REPORT OF THE
NCAA EXECUTIVE COMMITTEE
JANUARY 13, 2012

KEY ITEMS.

None.

ACTION ITEMS.

None.

INFORMATIONAL ITEMS.

1. **Executive Session** The Executive Committee convened an executive session to discuss personnel matters.

2. **Welcome and announcements.** Ed Ray welcomed staff and members. He presented service awards to William Beauchamp, Ann Millner and David Schmidly from Division I; Drew Bogner and Rick Cole from Division II; and Jim Bultman from Division III.

3. **Approval of August 11, 2011, meeting minutes.** The minutes of the August 11, 2011, Executive Committee meeting were approved as distributed.

4. **Discussion with student-athlete advisory committee leadership.** The committee received reports from the leadership of the national student-athlete advisory committee (SAAC). Scott Krapf, chair of the NCAA Division I SAAC discussed student-athlete involvement throughout the governance structure and noted specifically their involvement with the presidential working groups. Krapf also informed the Committee of a new partnership between the Division I SAAC and the philanthropic organization Samaritan's Feet. Sarah Hebberd, vice chair of the NCAA Division II SAAC, discussed its partnership with the "Make a Wish" Foundation and also noted that SAAC is in the process of drafting a recruiting best practices document from the student-athlete perspective. Brittany Petrella, chair of the NCAA Division III SAAC, commented on its Special Olympics initiative, noting that this partnership was activated at all Division III fall championships this year. Petrella also noted that the division has raised more than $80,000 through Polar Bear Plunges and other activities for the Special Olympics.

5. NCAA President report.

President Emmert provided an update on a staff working group that has been established to conduct a risk assessment review of the Association. The working group will identify risks and ensure that appropriate controls, policies and procedures are in place to manage those risks. Donald Remy, executive vice president and general counsel, will report periodically on the progress and any recommendations from this group.

Emmert called on Bernard Franklin to provide an update on the recent NCAA Inclusion Summit and to discuss next steps for this initiative. Franklin noted that the summit was extremely well attended with more than 200 participants in person, and another 200 participating through webcast. He shared a short video highlighting some of the key issues that were raised during the conference. Franklin also noted that a session was held at the Convention to discuss strategic initiatives and future direction for the NCAA in this area.

6. NCAA Executive Committee Finance Committee report.

a. Fiscal year 2010-11 audited financial statements. The Finance Committee met with the audit firm of Deloitte to review fiscal year 2010-11 financial statements and conduct the required audit communications and review.

(1) Deloitte issued an unqualified opinion for the fiscal year statements ending August 31, 2011. Highlights of the Consolidated Statement of Financial Position are:

(a) The Association's total net assets increased by approximately $55 million, which was $12 million more than the prior year. The increase was primarily in investment earnings from the quasi-endowment and operating funds, which rebounded in fiscal year 2011 with $33.4 million in investment earnings. In addition, the amount available for media rights and championships was greater than planned.

(b) Accounts receivable increased from $11.7 million to $29.3 million. This increase was a result of the amount outstanding from the state of Texas and Reliant Park related to the Final Four in Houston in the amount of $15 million. Expenses are required to be submitted from the Houston local organizing committee to the state's comptroller's office.

(c) The contributions revenue of $35.5 million represents the value of the 50-year lease on the existing building and the additional land for the new office facility. This is a valuation of the state's contribution to the NCAA office facilities and land for $1 a year rent over the 50-year time period.

(d) The $16 million decrease in goodwill and intangible assets is the result of an impairment analysis performed on the NIT, Arbiter and eOfficials. This is a change in accounting principle and a new requirement for nonprofits. Goodwill will no longer be amortized over a useful life, but rather an annual impairment analysis will be performed.

(e) The increase in NCAA properties is the result of the new construction in progress related to the new office expansion.

(f) Deferred revenue increased at $2.5 million represents advance ticket sales for the 2012 Division I men's basketball championship. The NIT payable decrease from $19.2 million to -0- reflects early payoff of the amount outstanding in the first quarter of fiscal year 2011. All allocations to the respective reserves, per Executive Committee policy, have been made.

(g) The Association had an overall increase in revenue of $96 million this past year primarily related to the increases in television and marketing rights fees as well as an increase of $21 million in championship revenues.

(h) The increase in investment income is a result of realized gains of $5 million and an increase in unrealized gains of $4 million.

(i) The contributions revenue increase of $17 million reflects an adjustment to the valuation in the prior year compounded by a modified lease with the existing building and the new land lease.

(j) On the expense side, the distribution to Division I represents an eight percent increase in regularly scheduled distribution and a 2.6 percent increase in the supplemental distribution, or a total increase of $45.4 million over the prior year.

(k) Division I championships increase of $6.7 million is the result several factors. The FCS expansion of bracket to 20 teams resulted

in an increase of $700,000. Division I baseball had an increase of $1.0 million, men's basketball had an increase of $1.0 million in travel and there was an additional $2.8 million in game expenses primarily related to the fan events at the Final Four. The Association did have corresponding revenue from the media rights contract to offset the increased expenses.

(l) Association-wide programs had a one-time $17.2 million settlement to a third party over the use of March Madness. This increase was partially offset by a decrease in amortization expenses for intangibles that are no longer recorded as a result in the change in accounting principal which was mentioned earlier.

(m) The increase management and general is the result of new building project expenses, bond interest expenses, IT-related software maintenance and consulting costs, and expenses as a result of having a permanent President position filled year round.

(n) Excess revenues over expenses for the year were approximately $55 million.

It was VOTED

"To approve the fiscal year 2010-11 audited financial statements." .

b. Recommended uses of unallocated net assets. Fiscal year 2010-11 year ended with the Association having $47 million in unrestricted net assets available for allocation. The Finance Committee recommended the surplus be used in the following manner:

(1) $36 million supplemental distribution to Division I.

(2) $1.6 million for health and safety initiatives. The NCAA intends to offer a grant(s) with the objective of collecting data on concussion activity with college student-athletes. In addition, the national office is discussing ways to identify current practices and compliance with the 2010 concussion legislation with the goal of identifying and sharing best practices. Both of these initiatives will require use of external independent contractors with an expected cost of somewhere between $1 and $1.6 million.

(3) $2.7 million allocated to fund initiatives related to transforming intercollegiate athletics. These initiatives, combined with the change in

athletics certification, will require extensive system development hours. In addition, in order to meet the aggressive timeline established by the Division I Board, third party contractors will be used for engagements such as rewriting of the rules and any updates in NCAA technology systems.

(4) $1.4 million for IT hardware, wireless in NCAA facilities and laptop replacement.

(5) $5 million for the NCAA facilities reserve. With the completion of the new facility, the building reserve will be depleted to around $1.5 million. The recommendation is to put a new renewal and replacement funding process in place that includes a one percent of market value or $900,000 annual addition to the fund. In addition, the national office would like to jump start this fund with a $5 million allocation to the fund financed with unallocated net assets.

It was VOTED

"To approve the proposed unallocated net assets allocations."

c. Recommended budget allocations for FY 2012-13, 2013-14 and 2014-15. The Finance Committee recommended the following budget increases for the fiscal years 2012-13, 2013-14 and 2014-15:

(1) Division I Revenue Distribution. The recommendations for increases for Division I align with the contractual increases expected from media rights and commitments made to the student assistance funds through 2012-13 as a result of the White Case settlement:

(a) 3.6 percent increase for 2012-13.

(b) 2.8 percent increase for 2013-14.

(c) 2.9 percent increase for 2014-15.

(2) A Division I championships per diem increase of $1.3 million has been allocated to offset lodging and meal costs over the next three years.

(3) Division II and III allocations reflect 4.37 percent and 3.18 percent respectively of budgeted revenue per bylaw.

(4) All other expenditures are to be budgeted using a 3 percent inflationary measure.

(5) An allocation of $750,000 a year has been allocated to address the President and Executive Committee priorities.

It was VOTED

"To approve the 2012-13, 2013-14, and 2014-15 proposed budget allocations."

d. First quarter fiscal year 2012-12 budget-to-actual.

(1) The Association has limited financial activity in the first quarter with the majority of revenues and expenditures occurring in the second half of the year related to championship activity and revenue distributions.

(2) Television and marketing rights revenue received is 15 percent of the budget and is consistent with the prior year. Championships revenue is 6.7 percent of plan, which is higher than prior year as preliminary ticket sales for men's and women's basketball increased $3 million over prior year first quarter.

(3) The Association's total operating expenses are approximately 7.3 percent of the total budget for the first quarter, which is lower than prior year because of a $17.2 million settlement with a third party that occurred in 2010 related to the March Madness trademark.

(4) Association-wide expenses are 24.4 percent of plan for the first quarter, which is slightly lower than the same period in prior years; primarily due to timing.

e. White Case Settlement Former Student-Athlete Fund. The NCAA staff presented a plan for the use of residual funds left from the White Case Settlement. Per the settlement at the end of the three year period, any portion of the original $10 million not paid is subject to distribution by the NCAA over a three year period. The Executive Committee Audit Committee approved for fiscal years 2011-12, 2012-13 and 2013-14 the use of $1.0 million per year to be used to augment the Division I supplemental support fund for low-resourced institutions to enhance their current student-athletes academic programs.

The committee asked staff to bring to the April finance meeting a recommendation of how much of the remaining $5.8 million should be allocated

to low-resourced institutions over the next three years versus distributed to Division I conferences based on the prior year's allocation to the student assistant funds. In addition, the committee requested that metrics be established to measure the success of these funds being allocated to the low-resourced institutions.

It was VOTED

"To approve the $3.0 million allocation to be used for augmentation of the Division I supplemental support fund for low-resourced institutions."

7. NCAA Division I Board of Directors and Divisions II and III Presidents Councils reports.

a. Division I Board of Directors. The Committee received an update on the actions of the Division I Board of Directors that included the following:

(1) During its October 2011 meeting, the Board adopted legislation recommended by several of the Transforming Intercollegiate Athletics Working Groups that included the following. The Board noted that several of these items would be revisited during its January 2012 meeting due to receiving the requisite number of override vote requests from the Division I membership.

(a) Enhanced initial-eligibility and two-year College transfer requirements.

(b) An academic benchmark for participation in postseason competition.

(c) The provision of a miscellaneous expense allowance of up to $2,000 for student-athletes receiving institutional aid in an amount equivalent to a full grant.

(d) A modification to equivalency computations so that all non-athletics financial aid no longer counts toward team limits.

(e) Legislation that would permit the awarding of multiyear grants-in-aid.

(f) Legislation that would allow student-athletes to receive aid to complete their degrees after the current six-year time limitation.

(2) The Board adopted legislation establishing a new men's basketball recruiting model.

(3) The Board adopted legislation to permit Divisions II and III institutions with one sport (other than football or basketball) currently classified in Division I, the opportunity to reclassify one sport of the opposite gender to Division I.

b. Division II Presidents Council. The Committee received an update on the actions of the Division II Presidents Council that included the following:

(1) NCAA Accreditation Policy. The Presidents Council requested that the Executive Committee allow Division II to explore and study other means of accreditation specific to international institutions that wish to become members of Division II. Any change to the current requirements would require both a legislative change and an Executive Committee endorsement. The Executive Committee approved this request.

(2) 2012 NCAA Convention. Division II will vote on 16 proposals during its business session.

(a) Seven of the proposals are part of the consent package for the business session;

(b) Three of the proposals are part of the Presidents Council Strategic Membership Growth package and deal with conference membership size; conference privileges and automatic qualification; and

(c) Three of the proposals are part of the Presidents Council Ease of Burden package and deal with recruiting contacts; number and timing of telephone calls; and permissible number and timing of materials in the recruitment process. The proposals will permit an unlimited number of contacts, telephone calls and electronic communications starting June 15 prior to the prospect's junior year in high school.

(d) Additionally, the membership will vote on the passage of the requirement for a sickle cell solubility test as part of the current mandatory medical examination process.

(3) NCAA Accreditation Policy. The Presidents Council endorsed the NCAA Accreditation Policy that will be considered by the NCAA Executive Committee at a future date. The policy provides clarification in determining whether an active or provisional member institution meets the applicable membership requirements regarding accreditation, as set forth in Article 3 of the NCAA Constitution.

(4) Make-A-Wish Foundation. Division II raised more than $400,000 during the 2010-11 academic year for the Make-A-Wish Foundation. February 18-26 will be Division II's Week of Wishes. This is a co-branding effort between Division II and the Make-A-Wish Foundation in an effort to assist with fundraising efforts at the conference and institutional level. During the division's Week of Wishes, the Division II SAAC will promote fundraising through marketing efforts via the D2SA.ORG site and Division II Facebook site, in addition to providing every Division II institution and conference office with marketing items to support their fundraising efforts during the week.

(5) Division II Officers on Executive Committee. The Presidents Council elected Pat O'Brien, president, West Texas A&M University, as chair of the Presidents Council for 2012; Tom Haas, president, Grand Valley State University, as vice-chair of the Presidents Council for 2012; and Ann Martin, director of athletics, Regis University, as chair of the Management Council for 2012. All three of these Division II officers will attend Executive Committee meetings through the 2013 NCAA Convention.

c. Division III Presidents Council. The Committee received an update on the actions of the Division III Presidents Council. These included:

(1) NCAA Regional Accreditation Policy. The Council endorsed an NCAA Regional Accreditation Policy for NCAA Executive Committee approval at a future date. The policy clarifies that an active or provisional NCAA member institution that receives its accreditation as an additional instructional site, branch campus or additional location through a parent institution that is an NCAA member institution shall be considered to be meeting the NCAA legislation regarding accreditation. However, an active or provisional NCAA member institution that receives its accreditation as an additional instructional site, branch campus or additional location

through a parent institution that is not an NCAA member institution shall be considered to have failed to meet the accreditation requirements of the legislation.

(2) Convention Legislative Preview. Significant legislation to be considered by the membership during its business session includes:

(a) Proposal No 1. To amend the Division III Philosophy Statement to emphasize four key concepts:

- That intercollegiate athletics is primarily focused on a four-year, undergraduate experience;
- To encourage broad-based sports sponsorship by maximizing the number and variety of institutional sport offerings;
- To assure that student-athletes are supported in their efforts to meaningfully participate in non-athletic pursuits to enhance their overall educational experience; and
- To respect institutional and/or conference autonomy in the establishment of initial and continuing eligibility standards for student-athletes.

(b) Proposal No 3. To require a sickle cell solubility test as part of the mandatory medical examination, unless documented results of a prior test are provided to the institution or the student-athletes declines the test and signs a written release; applicable to for all student-athletes, unless prior test results are available or the student-athlete signs a written release, similar to the rule existing in Division I and under consideration in Division II.

(c) Proposal No 8. To allow text messaging to be used in the recruiting process.

(3) Academic Reporting. During the Convention, the Division III membership discussed the results and the future of its Academic Reporting pilot program in a forum of 95 round tables. Results showed federal student-athlete graduation rates that exceeded those of students in general, and academic success rates that approached 90 percent. Delegates discussed how the results could benefit the ongoing Identity Initiative, the burdens

associated with reporting, and evaluated the trade-offs. They also discussed various reporting options, including division-wide reporting and optional reporting, and annual or biannual reporting. The Council will consider the results of the discussion in April.

(4) Special Olympics update. This partnership is continuing to grow, and was highlighted this fall by activity at each Division III national championship and $80,000 in reported funds raised. The partnership will be highlighted at the Division III business session on Saturday morning, including remarks from a local Special Olympics athlete.

(5) Alcohol and Other Drug Collaboration with NASPA. Division III has established a formal partnership with NASPA (Student-Affairs Administrators in Higher Education) to promote an integrated model for on-campus collaborations among student affairs and athletics professionals and provide resources to deliver effective alcohol and drug education for the well-being and success of all students. The division expects to launch a pilot program to a limited number of institutions this fall with a preliminary focus on alcohol. Over time, the program will be expanded to include the entire Division III membership, and include street-drugs and performance enhancing substances. This project is being pursued to enhance student-athlete well-being and the integrated model of Division III athletics.

(b) Comprehensive Review of President's Council and Presidents Advisory Group (PAG) Representational Requirements. The Council has established a Working Group to undertake a comprehensive review of the current Presidents Council and PAG membership representational requirements. The working group will generate strategies to identify and recruit ethnic minority presidents for governance structure participation, in addition to its examination of the Presidents Council representational requirements to ensure they remain relevant and appropriate. (The current requirements were established in the mid 1990s to mirror the membership of the division and its presidential leadership that existed in Division III at that time.)

8. Election of Executive Committee chair. The committee discussed the terms of the executive committee chair and the finance committee chair, and noted a preference for those terms to expire in August rather than in April to be more consistent with the budget cycle and the academic year. The committee voted to extend the term of the current executive committee chair and finance committee chair to expire after the August 2012 meeting.

Committee Chair: *Ed, Ray, Oregon State University, Pacific-12 Conference*
Staff Liaisons: *Bernard Franklin, MSAA*
Delise O'Meally, MSAA

January 13, 2012	
Attendees	Absentees
Michael Alden, University of Missouri, Columbia William Beauchamp, University of Portland Drew Bogner, Molloy College James Bultman, Hope College Rick Cole Jr., Dowling College Mark Emmert, NCAA president Judy Genshaft, University of South Florida Nathan Hatch, Wake Forest University Sidney McPhee, Middle Tennessee State University William Meehan, Jacksonville State University Ann Millner, Weber State University J. Patrick O'Brien, West Texas A&M University John Peters, Northern Illinois University Edward Ray, Oregon State University, chair David Schmidly, University of New Mexico James Schmotter, Western Connecticut State University Lou Anna Simon, Michigan State University	Chris Martin, College Conference of Illinois and Wisconsin William Harvey, Hampton University Harris Pastides, University of South Carolina, Columbia

Other Participants
David Berst, vice president of Division I
Gary Brown, director of NCAA News
Jackie Campbell, director of Division I
Daniel Dutcher, vice president of Division III
Terri Steeb-Gronau, director of Division II
Sarah Hebberd, vice chair of Division II student-athlete advisory committee
Jim Isch, chief operating officer
Leah Kareti, director of Division III
Scott Krapf, chair of Division I student-athlete advisory committee
Kevin Lennon, vice president of academic and membership affairs
Kathleen McNeely, vice president of administration and chief financial officer
Brittany Petrella, chair of Division III student-athlete advisory committee
Mike Racy, vice president of Division II
Donald Remy, vice president of legal affairs/general counsel
Wallace Renfro, vice president and chief policy advisor
Greg Shaheen, interim executive vice president of championships and alliances
Robert Vowels, vice president of student-athlete affairs and leadership development programs and resources
Bob Williams, vice president of communications