

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 June 2017 meeting.

**BOARD OF REGENTS and its  
ATHLETICS COMMITTEE  
NEVADA SYSTEM OF HIGHER EDUCATION**  
System Administration, Las Vegas  
4300 South Maryland Parkway, Board Room  
Thursday, February 23, 2017

Video 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:           Dr. Jason Geddes, Co-chair  
                                  Mr. Kevin J. Page, Co-chair  
                                  Dr. Patrick R. Carter  
                                  Mr. Cedric Crear  
                                  Mr. Trevor Hayes  
                                  Mr. John T. Moran

Other Regents Present:   Mr. Sam Lieberman  
                                  Mrs. Cathy McAdoo

Others Present:           Mr. Dean J. Gould, Chief of Staff & Special Counsel to the Board  
                                  Mr. Nicholas Vaskov, Vice Chancellor for Legal Affairs  
                                  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.*

Co-Chair Kevin J. Page called the meeting to order at 1:01 p.m. with all members present.

1.     Information Only-Public Comment – None.
2.     Approved-Minutes – The Committee recommended approval of the minutes from the November 28, 2016, meeting (*Ref. ATH-2 on file in the Board office*).

Regent Crear moved approval of the minutes  
from the November 28, 2016, meeting.  
Regent Carter seconded. Motion carried.

3. No Action Taken-Board Policy Authorizing Institution Presidents to Approve Employment Agreements for Athletic Department Personnel, including Head Athletic Coaches and Athletic Directors - The Committee reviewed the current policy set forth in Title 4, Chapter 24, Section 1, Subsection 10 of the *Handbook* authorizing institution Presidents to approve all employment agreements for athletic personnel, including head athletic coaches and athletic directors. The Committee discussed amending the policy to prohibit hiring announcements for head coaches and athletic directors prior to the execution of employment agreements and to strengthen the information provided in the funds disclosure. The Committee directed System staff to prepare revisions to the policy addressing these issues for consideration by the Committee at its next meeting (*Ref. ATH-3 on file in the Board office*).

Mr. Nicholas Vaskov, Vice Chancellor for Legal Affairs, shared that in September 2016 the Committee approved a new policy which authorized the institution Presidents to approve all employment agreements for athletics personnel, including head athletic coaches and athletic directors. Since the approval of the policy, the institutions have executed a number of new and/or amended employment agreements with head coaches and athletic directors. During this process, various questions and concerns were raised about the policy, including the extent to which the policy applies to assistant coaches and the type of information that needs to be included in the certifications and disclosures. This agenda item provided an opportunity for the Committee and institutional staff to review, discuss and make inquiries regarding the policy. Revisions to the policy may be brought forward for consideration at a future meeting.

Co-Chair Geddes asked the Presidents and athletic directors what issues, if any, they have encountered following the implementation of the new policy. He expressed concerns regarding the timing of hiring going forward, such as the time when a UNR coach was hired and began recruiting their staff before the coach was under contract. A similar occurrence happened with UNLV where the Regents discovered contract extensions for a football coach through the media before contracts were signed or executed. Co-Chair Geddes asked to hear from the Presidents and athletic directors about how the timelines for athletics hiring and contract executions can be better organized and followed.

Dr. Marc A. Johnson, President, UNR, assured Co-Chair Geddes and the Committee that the issue at hand has been remedied at UNR. Moving forward, UNR will not announce the hire of a coach without a signed contract. At times, the media may make premature hiring announcements, but UNR will not make an official announcement until contracts are signed. In response to an inquiry from Co-Chair Geddes, President Johnson agreed that amending the policy to reflect no new coach announcements will be made until a signed contract is received is a good idea and that amendment would align with a similar policy that UNR had recently set regarding coach hires. President Johnson said as far as the remainder of the provisions of the policy, there has been discussions with the UNR athletics departments and Chief Counsel, and they will have no issues abiding by Board policy.

3. No Action Taken-Board Policy Authorizing Institution Presidents to Approve Employment Agreements for Athletic Department Personnel, including Head Athletic Coaches and Athletic Directors – *(continued)*

Co-Chair Page added they should consider changing the deadline of when the certifications need to be in. It should not be set for 30 days after a contract is executed, especially if that contract had not been executed because that would then increase the time of getting the certifications turned in. He was in favor of revising the policy to include coach hires not being announced until a signed contract is received and that would in turn help with keeping the deadline for the certifications at a 30-day window.

Regent Hayes agreed with Co-Chairs Geddes and Page about the policy revision. He called for the Committee to consider adding language regarding communicating high profile athletic hires to the Board of Regents. Regent Hayes said although the Regents did delegate the athletics hiring to the respective institutions, the Regents still have a responsibility for being knowledgeable about these hires prior to it being publicly known, especially when the jobs are some of the most highly paid positions, not only within the NSHE, but within the state as well.

Regent Crear commented that the Board should be fully involved in the hiring, or not at all.

Co-Chair Geddes expressed his support for the Board to not be involved with the institutions' athletic hiring. His main concern was ensuring that the hiring policy is clear to the institutions.

Dr. Len Jessup, President, UNLV, addressed the issue of a contract extension being announced before the contract was signed. The information was leaked and UNLV was under pressure from different news organizations that the information of the contract extension would be announced and UNLV felt the need to comment. UNLV would prefer a 60-day window because it would allow time for negotiating and obtaining signatures.

Co-Chair Page did not understand why 60 days is needed and felt everything that needs to be accomplished can be within 30 days. In the past, the Board had been criticized for delaying the athletics hiring process for both UNLV and UNR, even though that was not accurate. Based on the current discussion, it seemed both institutions slowed the process of getting signed contracts/contract extensions.

President Johnson commented the press will make announcements and that is not something the institutions can control. The institutions need to focus on conducting business according to their rules, regardless of the media's plans. He

3. No Action Taken-Board Policy Authorizing Institution Presidents to Approve Employment Agreements for Athletic Department Personnel, including Head Athletic Coaches and Athletic Directors – *(continued)*

also addressed the communication issue Regent Hayes previously brought up and said UNR did send out a Regent alert for the last coach hire even though the contract was not signed yet. UNR does attempt to get Regent alerts out when big hiring decisions of this nature are made. The big issue was UNR did not get the contract signed for a long time, but they have fixed that by adding a definitive timeline to their rules and President Johnson is comfortable with adding the same timeline to the Board policy.

Regent Crear was uncertain about a timeline making a difference. Once a job offer is made to a coaching candidate, the coach/athletics director will begin to work on assembling their staff and putting things in motion for the transition. The assumption is the contract will be executed shortly.

Co-Chair Page observed the Board will be liable if a coach without a contract is working and makes major staffing changes, or leaves before the contract is signed. There is a need for more structure in the athletics hiring process. Ultimately, Co-Chair Page felt the Board should take back the athletics hiring responsibility. He added that he felt the language regarding the funds disclosure, “the institution reasonably expects to have the funds,” leads to a false sense of accountability.

Co-Chair Geddes did not think the athletics hiring should return to the Board. The policy was created for the institutions to be in charge of hiring and the Board would review the hire. When a policy is created, the Regents review, evaluate and make sure it is concise. If a policy is not effective, the Board will produce an effective solution which may include giving the Board more responsibility in certain situations, e.g. athletics hiring. Historically, there have been many challenges in the past with regard to athletic hiring and Co-Chair Geddes believed it is better to have the Presidents and athletic directors responsible for the hiring and for communicating those decisions to the Board.

Regarding the funds disclosure, Co-Chair Geddes stated there needs to be more clarity on what it is. Perhaps the funds disclosure should be tied into annual reports from UNLV and UNR, as far as salary breakdown, income, revenue and what balances, if any, are expected going forward. That way the Regents can see how it will affect the balance for the year. Both institutions have deficits going through 2020. As hires are made, the negative numbers will only increase without a sense as to what the plan is to balance the numbers.

President Jessup concurred that the 30-day window for the athletics contracts is workable and UNLV will not make any announcements until the contracts are signed, regardless of what the media is reporting.

3. No Action Taken-Board Policy Authorizing Institution Presidents to Approve Employment Agreements for Athletic Department Personnel, including Head Athletic Coaches and Athletic Directors – *(continued)*

Regent Crear stressed that the Board of Regents should not micromanage the hiring process for athletics.

Co-Chair Page explained that part of the Board's obligation is to minimize its liability. The institutions should be concerned if a job is offered, all parties come to principle, yet the institution cannot get the contract signed. Regent Crear said having a set amount of time may come at a disadvantage to the institution because if the institution is negotiating with the potential coach, it may give that coach more negotiating power knowing there is a deadline for the contract to be signed.

Regent Hayes agreed that 30 days is a lengthy amount of time. The Regents are ultimately responsible for overseeing the hires, especially the high-salary hires, because they are responsible for overseeing the finances at all of the NSHE institutions.

Regent Moran expressed serious concerns with the typographical errors in the contract templates. He pointed out the agreements are documents subject to subpoena and the contracts are offered to high profile, high-salary hires.

Vice Chancellor Vaskov made a commitment to Regent Moran and the Committee that efforts will be doubled in avoiding and correcting any typographical errors.

President Johnson clarified there is no 60-day timeline in the policy. If it takes 30 days to sign the contract and another 30 days to collect all the information, that would generate a 60-day wait time. If it is policy to have a signed contract before the hire announcement, the latest information would come up to 30 days later. If a coach or athletic director has until a contract is signed, then within 24 hours there would have to be the information in the contract to the Chancellor and the Chief of Staff and Special Counsel to the Board of Regents. 30 days is provided to allow time to produce additional information on the diversity and funding reports, along with the certifications.

Co-Chair Page commented that institutions seem to be sending the information at the 30-day mark when it could be sent as the institution receives it. There is no need to hold onto the information.

Co-Chair Geddes requested no action be taken on the agenda item. He suggested taking into consideration all the feedback the Committee received at this meeting and use it to craft a policy revision proposal to be presented at the next meeting.

4. Approved-Head Coach Employment Agreement and Checklist, and Athletic Director Employment Agreement - The Committee recommended approval of proposed changes to the (i) Head Coach Employment Agreement template, (ii) Head Coach Checklist, and (iii) Athletic Director Employment Agreement template (*Refs. ATH-4a, ATH-4b, ATH-4c, ATH-4d, ATH-4e, ATH-4f and ATH-4g on file in the Board office*).

Vice Chancellor Vaskov said in February 2016, the Committee approved the current versions of the head athletic coach and athletic director employment agreement templates. The templates were approved prior to the approval of the Board's new policy authorizing institution Presidents to execute those types of athletics contracts. As a result, certain technical revisions of the templates are necessary to conform them to the new policy.

President Johnson asked, in regard to the coach and athletic contracts, if it would be left to the volition of the institutions whether they write in a one month prepay versus reimbursable moving expense – could that be chosen at the time of hire, or will the choice need to be made at this meeting. Vice Chancellor Vaskov clarified the choice can be made during the contract negotiation process. The templates allow the institutions to edit as necessary; however, variations from the template will need written explanation as to why they were made.

Co-Chair Geddes asked if other issues arose with the new templates which need to be addressed. President Johnson addressed an issue under “Discipline and Corrective Action” (4.3.b.). It stated that disciplinary action “shall” be considered public and provided to third parties and/or the media. This is to the institutions’ benefit to share the information that they do discipline the coaches and athletic directors if necessary. President Johnson suggested keeping the word “shall” and not changing it to “may.” The institution needs to have the public know they are holding the athletics’ leadership accountable, especially for wrong-doings.

Vice Chancellor Vaskov answered that perhaps there will be situations where the institutions may not want to make disciplinary action public right away. The word “may” was inserted for the purpose of avoiding an admission that information regarding disciplinary action is a public record as a matter of law and would therefore be obligated to provide the information. By moving it to “shall” the discretion lies completely with the institution. If the institution decides that the information is in the interest of the public and needs to be released, it can do that. However, if there is an overriding privacy interest because of the nature of the incident or discipline, there was a need to preserve the ability for the institutions to make that argument. Ultimately, how the disciplinary action is handled should be at the discretion of the institution and not the coach.

Co-Chair Page said the templates and checklists have been heavily reviewed by the Committee, the institutional Presidents, athletic directors and general counsel, and hopes there will not be the need to make many variations on the documents going forward.

4. Approved-Head Coach Employment Agreement and Checklist, and Athletic Director Employment Agreement – *(continued)*

Mr. Dean J. Gould, Chief of Staff and Special Counsel to the Board of Regents, commented that if the word “may” will be kept instead of “shall”, and if the reasoning is to give the university the discretion, he suggested it should be “may in the university’s sole discretion.” Having just the word “may” could indicate it may be up to the coach or another party to make that decision. If the intent is made clear that the discretion is solely with the university it should state that.

Regent Geddes moved approval of the revisions to the (i) Head Athletic Coach Employment Agreement template, (ii) Head Coach Checklist and (iii) Athletic Director Employment Agreement template. Regent Crear seconded.

Co-Chair Geddes noted Regent Moran made a number of minor edits to the templates. He encouraged those edits be submitted to Vice Chancellor Vaskov for his assistance with drafting the final templates.

Co-Chair Page offered a friendly amendment to include Regent Moran’s correction of the various typographical errors in the templates.

Regent Geddes moved approval of the revisions to the (i) Head Athletic Coach Employment Agreement template, (ii) Head Coach Checklist and (iii) Athletic Director Employment Agreement, and the friendly amendment which included Regent Moran’s correction of typographical errors in the templates. Regent Crear seconded. Motion carried.

5. No Action Taken-Annual Statement of Revenues and Expenditures Filed with the NCAA - The Committee reviewed the most recent Statement of Revenues and Expenditures filed with the NCAA by UNLV and UNR. The Committee directed System staff to meet with athletic department personnel at UNLV and UNR to address discrepancies and create an agreement regarding accounting treatment to report to the Committee at the following meeting (*Refs. ATH-5a, ATH-5b, ATH-5c and ATH-5d on file in the Board office*).

Vice Chancellor Vaskov said each year NCAA, Division 1-member institutions are required to submit financial data detailing their operating revenues and expenses. The *Handbook* requires the Board to review those statements on an annual basis.

5. No Action Taken-Annual Statement of Revenues and Expenditures Filed with the NCAA – (continued)

Co-Chair Page said it would be helpful for the Committee to know who is responsible for assembling, reviewing and submitting the reports.

President Jessup answered there are a number of people at UNLV who are responsible for the annual NCAA reports. Those people include, but are not limited to, the athletic director and her staff, Mr. Gerry Bomotti and Ms. Elda Sidhu. President Jessup confirmed that he is the final person to review the report before it is submitted.

President Johnson added that UNR's process for the NCAA reports is similar to UNLV's. The report is put together by the Chief Financial Officer of Athletics and is then reviewed by the athletic director and budget officer for UNR before being submitted to the NCAA. The NCAA requires the President of the institution to sign off on the reports and take responsibility for the accuracy of the financial figures.

In response to an inquiry from Co-Chair Geddes, President Johnson confirmed the information provided to the NCAA in the reports will also be available in Workday.

Co-Chair Page said when comparing medical expenses and insurance between UNLV and UNR (Refs. 5b and 5d, #37), UNLV has \$720,000 and UNR has \$220,000. He asked how there is that much of a difference in cost between the two institutions.

Regent Hayes was curious as to why each institution has a similar number of sports and athletes, yet UNR spends about half a million per year in equipment and UNLV spends around \$1.8 million per year for equipment.

Dr. Lisa Kelleher, Senior Associate Athletics Director, UNLV, said on the medical side there will need to be a comparison of what UNLV and what UNR do. UNLV works through Dissinger Reed and they have a premium of about \$330,000 and is also self-budgeted through A-G Administrators which means they need to pay a deductible of \$275,000 before the insurance covers costs. They also have \$24,000 budgeted for the pharmacy. Historically, UNLV has been paying about \$650,000-660,000 over for insurance and UNLV was recently informed that the premium will be going up again. Dr. Kelleher said the difference between both of the institutions insurance costs is perhaps a matter of how UNLV and UNR conduct their accounting for insurance.

Mr. John Nunn, Associate Athletic Director, UNR, explained that UNR is not self-funded and they also use Dissinger Reed as their secondary insurance policy. The premium costs about \$115,000. The student-athletes are required to use their



5. No Action Taken-Annual Statement of Revenues and Expenditures Filed with the NCAA – (continued)

primary insurance first. UNR athletics' insurance functions as more of a secondary provider for student-athletes, and the key is to ensure that the students have primary insurance.

Regent Hayes asked if UNLV is doing the same thing as UNR as far as insurance goes. Dr. Kelleher answered that UNLV athletics does follow a similar insurance plan as UNR, but a lot of UNLV's student-athletes are from California with the Kaiser HMO, which poses a number of challenges with finding healthcare for some of the California student-athletes in Nevada. Regent Hayes noted Kaiser has a partnership with a multi-medical specialty group in Nevada that sees its members in-network in southern Nevada.

In response to Regent Hayes' thoughts, President Jessup agreed that the UNLV and UNR athletics directors and their staff, along with the System Chief Financial Officer should meet to address and resolve any major discrepancies between the departments. Co-Chair Page believed that would be a very beneficial meeting.

Mr. Rhett Vertrees, Associate Vice President, Auxiliary Financial Services and Campus Audit, UNLV, addressed concerns of the cost difference between the UNLV and UNR athletic equipment. UNLV has an agreement with large a apparel company that provides \$500,000 in trade which UNLV has to match with purchases. The \$500,000 of trade in the UNLV athletics equipment budget is recorded as equipment expenses. UNLV has a significant amount more of in-kind benefits for revenue than what UNR is reporting and this may account for a large part of the cost difference between the institutions. Another explanation in the cost difference is that both schools could be on different uniform replacement schedules. Mr. Vertrees stated there are a lot of different factors attributing to the budget differences, but he does believe it may be the way UNLV accounts for the trade which could explain the discrepancies.

Co-Chair Page again expressed that it would be helpful for the two athletic departments to meet.

Mr. Nunn agreed with Mr. Vertrees in that UNR's report reflects the actual expenditures above and beyond its in-kind revenue. He also confirmed the different uniform cycles will cause the numbers to fluctuate on a year-to-year basis.

In regard to severance payments (Refs. 5b and 5d, #26), Co-Chair Page said UNR shows \$0 and UNLV shows \$277,272. He asked if UNR was done paying out the former basketball coach. Mr. Nunn confirmed they are still paying out the former basketball coach, but it is categorized under normal operating expenses by choice of the Grant Thornton auditors.

5. No Action Taken-Annual Statement of Revenues and Expenditures Filed with the NCAA – (continued)

Co-Chair Page asked UNLV for clarification on the \$277,272 for severance pay. Mr. Vertrees said based on the contractual agreements, the people who have severance pay are paid out on a monthly basis.

Co-Chair Page said if both schools use Grant Thornton, the severance pay should be under the same category in the reports. Mr. Nunn believed this difference is because UNR chose to treat severance pay as a general operating expense. Co-Chair Page said for clarity purposes, the NCAA reports for both institutions should be consistent since they are in the same system, especially for the purpose of making fair and legitimate comparisons between the institutions.

Regent Hayes added that it is important for the Committee to see how much each institution is covering in severance pay.

Mr. Vertrees said the assistant coaches stay on staff and are not replaced until a new coach is hired. Generally, they are paid out through normal pay channels and would not be considered severance. The current amount for severance pay for UNLV as shown on the report is only accounting for a few months of FY16. Some severance is accounted for assistant coaches based on how they were handled by the incoming coaching staff.

President Jessup suggested doing a cross-analysis on the health insurance and sports equipment expenses for both institutions to be presented to the Committee and then they can determine a standard way of accounting between both institutions.

Co-Chair Page said Mr. Vic Redding, Vice Chancellor, Finance, and Grant Thornton should be included in the discussion. It would also be helpful if each institution brought significant reporting differences to the Committee to be addressed.

Regent Carter compared #4 and #6 on the NCAA budget reports for both UNLV and UNR (Refs. 5b and 5d) and asked how the institutional support is largely different between both schools. President Jessup answered this is an area where they believe both institutions use different accounting methods.

Mr. Vertrees said he has work papers for all of UNLV's numbers and they have the backup material that ties down all the work paper numbers as part of this process. He suggested reading through the agreed upon procedures would be helpful in providing clarification for the process. Mr. Vertrees then read the NCAA's definition of indirect institutional support which described costs covered by services provided by the institution, but not charged to athletics, including administrative services such as human resources, accounting, I.T. support,

5. No Action Taken-Annual Statement of Revenues and Expenditures Filed with the NCAA – (continued)

facilities maintenance, security, risk management, utilities and so forth. Based on the NCAA definition, Mr. Vertrees said UNLV athletics reported those items and offered to share a complete list with the Committee.

Mr. Nunn confirmed that UNR athletics reported differently than what UNLV reported for indirect institutional report. For indirect institutional support, UNR reported the rental expense for Lawlor Events Center, but it is a waived expense that UNR athletics does not pay. For the direct institutional support, UNR reported the difference in tuition and fee waivers between what is in the state appropriation and what is waived by the institution.

Mr. Gerry Bomotti, Senior Vice President of Finance and Business, UNLV, said in his opinion one of the differences in each institution's financial reporting categories is because of the Thomas and Mack Center/Sam Boyd Stadium/Cox activities at UNLV. About 16 percent of the revenue for Thomas and Mack /Sam Boyd Stadium/Cox comes from UNLV activities. A difference between direct and indirect support, if the university was to give money for paying for the facilities directly to athletics, it would go in the direct support column. If the Thomas and Mack Center pays for the facility use on the institution's behalf, that would go in the indirect support column.

Co-Chair Page said it would be useful for the Committee if both schools provided a summary of their financial reports.

In reference to an earlier point from Co-Chair Page, Regent Hayes said one of the advantages for using the same auditing company for UNLV and UNR would be that the Committee could cross compare items between both institutions. However, it seems different accounting styles are being utilized at each institution and those differences make it difficult for the Committee to discern what is happening in each athletics department.

Mr. Bomotti clarified that the disclosures from the auditing firm state that an audit is not being conducted. They are doing a review of the paperwork provided to them by the institutions. The auditors have noted the accounting differences between both institutions and that there is no standard in place for putting the reports together.

Mr. Vertrees added it is not an opinion on the financial information. It is agreed upon procedures dictated by the NCAA.

Co-Chair Page said they will have a discussion with Vice Chancellor Redding to see about how the differences in accounting can be rectified.

5. No Action Taken-Annual Statement of Revenues and Expenditures Filed with the NCAA – (continued)

President Jessup said he thinks it is a good idea for both schools to sit down with Vice Chancellor Redding and come up with an agreed upon procedure for accounting.

Regent Hayes suggested consulting the NCAA on what the institutions should be reporting in the different categories and in turn, that would help with standardizing the accounting method.

As a follow up to Mr. Vertrees, Mr. Nunn confirmed that UNR also follows the agreed upon procedures implemented by the NCAA. The Grant Thornton auditors would not sign off on the reports for the schools if they were not in compliance with the NCAA's rules. Theoretically, both schools are doing what is required of them.

Co-Chair Page said the two institutions must set a meeting to discuss the accounting and submit a timeline to Vice Chancellor Vaskov on when they can present their reports to the Committee.

Ms. Tina Kunzer-Murphy, Athletics Director, UNLV, shared that both athletics directors have conference meetings set up at the March tournament which would be a good time for discussion. Mr. Doug Knuth, Special Assistant to the President and Director of Athletics, UNR, concurred.

6. No Action Taken-Athletics Competitiveness and Benchmarking Study - The Committee reviewed the Addendum to the Athletics Competitiveness and Benchmarking Study prepared by College Sports Solutions (CSS). The Committee also received feedback from UNLV and UNR personnel regarding the Addendum and final study. In addition, the Committee discussed the use of the Study and Addendum as strategic planning tools by the athletics departments (*Refs. ATH-6a, ATH-6b, ATH-6c, ATH-6d and ATH-6e on file in the Board office*).

On page five of the report (Ref. ATH-6b) a series of four recommendations is listed: Hiring and Retention of Quality Coaches; Student-Athlete Experience; Revenue Production; and Strategic Planning. With those in mind, Co-Chair Geddes wanted to hear from each institution about efforts being made to update their strategic plans and how the revised strategic plans address the recommendations, or how they will address the recommendations in their 5-year vision.

Mr. Knuth said this was more of an operational plan rather than a strategic plan, and UNR athletics is currently re-doing its operational plan which includes addressing each of the four recommendations. UNR's operational plan will be more substantial and they will have it ready for the Committee to look over in late spring. Co-Chair Geddes said he is looking for specific goals and how the school

6. No Action Taken-Athletics Competitiveness and Benchmarking Study –  
(continued)

is going to accomplish them.

President Jessup said the CSS report was very useful for UNLV. It has influenced decisions regarding contract extensions, practice facility matters and the criteria for the next athletic director. They are planning to put together the strategic plan with the new athletic director.

Ms. Kunzer-Murphy added the CSS report was a worthwhile endeavor. It clarified what needs to be accomplished in regard to overall funding, staffing and the direction UNLV should take to have a highly rated and successful athletics program.

7. No Action Taken-Athletics Department Budget Updates - The Committee received an update on the performance of the UNR and UNLV athletic department budgets for fiscal year 2017 and reviewed information showing budget to actual for the past three fiscal years. The Committee discussed the assumptions and projects underlying the budgets of each athletic department. Concerns were noticed about the budget assumptions and projects, and the Committee indicated it would continue to monitor budget performance (*Refs. ATH-7a, ATH-7b, ATH-7c, ATH-7d and ATH-7e on file in the Board office*).

President Jessup remarked that they knew UNLV was coming into the current fiscal year with a deficit of about \$3 million due to no guarantee game, along with attendance being down for both football and basketball.

Ms. Kunzer-Murphy said in September 2016, UNLV reported a \$3.5 million deficit. She agreed with President Jessup that it was partly due to no guarantee game set in place; however, there are two guarantee games set for football for the following year. Two other contributing factors to the deficit were coaching changes and an increase in institutional cost which resulted in a decrease in institutional support. They are going to resolve the deficit moving forward by being conservative and realistic with football/basketball ticket sales. Also, the Rebel Athletic Fund has moved to a different model for philanthropic giving which has been highly successful thus far. Ms. Kunzer-Murphy said the best thing they can do for UNLV is start winning games. She noted that there is record attendance for women's basketball and volleyball because they have been winning.

Regent Crear inquired if UNLV actively seeks out individuals and/or groups who have special interests in particular sports for donations.

Ms. Kunzer-Murphy replied they do have families and groups who have supported certain clubs and programs long-term. For example, there is a family in town that has supported the tennis program annually. There are a few other

7. No Action Taken-Athletics Department Budget Updates – (continued)

similar examples for different sports in the UNLV athletic programs. UNLV athletics is working on identifying people and groups who may have interests in certain sports and are willing to assist with the funding.

Regent Crear suggested that UNLV athletics should consider forming a strategic plan to build up a philanthropy department. He believed if there was more of an effort for this, in the time of at least two years, philanthropic support could be a lot stronger.

President Jessup confirmed they are engaging more donors through individual sports, but agreed that a lot more could be accomplished. UNLV is working on a comprehensive campaign, with the help of philanthropic consulting firm Marts and Lundy, and are preparing to conduct a capacity study for each department. They found staffing for fundraising needed to be increased for athletics. Also, Mr. Bomotti is utilizing salary savings for hiring fundraising officers. There are donor prospects beyond the usual people, but UNLV athletics does not have the staffing to engage them. President Jessup added although performance in the two revenue-generating sports will help, marketing is also critical. These are points that will be discussed with the candidates for athletic director. Overall, athletic performance, fundraising and marketing must be improved.

In support of a comment from Regent Crear, Co-Chair Page agreed more inventive approaches to potential donors are needed. UNLV has to work on expanding its network of donors by researching the athletic interests of individuals and organizations.

Regent Hayes expressed overall concern with the UNLV athletics program. He stated President Jessup had inherited a successful athletics program when he came to UNLV two years ago and now the department has been facing a number of challenges. Regent Hayes asked President Jessup why the athletics program is currently struggling and what his plans are to fix it.

President Jessup said he had stepped into a new football coach hire when he first joined UNLV and a year later, there was also a new basketball coach. Those two personnel changes had dramatic effects on the UNLV athletic financials over the past two years. There have been a lot of successes in regard to earning championships, academics with APR scores, community engagement and they have received the largest gift in the history of UNLV athletics for the football program. The two key things which significantly injured the athletics finances were the two coaching transitions for the key money generating sports: basketball and football. They are working on hiring a new athletic director that will help rebuild the athletics program and President Jessup has made it one of his top priorities.

Co-Chair Geddes requested more detail on the budget plans for increasing ticket

7. No Action Taken-Athletics Department Budget Updates – (continued)

sales, improving the facilities and product on the field. Two components of UNLV's athletics budget concerned him: He thought the budget needs to be reset to realistic expectations and also wanted a budget revision to reflect the expenditures to match the revenues. Co-Chair Geddes inquired if there was a way to pay down the \$4 million deficit by using money from other UNLV accounts, so the athletics department can move forward. Currently, he did not see a plan to pay down the deficit and requested the budget report be revised to reflect a plan.

Ms. Kunzer-Murphy said she and Mr. Vetreas got the numbers from past budget reports and they believe those numbers are realistic. Significant changes to their expenditures would result in cutting salaries, positions and support for sports programs. There are opportunities in the UNLV budget to provide additional revenues and the institution decides how the allocations are handed out. They will go back to change the numbers in the budget, but according to the CSS report, UNLV's athletic salaries are some of the lowest in the conference and this does not align to where UNLV aspires to be. The budget revisions will also drastically affect the athletics department.

Based on the budget report, Co-Chair Geddes did not see how the \$4 million deficit will eventually be paid off. He understood cutting salaries/programs are difficult decisions; there is a dire need for productive decisions to be made to move forward. The budget cannot be created solely on hope and opportunity.

Ms. Kunzer-Murphy said for the past two years, they were in the positive and had also anticipated this would be a tough year. They believe they can eliminate the deficit because this was the first year a deficit has been reported. Co-Chair Geddes replied UNLV has declining basketball and football attendance; however, raises, extensions and buyouts have been provided for coaches and have not reflected the revenue.

Mr. Bomotti confirmed that generally UNLV athletics has not had a deficit. They will continue to work with athletics to figure out a reasonable way to balance the budget and eliminate the deficit. Two years ago, more money was brought in - \$2.2 million in UNLV football ticket sales, which means the hope is realistic. They are looking into seeing if it is not unreasonable to get some of that revenue back in the near future. The assumptions are there will be improvements (they are actively working on not carrying a \$4 million deficit moving forward) and that athletics will pay it off in the future.

Ms. Kunzer-Murphy shared in 2016, seven sports won conference championships and continued on for post-season NCAA participation. In the fall of 2017, for the first time in the history of UNLV athletics, they ranked number 58 in the Directors Cup. The graduation rate is 20 percent higher than the general population and there have been no major NCAA infractions.

7. No Action Taken-Athletics Department Budget Updates – (continued)

Regent Hayes commented that based on UNLV's four year trend, the trajectory is not moving in a positive direction.

Regent Moran agreed with Co-Chair Geddes in regard to the budget revision. He thanked Ms. Kunzer-Murphy for her commitment to UNLV over the years and deemed the UNLV athletics community outreach exemplary.

Regent Carter said pertaining to UNLV's budget, the transfer from the Thomas and Mack center is consistently \$2.8 million. He asked what those funds are tied to.

Mr. Bomotti answered it was what UNLV was able to start affording at the end of FY13. At the end of FY12, there was no cash in the Thomas and Mack Center/Sam Boyd Stadium/Cox program – it had been brought to zero and about \$2.4 million was transferred. They set an arbitrary number to try to beat that. They came out of the recession and over the last couple of years, the Thomas and Mack Center had been undergoing renovations and they are adding another \$175,000 this year. With finishing up the renovations and the center being offline for the presidential debate, some events were lost to the T-Mobile Arena. The hope is with the new venue in the future, the number can be increased. On top of the cash transfer, some of the indirect support to athletics goes to Thomas and Mack Center/Sam Boyd/Cox, because athletics plays in the venues rent-free and the facilities pay for the maintenance upkeep. The \$2.8 million was set at a time when there were no resources and UNLV tried to peg the number higher.

Regent Carter asked if the number, in theory, could be below \$2.8 million. Mr. Bomotti confirmed and said in FY12 it was \$2.4 million. The financial viability of the Thomas and Mack Center/Sam Boyd Stadium/Cox is critical to what that level can be.

Co-Chair Page asked how IMG's contract ties between the facilities and athletics. Mr. Bomotti answered it is marketing primarily for athletic facilities and that revenue comes in through the Thomas and Mack Center/Sam Boyd Stadium/Cox. There are expenses associated with those agreements –suites, other types of tickets, etc. Looking at the cash contributions from Thomas and Mack Center/Sam Boyd/Cox and the indirect payments, which directly benefit athletics, the numbers year-to-year are in the \$5-8 million range. The IMG guarantee is about \$3.2 million. It is revenue coming in, but there are expenses associated with it as well.

Co-Chair Page asked if part of that cash transfer is money that comes through the IMG contracts. Mr. Bomotti said IMG is one of the revenue streams that come in. There are expenses associated with some of the revenue that comes in. Those expenses associated with that activity have to be netted out. Co-Chair Page stated



7. No Action Taken-Athletics Department Budget Updates – (continued)

athletics cannot go out and get sponsorship because it is all done through IMG. Mr. Bomotti said most of it is, keeping in mind there are some exclusions.

Regent Carter asked along with the Thomas and Mack Center transfer of \$2.8 million for basketball, if the basketball program pays the Thomas and Mack Center to use the facility. Mr. Bomotti answered there are no costs to athletics to use the facilities. Thomas and Mack Center/Sam Boyd/Cox provides those facilities, pays debt on them, maintains them as indirect support and then has a cash transfer in addition.

President Johnson said most of the UNR athletics deficit was generated during the recession. There were eight budgets at the time and they did not treat them all proportionally. They protected academic operations as much as possible and cut the athletics budget by 20 percent in FY10 which caused a generation of deficit in athletics. The athletic director at the time met a part of that by closing the skiing program. In FY14, the deficit increased when there was a major change in the football coach staffing. Since then, there have been positive financial results in each of the years from FY15 going forward. In FY17, Mr. Knuth set aside \$400,000 that can go to the bottom line at the end of the year for deficit reduction, unless there is an emergency. Mr. Knuth has hired two additional fundraisers this year which has turned out to be positive. There are specific sports fundraisers, such as formal dinners, which were at record levels this year for generation of revenues for basketball and baseball. Mr. Knuth has also been working with the financial operations across UNR to do some planning for facility development that will aid with the fan experience to sell tickets. The football stadium upgrades were purchased with a market loan and \$2 million in donations.

Mr. Knuth gave credit to the coaches and staff. They do not go over budgets and closely manage their expenses. The community has been largely responsive to fundraising efforts and ticket sales have increased for basketball. Mr. Knuth said they are conservative in the revenue projections. With regard to ticket sales for football and basketball, winning does pull people into the seats. This year has gone well for UNR and they expect to at least break even financially.

Co-Chair Geddes thought UNR's football budget projection was conservative based on its football revenue. However, he felt the basketball budget is hopeful and not conservative. Mr. Knuth answered the basketball projections are based on both history and current ticket sales. Co-Chair Geddes appreciated that \$400,000 has been put aside for deficit decrease, but wanted to know what the plan is to pay down the current deficit of \$3 million.

President Johnson said it is UNR's budget philosophy that if a unit incurs a deficit, they let the unit carry the deficit and pay it off themselves. They do not take money from the student accounts to pay off other units' deficits.

7. No Action Taken-Athletics Department Budget Updates – (continued)

Regent Moran expressed his appreciation for all the work Mr. Knuth and his team do for the UNR athletics.

Regent Hayes asked Mr. Knuth how they determined the numbers for facilities and basketball operations, specifically concerning potential negotiations for a raise for the current UNR men's basketball coach. Mr. Knuth said the report was produced prior to any negotiations with the current basketball coach. They are currently having conversations with the coach and those numbers will be reflected in the next budget report. Regent Hayes commented a reasonable raise to the basketball coach and his staff would put UNR athletics back in the red.

Mr. Knuth said on the salary structure, the vast majority of any change on the expense side will be offset on the revenue side by ticket sales and donations. Going forward with the current projections, UNR will still manage a balanced budget. Regent Hayes responded that the projections for FY17, 18, 19 and 20 already show significant increases in donations and ticket sales. Mr. Knuth said the projections are based on history and where they are currently. They are comfortable with the projections and with enhancing the categories to offset expenses on the salary side for men's basketball or any other sport.

Co-Chair Page asked if the bonus that has been paid to the current coach for men's basketball for last year has been included in the budget projection. Mr. Knuth said it will be reflected in FY17. Co-Chair Page said going forward, the Committee will look at the budget versus actual.

President Johnson said the facilities are basically operation and maintenance and that is largely a formulaic figure based on square feet. That is how the budget is calculated for the athletics department and departments university-wide.

Regent Hayes expressed concern with the facilities budget because there is an increase in ticket sales. It seems the number should be higher because they are making more money.

Regent Carter asked if both institutions are using ALCREW or cash accounting.

President Johnson answered UNR uses cash accounting. Mr. Vertrees answered UNLV has access to do its accounting either way. They prepare ALCREW financial statements for UNLV as a whole, but as far as day-to-day operations of athletics, it is done through a budgetary accounting system.

In response to follow up inquiries from Regent Carter, Mr. Vertrees said they do use generally accepted accounting principles when recognizing revenue. UNLV would not recognize revenue that is for another fiscal year within the current fiscal year. Although some institutions do, UNLV does not report on a cash basis.

7. No Action Taken-Athletics Department Budget Updates – (continued)

There is a Board policy that does not allow institutions to account future revenues in current budgetary analyses.

Mr. Bruce Shively, Associate Vice President, Planning and Budget Analysis, UNR, said UNR does not include any deferred revenue for ticket sales relating to the upcoming season. They do count priority seating on a cash basis which is treated as a donation and counted in the revenue projections.

Mr. Vertrees concurred and said UNLV does that, as well. If priority seating is for the next basketball season, it is not counted in the current fiscal year, even if the funds for priority seating were already collected.

Co-Chair Page said both schools are not comparing the same things and that should be another topic to be discussed with Vice Chancellor Redding. A consistent accounting system for both institutions is needed.

8. Information Only-New Business – In response to a question from Regent Carter, Co-Chair Page said the Committee will consider a possible audit or additional review of the athletic department budgets.

Co-Chair Geddes requested a presentation on how the iNtegrate 2 implementation of the Workday enterprise management software would impact the athletic departments and how Workday might provide consistency in the budget and other reports related to the athletic departments.

9. Information Only-Public Comment – None.

The meeting adjourned at 3:24 p.m.

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