murphy said they recently went through the hiring process and some additional items continued to come up in which they had to readdress. Chairman Trachok is correct in that the media can have information in 24 hours; however, specifically focusing on UNLV's most recent head coach hire, the media's information conflicted with information Ms. Kunzer-Murphy's office had. They were obligated to do their due diligence which took more than 48 hours. Regarding the template, the 30-day period is meant to provide some flexibility which would allow more time to work within the structure. Ms. Kunzer-Murphy confirmed they will be able to verify degrees using the clearinghouse and have the NCAA compliance review completed prior to offering the job. If requests for further verification of credentials are made, the 30 days will allow them the time to do further research.

Vice Chancellor Nielsen added it is about what can reasonably be done before the hire is made. Issues may come up after the hire is made, such as articles in the press that allege false information or a complaint from the public, which the hiring institution is obligated to investigate. She believed the 30-day window is reasonable to complete checking into issues that may come up at the time of the hire and it is also beneficial to insist on certain verifications before the job is offered.

President Johnson asked for more information on the clearinghouse and inquired which clearinghouse would be used for the background checks. Vice Chancellor Nielsen answered there is a clearinghouse that confirms degrees that is used by a majority of the NSHE institutions. Nicholas Vaskov, System Counsel and Director of Real Estate Planning, confirmed it is the National Student Clearinghouse.

Regent Hayes did not think 30 days is unreasonable. Even if the clearinghouse and the NCAA do finish their processes quickly, 30-60 days is a common length of time for other types of checks. Although Regent Hayes understood the request for flexibility, he noted the first use of the template led to abuse of the flexibility. He does ultimately agree that flexibility should be given because the Regents are potentially removing themselves from the coaching hiring process which will allow the Presidents to be solely accountable for hiring.

Regent Lieberman expressed his concern regarding a new hire doing a job without a background check.

Regent Melcher stated when searches are conducted, the institutions, athletic directors and legal counsel do thorough screenings of the candidates. He said there is a need to clearly define what the background checks entail. The

3. Approved-Review of Football/Basketball Head Coach and Athletic Director Contract Templates, Checklist and Guidelines – *(continued)*

institutions should not spend the time, money and energy on extensive background checks for every candidate.

Chair Page summarized the recommended changes to the policy: 1) Change the background check from 60 days to within 30 days of hire and 2) Complete the verification processes and reviews through the clearinghouse and the NCAA before hire. Regent Hayes requested the term be changed to “verification of academic credentials” in case there is a desire to use a different service other than the clearinghouse.

Regent Crear moved approval of Paragraphs 3.2 and 3.3 of the athletic director contract template to be amended to include changing the background check from 60 days to within 30 days of hire; and a requirement that the institution: (i) verify the appointee’s academic degrees and credentials; and (ii) investigate the appointee’s past compliance with the NCAA (or NJCAA) rules, prior to execution of any employment contract. Regent Leavitt seconded. Motion carried.

Chair Page turned the discussion to paragraph 5.3: Expenses.

Vice Chancellor Nielsen noted the suggested changes to the expenses provision are based on a request to conform the contract to some of the practices developed within coach contract terms. This includes an allowance for moving/relocation expenses and a hosting account. Hosting was not a part of the original template and is now added to allow the institution to provide a hosting account subject to all of the rules and procedures that govern the use of hosting accounts.

Chair Page thought automobiles and hosting were included in past contracts. Vice Chancellor Nielsen clarified that those may have been in past contracts, but it did not make it into the approved template. It was an oversight and if it had been mentioned a year ago, those items would have been included. Chair Page made clear that if these types of provisions are missed, the institution will be held responsible for the oversight. Vice Chancellor Nielsen agreed and said the process is designed so institutions must explain all deviations from the template.

Vice Chancellor Nielsen continued with paragraph 5.6d – the retention bonus. This is a clause that has been in some coach contracts. Chair Page wanted to know what prior contracts had retention bonuses. Vice Chancellor Nielsen stated the last contract included a retention bonus and Ms. Kunzer-Murphy confirmed it

3. Approved-Review of Football/Basketball Head Coach and Athletic Director Contract Templates, Checklist and Guidelines – *(continued)*

did. Ms. Kunzer-Murphy wanted to ensure they have a template that includes every situation that arises so they do not have to come back to the Board for approval.

Vice Chancellor Nielsen discussed the recommended changes for the post-season performance bonus provisions, noting it is not fair to saddle a new coach with bad APR from a previous hire which may make the post-season bonus inaccessible to the new coach. One of the changes is to determine the APR that will be allowed in a contract. It will either be the NCAA or the conference-required APR level, or an agreed upon APR, whichever is higher. Another change is the academic gate will not apply to the first year of contract. The APR used in the second year is based on the immediately available APR of the prior year.

In response to a question from Regent Crear, Vice Chancellor Nielsen said in the first year, APR would not be a factor and a coach would receive a bonus if applicable.

Regent Crear requested a more detailed explanation. Vice Chancellor Nielsen clarified the APR is not a factor in the first year. In the second year, whatever the APR may be, it will serve as the academic gate. If it is below the required amount, the coach would not receive a bonus. Regent Crear wanted to know if the post-season play bonus and APR bonus are tied together. Vice Chancellor Nielsen responded an APR bonus would apply strictly if it is achieved in any given year.

Co-Chair Geddes added there were APR bonuses in the previous contracts. In more current contracts the APR bonuses were removed, but all post-season bonuses were contingent on the APR rate. Regent Crear asked if there is post-season play and the APR is not at a certain level, would the coaches be entitled to a bonus. Vice Chancellor Nielsen answered some coach contracts around the country do give APR bonuses, but it is not in the NSHE's template.

Mr. Doug Knuth, Director of Intercollegiate Athletics, UNR, explained the APR reporting is a one year lag. After extensive research, which included reaching out to other institutions around the country and through ongoing communication with the NCAA, it was discovered there was no way to get an accurate APR report in year one for a coach.

Chair Page turned the discussion to the proposed athletic coach and athletic director contract guidelines.

Vice Chancellor Nielsen stated if it is the Committee's will, it would be appropriate to make a recommendation to the full Board regarding the proposed changes to the athletic coach and athletic director contract guidelines.

3. Approved-Review of Football/Basketball Head Coach and Athletic Director Contract Templates, Checklist and Guidelines – (continued)

These are the guidelines that will go in the *Procedures and Guidelines Manual* (PGM). The first point is that each hire has to be made in accordance with Title 4, Chapter 24, Section 10. The second point is these templates shall be used for coach, assistant coach and athletic director contracts. It states variance of terms can only occur in accordance with Title 4, Chapter 24, Section 10. If the institution varies from the template, they must provide rationale in its report to the Board. The policy states institutions should try to minimize revisions, but it is recognized these contracts are lengthy and some of the terms and provisions do not apply to assistant coach contracts. The next change covers the cost associated with contracts - liability the institution could incur through, for example, the liquidated damages clause. The ability to pay for all potential liabilities must be addressed, which can be millions of dollars. One item proposed to be stricken from the guidelines is the level of base compensation clause that indicates it should always be less than the President's salary. The policy the Board will vote on in September states that salary will be driven by market conditions. Certifications and disclosures have to be made and a contract checklist must be done within 24 hours of a hire.

Vice Chancellor Nielsen addressed an error pointed out by Chair Page and confirmed "athletic director" should be included in paragraph two where it covers that institutions should minimize revisions and any changes must be attached. She noted assistant coach contracts are not included because they are appointed by the President or athletic director.

In response to Regent Leavitt's inquiry regarding paragraph two in the guidelines, Vice Chancellor Nielsen clarified that although contract deviations must be presented to the Chancellor, the Chancellor's approval of the deviation is not required in order for the contract to be offered. The Chancellor is welcome to address any issues regarding contract deviations in future Presidential evaluations.

Co-Chair Geddes referred to paragraph 5.7 and pointed out for UNR's men's basketball head coach, a clause was included as an amendment which involved up to \$20,000 with the athletic director and President for other post-season tournaments. He would like to see that reflected in the template and checklist. Vice Chancellor Nielsen pointed out the checklist has a catch-all at the end that indicates to attach a description of "any other monetary terms."

Vice Chancellor Nielsen stated this concludes the review of the guidelines and contract changes.

3. Approved-Review of Football/Basketball Head Coach and Athletic Director Contract Templates, Checklist and Guidelines – *(continued)*

Regent Leavitt moved approval of the amendments to paragraphs 5.3 (Expense provisions in coach contracts to include an allowance for moving/relocation expenses and a hosting account) and 5.6d (Retention Bonus/Post-season performance bonus to include the process of determining the APR that will be allowed in a contract for a coach's first year and the academic gate will not apply to the first year of contract; and amendments to the guidelines to include each hire has to be made in accordance with Title 4, Chapter 24, Section 10; templates shall be used for coach, assistant coach and athletic director contracts; edit Paragraph 2 to indicate that institutions are required to provide written justifications for changes to the athletic director contract template; add language that addresses the ability to pay for all potential liabilities in the contract; and strike the level of base compensation clause that indicates it should always be less than the President's salary.

Regent Geddes offered a friendly amendment to include 5.7f – add up to \$20,000 for the post-season.

Chair Page confirmed the inclusion of 5.7f – Include other tournaments aside from the NCAA and the NIT.

Regent Hayes asked if that included Chair Page's amendment to add "athletic director" to the contract revisions in paragraph two. Chair Page confirmed it does.

Regent Crear referred to Co-Chair Geddes's amendment for 5.7f and inquired whether they are limited to the \$20,000. Chair Page clarified it is stated as "up to." Regent Crear was unsure why there needed to be a dollar amount. Chair Page believed the only reason is the other post-tournaments have numbers; it is not open. Regent Crear made a point that the number can fluctuate depending on the coach being pursued; it may be negotiable and it could change. Regent Crear explained with an example: If the television contract for the final four is substantially increased and the institution's cut is increased, yet the coach's cut is capped at \$20,000, it would seem the coach should share in that benefit.

3. Approved-Review of Football/Basketball Head Coach and Athletic Director Contract Templates, Checklist and Guidelines – *(continued)*

Co-Chair Geddes agreed with Regent Crear and said “other post-season bonus” should be added to the guidelines.

Regent Leavitt moved approval of the additional amendments which are to add “athletic director” in Paragraph Two in the guidelines; and add the following language to Paragraph 5.7 of the athletic coach contract template as subsection f: “Not more than \$_____ as determined by the athletic director with the approval of the President for participation in other post season tournaments.” Regent Crear seconded. Motion carried.

Vice Chancellor Nielsen referred to the athletics director contract. She suggested amending it, such as the head coach contract, to reflect 60 to 30 days for the background check; along with the degree verification and NCAA compliance to be completed before the job offer is made. She briefly covered the different sections in the contract. She made clear the contract will have the blank spaces that will be filled in as a result of the negotiation. There is also a provision for a bonus which would be a one-time payment and disclosure of outside income must be done annually. She discussed discipline and termination aspects of the contract, including the confidentiality clause. If the athletic director has an opportunity to go elsewhere, they must report that to the institution before pursuing the opportunity.

Regent Leavitt moved approval of the athletics director contract to reflect the background check be changed to 30 days; and the degree verification and the NCAA compliance be completed prior to a job offer. Regent Geddes seconded. Motion carried.

Regent Page thanked Vice Chancellor Nielsen, legal counsel and the athletics directors for their work on this.

President Johnson referred to item D on the coach contract. When all the changes were considered, it only referred to the head basketball and head football coaches. He wanted to know if the template will apply to all coaches. Vice Chancellor Nielsen confirmed the template applies to all assistant coaches, however the

3. Approved-Review of Football/Basketball Head Coach and Athletic Director Contract Templates, Checklist and Guidelines – *(continued)*

guidelines recognize there can be terms that are not appropriate for assistant coaches. Regent Geddes added the template will apply to head coaches for all sports. Vice Chancellor Nielsen concurred and noted that some of the provisions might not apply to soccer coaches, for example. The template is to be used as a base contract for coaches and will be edited as needed when building a contract for a coach.

4. Information Only-Review and Discussion of Policy Proposals Authorizing Institution Presidents to Approve Athletic Director and Athletic Coach Employment Contracts (*Agenda Item 6*) – The Committee reviewed and discussed policy proposals amending various provisions of the *Handbook* in order to authorize institution presidents to approve and execute athletic director and athletic coach employment contracts rather than the Board of Regents (*Refs. COA-6a, COA-6b, COA-6c, COA-6d and COA-6e*). The Board may take action on the policy proposals at its September 8-9, 2016, meeting.

Mr. Vaskov introduced three policy proposals allowing Presidents to execute employment contracts for athletics directors and athletic coaches. For certain high dollar contracts, the President must provide certain types of written certification to the Chancellor and Chief of Staff to the Board. Mr. Vaskov reviewed the different types of certifications: contract certification, funds disclosure and a diversity report.

Regent Crear was unsure why this has become an issue and wondered where it stemmed from. The Board has always complied with the regulations, but the institutions have not complied with the Board's requirements. There was an impression that the Board was the impediment in getting the contracts approved, which was inaccurate. The institutions have not shown they are capable of conducting searches with a focus on diversity, gender equity, etc. Contracts have been disorganized and scattered, and it was not until the Board created this committee that some standardization was put in place for these contracts. If the Board did not intervene, issues would not be addressed such as diversity, gender equity, APR, and so forth. Regent Crear did not believe the institutions have earned the right to have this responsibility handed back to them.

Regent Lieberman agreed with many of the issues Regent Crear spoke of. However, he believed that it is all the more reason to return this responsibility to the institutions. The institutions have to be accountable as they are the supervising body. The issues which called for the Board's intervention were certainly a factor historically, but hopefully the switch will move this in a good direction.

4. Information Only-Review and Discussion of Policy Proposals Authorizing Institution Presidents to Approve Athletic Director and Athletic Coach Employment Contracts (Agenda Item 6) – (continued)

Overall, Regent Hayes agreed with Regent Crear's thoughts, but had a different solution in mind. He reminded the Committee of the coaching hire fiasco this past spring. It was embarrassing and there was no accountability for it. The institution failed to work with the Board in any way and did not follow the template. It left the Board with no choice but to approve the contract or damage the institution. This change will factor in accountability and it will be in the performance evaluation of the President. Currently, the Board does not have control over the contracts; the institutions have the authority. Therefore the institutions should be accountable.

Regent Crear said the institutions are accountable now and this will be a part of the President's evaluation. He did not see what the change would be. Regent Hayes said the change would be annual accountability, not accountability when the President potentially comes up for review every four years. Regent Crear replied the Board can always call a personnel session. There are ways the Board can exercise control in dealing with issues and they have been done in the past. Regent Hayes was unsure of what the recourse would be. The reasons in the contract are very limited when considering terminating a President for cause. He emphasized the institution was embarrassed nationally and the Board was embarrassed even though they were not the responsible party; no one was held accountable.

Chairman Trachok shared the reason he proposed this change was twofold: 1) He is the only person who votes against these contracts and it was clear with the last two contracts the Regents were put in an untenable position; and 2) The Board is not the hiring body and does not make these decisions. However, the Regents do have the obligation of fiscal oversight. It is the core function of the Board as these contracts are reviewed, in addition to ensuring the President and athletics director are following the policy. With this change, the Presidents are required to certify at the end of the year all sources of revenue and that their athletics budget is balanced. If the President is unable or refuses to balance the budget, it would be insubordination and there would be cause to call a personnel session. The only control the Board can assert in these types of high profile and lucrative contracts is to require the Presidents to provide proof at the end-of-year Board meetings that they have the funds they claimed they had when the hires were made. That is the role as a governing board. If things are left as it is now, the Board will always be in an untenable position.

Regent Lieberman noted the potential issues with Open Meeting Law and the media. Often, there is an announcement of the coach before the Board is able to approve. With this in mind, it makes sense for an in-house approval before it goes to press.

4. Information Only-Review and Discussion of Policy Proposals Authorizing Institution Presidents to Approve Athletic Director and Athletic Coach Employment Contracts (Agenda Item 6) – (continued)

Co-Chair Geddes added that an inordinate amount of time is spent on these hires; the Board delegates so much authority to Presidents for other hires and this is another type of hire that should be handled on the institutional level which would entail accountability. The Code can then be altered and emphasis can be added where needed. The Board's time would best be spent on strengthening policies and holding institutions accountable.

Regent Hayes reiterated that he agreed with Regent Crear, but ultimately disagreed with the solution because the President promised a balanced budget at two meetings. The promise was never fulfilled and there is no accountability for that.

Mr. Vaskov referred to page 10 of the Title 4 changes regarding the three certifications that need to be submitted (contract certification, funds disclosure and the diversity report). As the policy is currently written, those reports have to be provided to the Chancellor and Chief of Staff to the Board within 30 days after execution of the contracts. In light of the previous conversation, Mr. Vaskov asked if the timeline is acceptable or if additional language is needed regarding the NCAA review and the degree verification.

Although Chair Page believed 30 days is too long, he was accepting of it. He thought a good idea would be to ask the people who conduct the background checks if it could be done in less than 30 days.

In regard to Chairman Trachok's thoughts, Regent Crear agrees the Regents are placed in an untenable position, but he never viewed the role of the Board as approving the individual. His primary concern is about the contract – the terms and exposure of the institution, diversifying the search, etc. There are a lot of ways to achieve this without the Board giving up its authority to approve contracts and oversee the process.

Regent Leavitt said he agrees with both Chairman Trachok and Regent Crear. As Regent Hayes pointed out, this is not an abdication of the Board's responsibility; it is a delegation of responsibility with appropriate checks and balances. This is worth trying and it addresses many concerns. The first time the template was used was the very first time the template was applied to a hiring contract. Although there were critics of President Jessup, Ms. Kunzer-Murphy, and/or Chairman Trachok, he believes all three did the best they could under the circumstances. Chairman Trachok called the meetings as quickly as he felt the process was being followed. Regent Leavitt respects the Chairman's belief that he was not going to submit the contract to the Board until the template was followed. The Regents need to focus on policy recommendation because it is an

4. Information Only-Review and Discussion of Policy Proposals Authorizing Institution Presidents to Approve Athletic Director and Athletic Coach Employment Contracts (Agenda Item 6) – (continued)

example of what governance is and what management is. Accountability is built into the process of the institutions taking the lead on head coach hiring.

5. No Action Taken-Review of Athletics Department Annual Reports – The Committee reviewed and discussed the athletic department annual reports submitted by CSN, UNR and UNLV as required under Title 4, Chapter 24, Section 1, Subsection 9 of the Handbook (Refs. COA-5a, COA-5b, COA-5c and COA-5d). The Committee discussed and provided feedback related to the reports.

Ms. Kunzer-Murphy shared a few highlights including 119 of UNLV's student athletes earned Academic All-Conference Honors within the past year. Six UNLV programs earned a perfect APR score of 1000 for the reporting period of 2014-15. The women's golf and tennis programs were honored with the NCAA Public Recognition Award for earning a multi-year APR score of 1000. 2015-16 was a strong year in donor fundraising which includes the baseball building from Anthony and Lindy Marnell III, an anonymous gift of \$2 million for the football facility and upgrades for the tennis program from Frank and Vicky Fertitta.

Ms. Kunzer-Murphy said when she first started at UNLV in the 2013-14 year, they had established 8 strategic priorities. She highlighted 5 of the priorities which were exceptionally met this year: academic achievement, athletic excellence, social development, fiscal responsibility and community service. Ms. Kunzer-Murphy closed her report by saying at UNLV they strive to improve every day. There were no major violations this past year and she is proud of all 450 student athletes, coaches and staff for their hard work and dedication.

Dr. Len Jessup, President, UNLV, added that their top tier strategic plan is aimed at elevating the institution. On the academics side, the goal is to become high-Carnegie ranking. On the athletics side, the aim is to be operating at the level of the institutions in a Power 5 conference. Good progress is being made on both dimensions and both are tracked closely. In the past six months, the highest levels of leadership at the NCAA, the Power 5 conferences and the Big 12 have given good feedback that UNLV is on the right path. The missing ingredients for UNLV are facilities – specifically around football. President Jessup said they will continue to aggressively work on raising funds for a practice facility and a more sophisticated stadium closer to the campus.

Regent Lieberman attended the kickoff. He found it fascinating to see the student commitment to academic achievement and the athletic programs, and the respect the students had for their peers and the institution.

5. No Action Taken-Review of Athletics Department Annual Reports – *(continued)*

Co-Chair Geddes had a few follow-up questions on the budget allocation. On page 1 under institutional support for FY14, it shows there was about \$310,000. It then increased to about \$2.2 million and in the years going forward it shows \$1.5 million for each year. He wanted to find out what the funding source of that institutional support was. Co-Chair Geddes added in FY14 the self-supporting budget surplus was around \$669,000, but going forward the self-supporting budget looks to be over \$2 million in the red; he asked to hear a solution for this issue.

Mr. Gerry Bomotti, Senior Vice President, Finance and Business, UNLV, clarified the \$310,000 was the budget for 2014, but the actual was \$2.5 million. The aim is to always start the year with a balanced budget, but at times there are unforeseen matters such as change in coaches, etc. They work closely with the President's office to identify other one-time funds; at times these funds are interest income, student fees, indirect cost recovery overhead, etc. The President committed this year on a basis for student fees to partially fund cost of attendance. If requested, a detailed listing of the sources can be provided; this does vary from year to year.

Co-Chair Geddes said there seems to be no intersection of what is being budgeted for and what the revenues are going to be. He wanted to know if ICR (Indirect Cost Recovery) was used as some of the institutional support for athletics. Mr. Bomotti assured the Committee that F&A (Finance and Administration) was not used, F&A being the technical term for grant and contract overhead from federal grants. In some cases, internal overhead can be collected and 3.5 percent is charged of gross revenue for overhead in supporting activities. However, this is internal campus overhead, not federal F&A funding.

Co-Chair Geddes commented on year 2021 and how the revenue is short of expenditures. He asked if expenditures are not being cut; or how are they going to get that revenue. Mr. Bomotti said every year they try to figure out how to balance the budget going forward. They have been looking at ways to increase men's basketball and football ticket sales. Athletics is focusing on creating a winning team because turn around on sales would be significant.

President Jessup said they are looking to increase pay off opportunities like the big payoff for the Michigan game. He added that Ms. Kunzer-Murphy is clipping back on budgets and looking more to external support. They are working hard to close gaps on the expenditure side and the revenue side.

Ms. Kunzer-Murphy said she meets with the Associate Vice President for Auxiliary Financial Services and Campus Audit weekly to discuss the budget. The projections include what athletics would like to do, but with the understanding that they might not be able to do it. The development division is

5. No Action Taken-Review of Athletics Department Annual Reports – *(continued)*

becoming a bigger focus. Football over-performed last year and season tickets are up by 200 from last year. For basketball, there has been an 8-10 percent decrease in ticket sales within the last three years. However, they have been gaining a lot of ground with the new coach. Regarding student fees, they have been working closely with student government and discussed a slight increase of 50 cents over the next four years. Ms. Kunzer-Murphy believes the students are supportive of this and it is time for athletics to get institutional support.

Co-Chair Geddes noted that the money is coming from somewhere. If the President determines the deficit can continue and he will provide money from other sources, then so be it. There will not be funds in the budget for athletics because the Regents did not include that. Also, he cautioned that a student fee request has come before the Board in the past and there was not enough support for it, so that should not be relied on.

Regent Hayes noted that President Jessup said there was a conservative ticket increase in the budget, but in men's basketball it was 20 percent and football was more than 50 percent. Regent Hayes asked President Jessup to clarify his remark in regard to this being conservative.

President Jessup replied if events happen within the next 24 months as expected, he thinks they can do quite well; perhaps even better than the projections.

Regent Hayes requested an update on the marketing campaign.

Regent Crear exited the meeting.

Ms. Kunzer-Murphy said they have been focusing on community relations and are working with the Alumni Association on getting people out to games. She wanted to specifically note how they brought outside marketing in-house and are changing how they conduct business. They have also appointed one of their Sports Information Directors to handle social media. Ms. Kunzer-Murphy noted the new marketing director started two weeks ago.

Regent Hayes pointed out in the budget the projection for 2016 budget was \$4 million for unrestricted gifts. He wanted to know why it seems to be reset to a lower amount going forward. Ms. Kunzer-Murphy said they are reconstructing their development division and they need to change their direction but no one is in place right now.

President Jessup added they could beat the projection, but it is conservative.

Chair Page shared an observation regarding marketing and one of the problems being waiting for people to call on ticket sales. They need to be willing to get out

5. No Action Taken-Review of Athletics Department Annual Reports – *(continued)*

there and be more aggressive when it comes to these sales. Chair Page commended the changes made on the marketing side, but they need to do it on the fundraising side too.

Regent Hayes inquired if the increase in student fees is approved, how much revenue would be generated annually. Ms. Kunzer-Murphy answered after the first year it would be \$350,000 and then \$1.2 million after four years.

Regent Hayes recalled some employees at the Thomas & Mack Center are partly paid out of athletic funds. Mr. Bomotti said they account for that in the annual NCAA report, but overall they have fixed that process. There still may be one who is paid in a split, but for the most part that is no longer how payment is handled.

Regent Hayes spoke about how the stadium could help increase football revenue. From his observations, the stadium is unlikely to be on campus. He asked how the stadium will work with UNLV football and if they will be allowed to keep concession sales, etc. President Jessup answered that two properties being considered are close to campus and should be a better draw than the Sam Boyd Stadium. They are currently negotiating this and other related matters. There is a spirit among the committee members to keep UNLV in the deal to play there and capture revenues. Regent Hayes shared his concern with people trading on the good name of UNLV to get this approved, yet he has not heard any conversation on how UNLV will benefit. President Jessup indicated in the last meeting the benefits for UNLV were discussed, but he does agree with Regent Hayes with keeping on the forefront of this.

Mr. Bomotti added they are actively working with the southern Nevada tourism infrastructure committee staff and John Swendseid because if there is action on these issues, they would need to be in a legislative bill.

The meeting recessed at 10:43 a.m. and reconvened at 10:56 a.m. with all members present except Regent Crear.

Mr. Knuth provided a general update including recently passed and upcoming events for UNR Athletics. He highlighted a few areas in which there was exceptional performance of UNR athletes: 10 of the 16 teams had a B average or better and the entire athletics department, which is about 400 athletes, averaged a 3.1 GPA; the APR continues to be high - four teams with a perfect 1000; the department-wide APR is at 978; the graduation success rate is at 80 percent; for community service, they earned the Mountain West Conference Community Service Award for the second year in a row; and for the fourth time in five years they kept a balanced budget with a small surplus this year which went toward paying down their deficit.

5. No Action Taken-Review of Athletics Department Annual Reports – *(continued)*

Regent Crear entered the meeting.

Mr. Knuth highlighted upgrades which were made to some of UNR's facilities including the stadium, track area, women's locker rooms, and opening a new outdoor tennis court. Overall, UNR Athletics is having a good year competitively and there has been an outpouring of support from the community.

Co-Chair Geddes questioned the GPA for women's swimming and diving. Mr. Knuth confirmed there was a typo and the GPA is 3.188.

Co-Chair Geddes wanted to know what the APR was for football since it was not on the list of APR for programs. Mr. Knuth answered the single year is 983; the NCAA minimum threshold is 930. Three years ago, UNR's was 930 and the projection for next year is higher.

Regarding the institutional support in the budget, Co-Chair Geddes noted that it looked like it increases through 2020. He asked what the funding source is for this. President Johnson clarified the \$1.5 million is student scholarships that are not collected. The increase is from institutional funds – they are contributing \$400,000 going forward beginning in FY17 to cost of attendance.

Mr. Bruce Shively, Associate Vice President, Funding, Budget and Analysis, UNR, clarified the \$400,000 is state funds for cost of attendance. There is \$160,000 in the base budget for UNR and an additional \$240,000 that will be funded from the enrollment revenue reserve. The money will be put into the base budget and identified for athletics going forward. Co-Chair Geddes requested an update when the reallocation is done.

Co-Chair Geddes said it appears that revenue and expenses are lined up going forward, but wanted to know what the plan was to pay down the \$3 million sitting on the books. President Johnson asked Mr. Knuth for a five-year plan in regard to this when he first joined UNR. The plan was not fulfilled due to loss of coaches, hired assistant coaches, etc. President Johnson has requested another five-year plan to have the \$3 million paid off. He noted the deficit was generated under previous athletic directors in different situations, and the deficit increased during the recession when he and President Glick determined athletics needed to take a bigger cut than academics. In response to Co-Chair Geddes, President Johnson said they will bring an updated five-year plan to the December Board meeting.

Chair Page did not see "budget vs. actual" on the report. Mr. Knuth said going forward they will follow UNLV's template for their budget reports so the information is presented clearly. Chair Page asked what the main source of the debt payments are. Mr. Knuth said they have taken on new debt to finance the

5. No Action Taken-Review of Athletics Department Annual Reports – *(continued)*

stadium; however, they have a revenue plan to pay that off and put money in the reserve.

President Johnson clarified for Regent Hayes that they have a bank loan for the stadium improvement. At times they provide internal loans to athletics and wait for it to be paid off with a game guarantee.

Regent Hayes noticed football revenues will go down and asked if that was related to game guarantees having gone down. Mr. Knuth answered yes and explained that last year they had Texas A&M, and this year it is Notre Dame which is a lower game guarantee. The ups and downs primarily tie to football game guarantees.

Mr. Dexter Irvin, Director of Athletics and Recreation, CSN, highlighted CSN's newly added men's and women's soccer teams. They have a diverse men's soccer team with about 80 percent of the young men being Hispanic, along with 75 percent being first generation college students. The women's volleyball team is in its second year of existence and 100 percent of the team is from Nevada. Academic highlights from this year were the baseball team was a 3.1 GPA and their academic success rate is 87 percent; eight student athletes were Academic All-Americans. In regard to community service, the softball program spent over 400 hours at Opportunity Village last year. They have also started a program called "Adopt a Club" where each of the CSN sports teams will adopt community clubs such as the Boys and Girls Club. The purpose of this is to get young people involved with CSN and CSN athletics. The student athletes will work with these clubs on different projects and community outreach. The baseball team won the conference championship last year and ranked second in the country. A new softball coach was recently hired and the softball field at the Henderson campus was completed. The budget from last year was a little over \$1 million which is shared between the five sports programs and there were no major violations with the National Junior College Athletic Association.

Co-Chair Geddes commended Mr. Irvin on expenses matching revenues.

6. Information Only-Update on Athletics Competitiveness and Benchmarking Study (*Agenda Item 4*) – Representatives of College Sports Solutions (CSS) provided an update on the current status and schedule for the Athletics Competitiveness and Benchmarking Study of the UNR and UNLV athletic departments (*Ref. COA-4 on file in the Board office*).

Mr. Jeff Schemmel, CSS, said they have concluded their visits and have interviewed 50 people from both campuses which included Presidents, former Presidents, senior staff, head coaches, donors and student athletes. They have a good idea from both campuses relative to missions and goals, and have begun to

6. Information Only-Update on Athletics Competitiveness and Benchmarking Study
(Agenda Item 4) – (continued)

put an outline together for the final report. The focus of their research has been in the areas of revenue related to both institutional support for athletics and athletics-generated revenue. They have also examined areas including finance, budgets, facilities, academic, medical, strength and conditioning support – all of which go into an effective Division 1 athletics. The goal is to have a report for the Board at the December meeting.

In response to an inquiry from Regent Leavitt, Mr. Schemmel said there is an ongoing daily interest in what is happening with the Big 12. He cautioned everyone not to believe everything in the media on who is in and/or out. For UNLV and UNR, that is the focus of the second phase of their study – the national landscape and matching that to the goals of each institution. Mr. Schemmel said it is certain something will happen relative to the Big 12. The domino effect of that will have a major national impact. If and when they do expand, they will take schools from other conferences. The scramble to replace those schools will lead to the next round of change.

Chair Page said they look forward to continued dialogue.

7. Information Only-New Business – None.

8. Information Only-Public Comment – None.

The meeting adjourned at 11:32 a.m.

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