

UCCSN Board of Regents' Meeting Minutes October 19-20, 1994

10-19-1994

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BOARD OF REGENTS

UNIVERSITY AND COMMUNITY COLLEGE SYSTEM OF NEVADA

October 19, 1994

The Board of Regents held a Special Meeting on October 19, 1994
in the Grand Hall, Richard Tam Alumni Center, University of
Nevada, Las Vegas.

Members present Dr. James Eardley, Chairman

Mrs. Shelley Berkley

Dr. Jill Derby

Mr. Joseph M. Foley

Mrs. Dorothy S. Gallagher

Mr. Madison Graves, II

Dr. Lonnie Hammargren

Mr. Daniel J. Klaich (via telephone)

Mrs. Nancy Price (via telephone)

Mrs. Carolyn M. Sparks

Mrs. June F. Whitley

Others present: Dr. Richard Jarvis, Chancellor

Mr. Donald Klasic, General Counsel

Interim President Kenny Guinn, UNLV

Ms. Mary Lou Moser, Secretary

Chairman Eardley called the meeting to order at 9:10 A.M. with all Regents present in Las Vegas except Mr. Klaich and Mrs. Price who were teleconferenced into the meeting. Chairman Eardley stated the purpose of the meeting was to discuss UNLV Athletics.

Chairman Eardley introduced Dr. Richard Jarvis, Chancellor of the University and Community College System, who had just reported for duty on October 17, 1994.

1. Approved the Buyout of Employment Contract

The Board approved the buyout agreement between UNLV and Rollie Massamino, providing for Mr. Massamino's resignation as Head Coach of the UNLV Men's Basketball team. A copy of the agreement had been made available prior to the meeting.

Interim President Guinn referred to a copy of a report he had made to the Board at its August 25, 1994 meeting concerning UNLV Athletics and its Men's Basketball Coach and Program. He related the following:

About 3 weeks previously he had been approached by a number of people asking whether he would be interested in discussing a negotiated settlement with Mr. Massamino. He had not approached Mr. Massamino up to that time.

During the first meeting with Mr. Jim Weaver, Athletic Director at UNLV, Mr. Massamino and the President, it was clear there was a serious problem at UNLV and discussion centered on how it would affect the entire Athletic Program in terms of income, ticket sales, scholarship sales, etc. A great deal of media attention had been given to the situation involving the supplemental contract, often quoted as the "secret" contract, and that pressure was building for some action to be taken. Coach Massamino also felt this was happening. After the discussions, the Coach felt it would be best if he were no longer the Coach at

UNLV; that it was best for UNLV, the student athletes, and for the Massamino family.

After that, it became a matter for discussion of what UNLV could afford to pay, what the ramifications were for litigation inasmuch as this was a very complex situation for the institution and the individuals considering the contractual agreement UNLV had with the Coach.

In all the contacts with Coach Massamino, Dr. Guinn related he had not said anything publicly that the Coach had done anything wrong; that he truly believed the Coach had been offered a deal provided to him through an agent and legal advisor of the institution, in and of itself, with or without Board of Regents' permission.

Upon Dr. Guinn's request to see all contracts, documents, bond issues and indebtedness, the supplemental contract for Mr. Massamino was revealed. At no time did Mr. Weaver ever deny there was a supplemental contract, and supplied everything he had been asked for in a most professional manner. However, there

were some other University personnel who denied emphatically, when asked, that there was a supplemental contract, even though those people had signed such a contract.

In looking at those contracts, it was evident immediately there was a serious problem which had to be made public and had to be solved.

Dr. Guinn spent 2 to 3 weeks gathering information and discussing the situation with Coach Massamino. He felt the best approach was to treat the contracts as though they had been approved and perhaps there were some misunderstandings. A press conference was held to announce the contract and to relate there were concerns about the contract which would be set aside, thereby allowing the Coach to proceed with a contract of \$386,000 along with a \$125,000 shoe contract, totaling \$511,000.

Dr. Guinn determined that any other contract would be brought to the Board for approval, as would the Varsity Club Foundation under the rules passed by the Board in June, 1994. If the Board did approve such contract and

Foundation, then it would have the problem of collecting the money from the individuals that had been committed under those contracts. That is another issue.

Dr. Guinn stated that if the Board approved the contract, he would not collect money for that contract because he is not a "bag man" for anybody; that he would only go to the community for funds for scholarships for young people at UNLV.

When the above arrangement did not work out, the matter was brought to the Board on August 25, 1994. Dr. Guinn reminded the Board that this issue had not been discussed with him at the time of his hiring because it was not known at that time. The Board had asked that Dr. Guinn come to the University to work on a legislative program and to assist in bringing the community and University together with the litigation over the Tarkanian and University law suits. The Board unanimously approved the UCCSN Legislative Program. Since the settlement with the Tarkanian litigation there has been little discussion, which has helped immensely with the community. Dr. Guinn referred to the \$10 million shortfall at UNLV and his handling of that matter.

Continuing with the matter at hand, Dr. Guinn stated he noticed Mr. Massamino in a letter indicating to him that he was the Basketball Coach of this University under the basic contract of \$386,000 and the approval given by the Board for the shoe contract of \$125,000. But when the issue became such a "hot" one, and a debatable issue by so many difference people, the negotiated settlement talks began.

Dr. Guinn related that although the amount of settlement (\$1.855 million) is large, any settlement outside of litigation is better than the very best litigation one could have. Millions of dollars have been spent in litigation so far. Dr. Guinn hired Mr. Morton Galane, attorney, and has spent many hours with him and his staff in analyzing the contracts. In the best opinion of everyone concerned, it was agreed that a settlement should be made.

Dr. Guinn explained that he did not want to be, nor did he want the University to be, a part of a situation wherein there would be a letter agreement for coaching at UNLV for the next 5-6 years under the contract of \$511,000, because if there is a "long-arm agreement",

whether in or out of the State of Nevada, then a debate can occur on the issue of the supplemental contract.

Legal advisors stated that if the \$511,000 was paid over the term of the contract, there is still a period of 6 years, under one of the laws, where the individual could still sue for the over \$2.25 million of the supplemental contract alone, plus accrued interest, and litigation fees if one loses. Along with that would be the embroilment of so many people in the community.

Dr. Guinn related that the last few weeks have been strenuous; that he had been "pushed and pulled" by people who have money, by people who don't have money, and by people who don't have any facts. He stated that he could not allow this to continue and must be allowed to do what is right.

Dr. Guinn related negotiations have gone from a \$5.7 million obligation on paper, with litigation surrounding it, to the \$1.8 million settlement. He related that in order to get releases from everyone involved -- Varsity Club, UNLV Foundation and the University -- it was difficult, but it is completed and there will be no return to this agreement. All this caused the price to go up.

Dr. Guinn apologized to the Board for receiving the contract, in some instances, after the release to the media. He explained that once the settlement was signed it became a public document and with 65 or so media personnel present it was released. An attempt was made to fax the settlement to the Regents at the same time it was made public; however, there was a machine malfunction.

The Administration of UNLV has been very concerned with the reduction of ticket and scholarship sales from \$4.6 to \$4.7 million to less than \$2 million, which has been going down over the last two years. Something needed to be done to offset that downward spiral. Athletics is down this year to a budget of about \$10.3 million, and more and more dollars have been taken from the Thomas and Mack Center: 3 years ago it was about \$125,000, last year it was \$750,000, and this year \$900,000 plus is coming from Thomas and Mack Center.

Also in the \$10 million budget is an income stream projected of ticket and scholarship sales of \$3 million when in actuality it is down to \$2 million. This affects the entire sports program at UNLV, which is a major concern. Out of the \$10 million, UNLV receives

roughly \$1 million from the State in tax dollars, which goes into scholarships, salaries for clerical, and some of the long-time Coaches who have been on the State payroll for years. Another \$1 million of the \$10 million comes from student tuition which the students had voted to put into athletics. Without the outside revenue, the Department would have \$2 million for operation and must depend on advertising sales, tickets, scholarships, etc.

Dr. Guinn stated that in the future he believes there will be flexibility for the program, therefore long-term solutions are necessary for the problem. It is the goal of UNLV to try to change the image of what a Basketball Coach is at UNLV. He related that he did not think the Coach needed the biggest and fanciest office in the whole University; nor should UNLV pay a Coach a million or \$800-900,000 or \$500,000 a year. The Coach to be hired now will be with the money that is left after taking the dollars that are paid out from the dollars that are coming in, and at this time UNLV can offer no more than \$300,000, including the shoe contract. He stated that there is an outstanding Football Coach at UNLV who is not paid

nearly that salary -- it is \$100,000 or less.

Dr. Guinn emphasized that the community also has a responsibility: he would not be intimidated, he would not run from a news article, or a threat of withdrawing funding for a building, or anything else; that the University would be in place forever. He continued that he had friends over the last 30 years who had helped UNLV greatly, but are now taking their dollars elsewhere. He stated that so long as he is at UNLV he would not take any money to pay off any Coach. He related that every penny for this settlement is from funds at the University. He continued that he believed that if money is taken for a particular reason there are always "strings attached". He stated he would recommend that basketball be disbanded on the Campus before taking anything beyond his previous statements.

He asked that item number 2 on the agenda be withdrawn because he was not in a position to name a Basketball Coach at this time. He stated that although negotiations have been underway, nothing has been settled; that it was a "matter of chemistry" which is necessary

for the program to be successful. Dr. Guinn related that he did not want to rush into a decision which would cause problems in the future. He continued that he was concerned for the student athletes who were waiting to learn who would be their Coach. The Athletic Department was to make a recommendation to the President by noon this date on replacement of a Coach. He related there was no deal struck with Tim Grgurich at this time because the "chemistry" was not there. He had talked with others about an Interim Coach, which would give some time for a final decision. He called on the community to help the University for this year assuring them the situation would improve soon. There will be more of an income stream coming from joining the WAC.

Dr. Guinn again related that no money would be solicited from the community to take care of this kind of problem. He stated that "we created it, let's solve it." UNLV must live with its own solution. Dr. Guinn stated emphatically that he would not change this solution because he felt a change was necessary; that no Coach needs to work under the pressure that Coach Massamino was working under no matter what it was created by.

He felt there was enough money from the University to be able to make an offer for a new Coach.

Dr. Guinn stated that in the contract for a new Coach, there will be an oversight committee listed in the contract so that the message goes forth that academic people, Regents, and an outside auditing firm will be involved to make sure that the program is pro-active rather than re-active.

Dr. Guinn urged the Board to accept his recommendation on the matter. The settlement assures that all claims against the Varsity Club, UNLV Foundation and John Goolsby have been dropped, along with the claims against the University. Coach Massamino will receive the money over a 5-year period on a monthly basis, with the right for an early pay off. An approval means that UNLV does not have a Coach. If approval is not given, Coach Massamino would remain the Coach under the existing circumstances and the University would still be exposed to all the concerns voiced above.

Dr. Guinn related that through this matter he has lost some long-time friends, but that he considered them

only acquaintances, because they want something for nothing.

Chairman Eardley asked each of the Board members to comment and ask questions.

Dr. Hammargren stated he was prepared to move that the Board accept Dr. Guinn's negotiated settlement of Coach Massamino.

He related that in 1989 he attended a conference and later urged that a Regent committee review athletics at all Campuses. The Board adopted a policy on sports programs, including compliance offices to ensure compliance with NCAA rules. In 1989 and 1990, national conferences were held at UNLV and UNR on improving and reviewing sports programs.

In 1991 the Regents dropped the committee at the request of UNLV's President because it decreased the authority he needed to do his job. Dr. Hammargren protested in 1991, listing his "Twelve Points of Blight", which demonstrated fiscal responsibility and gross violations of civil rights at UNLV. He continued that one of the results of dropping the committee was that one of the advisors at UNLV, who had administered the symposiums and proposed administrative reforms for the Campus, was "canned". In 1992 he predicted that the actions in athletics and civil rights violations

would cost \$10 million in legal fees and buyouts. In 1992 he had suggested dropping Basketball at UNLV, and to put educational priorities first. In 1993 he published and demanded answers on many contracts, some blatantly illegal, and others with secret side deals. In 1993, these allegations led the Legislature to pass laws requiring fiscal responsibilities for Universities and their support groups. He continued that another Hammargren law, SB 174, guaranteed all government officials be directly responsible to the people and not to other politicians.

Now, in 1994, Dr. Hammargren stated his \$10 million prediction has been exceeded. He related that in August 1994 he suggested that Mr. Massamino be terminated because he felt his contract has been voided at face value when he lied to the media the very day that he signed the contract. Further, he felt the UNLV President had lied to the Board of Regents a week later when they had voted on the contract. However, he stated he did not pursue the matter at that time because he felt he was committing the same media atrocities that others had done. Instead, he discussed the matter with other University Regents, attorneys and Dr. Guinn to find a way to work out the problem so as not to "try" Mr. Massamino in the media. He stated he

agreed with Dr. Guinn that any negotiation was better than facing litigation and a \$5.7 million debt and attorneys' fees.

Dr. Hammargren continued that the town had voted with their pocketbooks not to support the Basketball Program, and now since they feel something may be different, a half-million dollars came in to UNLV in the form of ticket/scholarship sales. He felt that Dr. Guinn has the authority to hire any Coach he wishes without asking the Board's approval for contracts less than 3 years.

Mrs. Berkley thanked Interim President Kenny Guinn for doing an extraordinary job under the most difficult of circumstances. She stated that as a Student Body President at UNLV she observed the Board and decided at that time to become a Regent some day. She has continued her relationship with the University since 1968 and the University has given her the opportunity for an education at an affordable price. She stated that most of the community realizes the potential of the University and for what it does for the people in the State of Nevada. She urged that it is time for the University to move forward and on a positive mode.

Mrs. Berkley stated she has never believed that this issue is one of athletics versus academics, because she felt that was elevating athletics to a position it did not deserve. She related that she has come to realize what the importance of athletics is to a University. UNLV is a public institution and is dependent upon the public for support. Athletics does bring people onto the Campus to rally support, then another time they may come for a cultural event, and hopefully one day will come for continuing education. She stated that her efforts were for high school students to choose UNLV because it is their "institution of choice".

Mrs. Berkley stated that the sum of money for the buyout was very high and a bitter pill to swallow. Continuing, she related that as Chairman of the Legislative Committee she is very much aware of what it takes to raise \$1.8 million in tax dollars to support the institution. Mrs. Berkley stated she knew how many scholarships, faculty members, equipment that money could pay for. However, she felt it was time to put the controversy behind and move forward. She had spent a great deal of time with Mr. Galane the day before, and assured the Board that she firmly believed this was the best solution to the matter. She re-

lated that as a member of the Regents' Presidential Search Committee at UNLV, and during an interview with a consultant it was related that in national circles people are telling UNLV jokes. One of the faculty members of the Committee asked that the jokes not be repeated; that he had spent 20 years of his life at this institution and any joke about it would be very painful to hear. Mrs. Berkley stated that she and many others have too much invested in this institution to continue the "folly" any longer.

Dr. Derby asked Dr. Guinn to clarify where the money will come from to buy out the contract. Dr. Guinn replied that in making a change (in Coaches) UNLV would be able to sell more tickets and scholarships, thereby increasing the income flow to the Athletic Department. UNLV structured any offer they would make to any permanent Coach and their Assistants, and any Interim Coach and their Assistants, which would be paid for out of existing funds by rearranging the dollars owed beyond Coach Massamino and where they are today. He added that by so doing for this first year, UNLV would end up with a shortfall if they were to go with a permanent Coach and pay a total of \$300,000 a year. However, he reminded the Board that it was \$300,000 minus \$125,000 (shoe contract), or roughly \$175,000 of UNLV

dollars where they have been paying out \$386,000. For this first year, if a permanent Coach was hired, there would be a shortfall of \$196,000, but the next year there would not be the shortfall.

Dr. Guinn stated there were people in the community who have offered that money, but he has refused to take it because he felt the University must handle the matter. He related there would in essence be no tax dollars or student money used for this, but only using receipts from advertising, sale of programs, etc., or ticket sales and scholarship monies from donors.

Dr. Guinn stated that the Athletic Department may have to make some dire adjustments, but they are prepared to do that just as there have been dire adjustments made in academic Departments. He added that they are running the University with about a \$500,000 contingency. He assured the Board there would be no tax dollars and no money collected specifically for this buyout.

Dr. Derby stated that what was facing the Board was a choice among dismal choices in this matter, but she felt Dr. Guinn had brought forth the best of those dismal

choices. As Chair of the Search Committee for the UNLV President, Dr. Derby stated that it is so very important to put the basketball controversy behind. She agreed with Dr. Hammargren that she would sooner cancel the Basketball Program and move on, than to have this cloud of controversy continue to surround the University. The Search Committee is looking for the very best talent and they have developed a leadership profile outlining the wonderful opportunities which will be available to the next President of UNLV. But the UNLV image is clouded by the "noise" of the basketball controversy which must be laid to rest.

Dr. Derby stated her entire confidence in Dr. Guinn and her appreciation for what he has done in solving the problems that are current at UNLV so that a new President will come on board and have every chance of success.

Dr. Derby spoke in protest of the topic on the "table", which is the impact of high-profile sports programs at Universities. The Universities are faced with an enormous pressure to win, and the "Catch 22" they must face in paying excessive salaries to Coaches and long-term contracts, when in fact, these same Universities pay far less to those who carry out the central mission of teaching. She

stated she resented the message of inverted priorities this sends. She continued that she felt College sports are out of hand when it allows Coaches to drive these kinds of bargains and force these kinds of choices on the Universities. Although this is a national problem, she stated Nevada must be a part of the reforms in College athletics. She continued that there is a balance needed of academics and athletics.

Mr. Graves expressed his thanks to Dr. Guinn for the manner in which he has faced one difficult situation after another and brought solutions and closure to them. He stated that he did not believe Coach Massamino was at fault but was a victim of circumstances. He reminded the Board that at the time UNLV was without a Coach and it was essential to bring one on board as quickly as possible, and the "ante just kept on going up and going up". Mr. Graves stated that it was of the utmost importance for the Board to be able to show the taxpayers that there is accountability of the University. He agreed with Dr. Guinn's pronouncement of an oversight committee for the program, and offered himself as a candidate to represent the Regents.

Mr. Graves stated that he firmly believed that academics

and athletics can and should co-exist, and while basketball has brought many problems and shame over the last 2 or 3 years, it is still the vehicle that has put UNLV on the map. He cited his travels around the world and UNLV is known for its Basketball Program, which was, at one time, highly respected. He commented on the UNLV Professors who are known world-wide and whose salaries do not even approach that of a Basketball Coach. He commended Dr. Guinn for the solution brought forth on this agenda, and stated that he felt it was fair and equitable to all parties under the circumstances. He added that this matter must be put to rest and this solution was the first step in that direction.

Mrs. Sparks stated her concern, and what it has always been, is what is in the best interest of the faculty and students of this institution. She related that UNLV is the academic and cultural center of this community and the entire southern part of the State. She continued that the institution and the community has suffered tremendously the last few years, and perhaps irrevocably in some areas -- the faculty and students have suffered. And yet, these same people have stood by their institution and have made UNLV a place for students to come, learn and graduate and be proud. She

stated she was pleased that Dr. Guinn was available to step in and bring a voice of reason to this matter. Mrs. Sparks agreed that basketball has been very important to UNLV from the beginning and had put UNLV "on the map", but it has also brought problems with it that should not have to be dealt with by an academic institution. She agreed with Mr. Graves concerning Coach Massamino and his family and felt the arrangements Dr. Guinn has presented will allow the program and the institution to move forward together. She urged the Board and the community to support Dr. Guinn, the new Basketball Program and the institution.

Mrs. Gallagher reminded Dr. Guinn and the Board that about 13 years ago she and Dr. Guinn were involved with looking at the Athletic Program at UNLV. Some real deficiencies were found at that time and recommendations were made, but most of them were not implemented. She stated that it was too bad that it has taken this long and with all the controversy to get to this meeting today. She commended Dr. Guinn for outlining in detail what will be expected of the next Coach and that the office of the President will be in charge.

Mrs. Whitley also commended Dr. Guinn. She announced she

would not vote for the agreement because of the total amount of the buyout -- almost \$2 million for one individual. And then not to be able to hire Instructors for the students she felt was ridiculous. She reminded the Board that for the past 15 years she has advocated tying performance to salary and felt it should have been done with the Basketball Coach. Dr. Guinn stated that he, too, believed performance based salaries are very important. He continued that there were no such stipulations in the contract under discussion, but felt there would be for future Coach contracts by providing incentives and the oversight committee to ensure the rules are followed.

Mr. Foley questioned the contracts and why the institution was substituting another one. He also questioned why Dr. Guinn did not have Mr. Morton Galane report back to the Regents on his findings. Mr. Foley continued that Dr. Guinn has stated that one of the contracts was illegal. Dr. Guinn corrected the statement in that he has never once said there was a contract that was illegal. Mr. Foley insisted that Dr. Guinn had stated the contract was illegal and that he would not abide by it. Dr. Guinn stated the supplemental, or secret, contract was not under State law because the Regents had not approved it. Mr. Foley stated he was up-

set because Mr. Galane had not reported to the Board at its October meeting, and apparently nothing would be reported until the December meeting. Continuing, Mr. Foley stated he then read in the papers that the Interim President was negotiating with the Basketball Coach a new contract which was presented to the Board at this meeting. He asked what cause was there for firing Mr. Massamino as Basketball Coach? And, since there were contracts not being honored, what would make anyone believe any contract that was issued to a Coach or to a prospective new President?

Dr. Guinn, in clarifying for Mr. Foley, stated that before approaching the Board, he met with UCCSN legal counsel. At the Board's August 1994 meeting, he asked for some outside legal advice so there would be no bias regarding the contract documents: a base contract for \$386,000, a shoe contract, and a supplemental contract, not approved by the Board. Dr. Guinn, prior to the August 1994 meeting, sent a letter to Mr. Massamino stating that he was the Basketball Coach under the contract voted upon, unseen, by the Board of Regents on April 9, 1992, in the amount of \$386,000 plus a shoe contract. Although the amount for the shoe contract was not known at the time of the

vote, it later turned out to be \$125,000, which made a total contract of \$511,000. However, the letter continued that if Mr. Massamino accepted any other money it would be grounds for some disciplinary action.

On August 26, 1994, Dr. Guinn stated, he had asked the Board for some outside advice on the matter inasmuch as he felt there definitely was a conflict of interest on legal matters inasmuch as a System attorney had worked on the original contract and had drawn up the supplemental contract.

In August, the Board approved Lonnie Hammagren's motion that Dr. Guinn could hire a hearing officer under the UCCSN Code. Under that provision, a full scale investigation would have to be conducted with anyone who had anything to do with the matter, including depositions, etc. which would cause another legal quagmire.

At the Regents' October meeting in Elko, at which time Mr. Foley was not present, Dr. Guinn asked for and was approved to seek outside legal counsel for advice without having to go through very expensive litigation. He was seeking advice on whether his opinion was correct: was the contract voidable, collectible or just where did he stand?

Dr. Guinn stated he has spent a great deal of time with Mr. Galane and his staff and is now following the advice given: that it was better to settle than to go to litigation. He stated that if Mr. Foley could convince the Board to vote against his recommendation, Mr. Massamino would remain Coach, and UNLV would be exposed to the \$511,000 contract per year, plus a minimum guarantee of \$375,000 per year for the next 6 years.

Mr. Foley again asked that if this additional contract was not illegal as it has been publicly declared to be, then what reason is there to fire Mr. Massamino? Dr. Guinn replied that he did not fire him. Mr. Foley asked whether Mr. Massamino volunteered to leave, with Dr. Guinn replying that Mr. Massamino did volunteer to leave, but wanted a lot of money to do so, and had started at \$5.6 million.

Mr. Klaich, who was on a telephone hookup, stated he did not think Coach Massamino ever had an opportunity to succeed, that he had not been given that opportunity. He continued that he had great regrets for the student athletes in the Basketball Program who, he felt, had been "shamelessly used" by powerful forces with other agendas. And he regretted that the effect this has had on the faculty, stu-

dents and staff at UNLV. He objected to the conjecture that once again an attempt be made to utilize basketball to put UNLV on the map or to get back its reputation. A reputation built on athletics is not needed, nor is a reputation that is built on basketball. UNLV has already paid the price for making that decision 20 years ago and Mr. Klaich stated he was not willing to buy into that again.

Mr. Klaich stated that he believed the contract presented, regardless of the price to be paid, has been appropriately brought forth by Dr. Guinn, that the contract was negotiated in good faith. He emphasized that the most serious item on the agenda is the second item and the fact that the President and Athletic Director would dictate the terms of that contract, not the Coach. Further, he agreed with performance related compensation and provisions which relate to a "clean" program, with incentives and disincentives. He related there had been some very serious mistakes made in the past and did not want to see that happen again.

Mrs. Price, also on a telephone hookup, stated she had sent by facsimile a list of questions she would like read into the record. Mrs. Sue Baker read the following:

1. As former Chair and Vice Chair of UNLV Foundation at the time of the secret contract, what is your understanding of the status of the UNLV Foundation? Is it public or private?

Dr. Guinn commented that it was a little over a year ago that he was Chairman of the UNLV Foundation, and there had been a number of public bodies asking that very question. As Chairman, all records were made public, except donor names and amounts given should those donors not wish to have that information made public. State laws were passed and by June 1994, the Regents had published policies concerning what foundations must do to be associated with the System. By those rules and regulations, the foundations are public: meetings are open to the public, the Board of Trustee meetings are open to the public, and the records are open, with the exception stated above.

2. Questions have been raised regarding illegal activities surrounding the secret contract, including IRS violations, cover up, and motives for the extremes to keep the supplemental contract secret. You hired Mort Galane to investigate; we should hear from him first.

The Ethics Commission is due to report their findings.

We should hear from them first. I believe we have grounds to release Coach Massamino without a payoff.

What difference would a few days have made?

Dr. Guinn stated he did not believe that the timing would be "a few days". The last ruling out of the Ethics Commission took over 8 months. The Attorney General has an investigation into the supplemental contract, Varsity Club, etc. After meeting with Mr. Galane and staff, Dr. Guinn stated, he was following their advice, which he felt Mr. Galane would provide in writing if asked. Dr. Guinn stated that he had to make a quick decision when approached by an individual wanting to discuss a settlement. That is why a public meeting has been called to discuss the matter, and there is no contract, binding or otherwise, until a vote is taken by the Board of Regents in a public meeting.

As far as the "cover up", Dr. Guinn stated he did not understand what Mrs. Price was asking. He stated that when he was apprised of the contract he had used reasonably good judgement in trying to talk with the persons

involved, and then made a decision, because if he had not he would then be a part of what appeared to be a "cover up".

As far as including IRS violations, Dr. Guinn stated he had tried to take positions that he did not take responsibility, nor did the University, for the Varsity Club, because it was never approved under the Board's rules and regulations for foundations to be associated with the institution. It does not mean that it is illegal, because it is a valid Nevada corporation, and has applied for a 501(c)(3) non-profit standing, but to his knowledge that has not been granted. If the organization does not qualify or wishes to disband, they can, but a statement must be filed in the incorporation papers stating where the money has been disbursed and it must go to another 501(c)(3) or other tax-free organization(s) if the donors wish to use the amount as a tax deduction.

This is not a question for UNLV under these circumstances. However, it would have been so in litigation. There is a principle of "piercing the corporate veil", and Dr. Guinn stated that looking at that theory, the

"veil is not very thick".

Mrs. Price's statement continued, "I will be voting no on the payoff of \$1.75 million because such a payoff will legitimize the circumstances surrounding the secret contract. This will be public money no matter what the source. Where we spend the public's money is where we place our values no matter what we claim in our "strategic direction". I believe we have grounds to release Coach Massamino without a payoff, and a thorough investigation will bring about constructive changes in UCCSN's relationship with foundations and address problems of collegiate athletics outlined in the Knight Commission's Report. A quote from that report, "I think the temptation is for us to throw up our arms and say we can't possibly change this mess ... such a position is pretty feeble in light of what's happened in Eastern Europe. If the Berlin Wall can come down, I find it hard to believe we can't deal with the problems of College athletics." I urge the Board to vote no.

Signed: Regent Nancy Price

Dr. Guinn corrected, for the record, that the amount was

not \$1.75 million, but \$1.855 million, which includes all retirement, fringe benefits, etc. He added that no matter what one believes, when a person finds himself in a multi-million dollar discrepancy that is being bound by a 40-plus page, which he had been told was put together in a very quick fashion, they are not on the best legal grounds appropriate for either side.

Dr. Hammargren moved to accept Interim President Guinn's negotiated buyout with Mr. Massamino rather than fight whether it was legal or not. Mrs. Berkley seconded.

Chairman Eardley called for public comment at this point.

Mr. David Turner, a UNLV student, on behalf of the students stated that they want this matter resolved, they want a Basketball Coach, a positive image for the University, and for a reasonable cost for the students and the community. He continued that he is a Senior and since being at UNLV he has seen two Presidents, two Basketball Coaches and two Athletic Directors. The students just want this to end.

Mr. Fred Lucas stated that his son graduated from UNLV, his family has been scholarship donors for 17 years, and he was

very tired of this turmoil, and urged the Board members to vote in favor of the motion to allow UNLV to get a fresh start and move forward.

Representing the Student Body President, Tony Johansen, Student Affairs Director of Student Government, stated she has seen a great deal of controversy during her student days, and once again the focus has ceased being on the education students are receiving at UNLV, but is on basketball. She urged that a balance be brought to the University between academics and athletics. She urged the Board to settle the matter and put the focus back on academics.

Mrs. Anna Dawson thanked Dr. Guinn for doing a good job at UNLV, and stated that she had doubts. She asked the Board to hold its vote until the Ethics Commission, which was meeting this date, has made a decision. Dr. Eardley stated that he has talked with the Chairman of the Ethics Commission who indicated it would take longer than today's meeting of that body for a decision to be made.

Chairman Eardley called for a roll call vote:

Aye: Regents Berkley, Gallagher, Graves, Hammargren,

Klaich, Sparks, Whitley

Nay: Regents Derby, Foley, Price

Dr. Eardley indicated he would have voted aye. Motion carried.

Chairman Eardley thanked Dr. Guinn for his time and effort on behalf of UNLV.

2. Discussed Hiring of New Basketball Coach

Interim President Guinn stated there is no agreement on the hiring of a Basketball Coach at this time. Because of "chemistry" between the persons having to work together, no decision has yet been made. He stated it was not the job of the President to hire a Basketball Coach, that his thrust was to determine whether the person to be hired could help solve the problems. Discussions were held with Mr. Tim Grgurich, a former Assistant Coach at UNLV; however, no agreement has been reached. Dr. Guinn indicated that the Athletic Department has been in contact with other individuals as well.

Dr. Guinn stated that it has been difficult because of the season starting; however, UNLV may have to go with an Interim Coach until next March or so.

Dr. Guinn stated that Mr. Jim Weaver, Athletic Director, has been "very up front", and has worked very diligently through this whole process.

Dr. Guinn stated he did not feel anyone should be "pushed, pulled or shoved", or intimidated, that he refused to let it happen to him. He continued that he has met with faculty, students, community persons, and untold hours with the media. He asked that everyone consider the shortfall discovered at the end of the fiscal year, which has been solved now. Also, UNLV has had 500 new students enroll this Fall, and is offering 67 new sections of classes, with 60 Professors less than June 30, 1994. He commended the academic staff, the middle management, and others on the Campus. By applying the formulas, it would have taken another \$3.8 million to accomplish this. It has been done, and with faculty who have not had an increase in base salary in over 4 years.

Dr. Guinn stated that when the Tarkanian agreements were

finalized he announced that he would not speak of that matter again, and he has not. He announced that starting today, he would not speak to or answer any questions about the Massamino contract.

Dr. Guinn thanked the Board for their respective votes -- aye or nay -- on the contract this day, and for their support to him, the institution and the System.

Mrs. Whitley again asked that any new contract for any new Coach be performance based. Dr. Guinn assured her that it would.

Mr. Turner thanked Dr. Guinn and the Regents for their efforts on behalf of the students, and urged unity for the Campus.

The meeting adjourned at 11:20 A.M.

Mary Lou Moser

Secretary of the Board

10-19-1994