AGENDA
Board of Trustees
Athletics Committee Meeting
July 13, 2004

I. Approval of May 7, 2004 Minutes (Enclosure 1)

II. Financial Report Update (Enclosure 2) – Nick Floyd

III. Athletics Program Update – Nick Floyd
The Board of Trustees Athletics Committee met in regular session in Mendenhall Student Center Great Room on Friday, May 7, 2004. In attendance were committee members Margaret Ward (Chair), Shannon O’Donnell, Bill Bodenhamer, Bob Greczyn, Mike Kelly, Fielding Miller and David Redwine. Other Trustees in attendance included: David Brody, Robbie Hill, Dan Kinlaw, Steve Showfety and Jim Talton. Other University participants and guests included: Nick Floyd, Chuck Hawkins, Jim Smith, and Dennis Young. Various other attendees were present.

Mrs. Ward opened the meeting at 9:23 AM.

I. Approval of Minutes

It was moved that the Minutes of March 26, 2004 be approved as submitted. Mr. Miller seconded and the motion passed unanimously.

II. Financial Report – Nick Floyd

Mr. Floyd referred to the most recent copy of the Financial Report for the period ended March 31, 2004. Since it has been just a few weeks since our last report, there are no substantial changes and as such he will let the report rest on its own and answer any questions.

Mr. Floyd then re-ordered the next two items and asked Coach Bill Herrion to come forward to speak about the men’s basketball program, and recruiting in his program, particularly about this year’s class of recruits. For distribution, Mr. Floyd referred to a packet of information that has football, men’s and women’s basketball, and baseball recruits for the Committees information.

III. Men’s Basketball Update – Coach Bill Herrion

Coach Herrion reported on his program over the past five years. He thinks there’s no question that we are heading in the right direction. He spoke of his players who will be graduating this year and that academics, and seeing players get a degree, is what it is all about. He recapped his returning players for the coming year and the four early signees that will be coming in.
He thinks we are heading in the right direction and appreciates the support of the Trustees. Coach Herrion asked if there were any questions.

Mr. Kinlaw congratulated him on the five seniors and the signees based on how they look on paper.

Coach Herrion stated that our ultimate goal has got to be making it to post season play.

Mr. Floyd stated that in follow-up to Mr. Kinlaw’s statement about the five seniors graduating, we have 48 student-athletes that will be graduating this weekend. He thinks that’s also a testament to our coaches, staff and our student-athletes and the job that they all do.

Mrs. Ward inquired about the status of Mrs. Darrell Bryant’s replacement. Mr. Floyd responded that we have initiated a search at this time and are in the advertising phase. The search will be ongoing and he assumes in a matter of four or five weeks we will have that process completed.

IV. Athletics Program Update – Nick Floyd

Mr. Floyd said we had our annual Breakfast of Champions events this past weekend where we honor the academic achievements of our student-athletes and it’s just an outstanding event. If you have never had the opportunity to attend I would urge you to try to make it next year. When you see the quality of the young men and women that are representing our athletics program, and they come before you at this event, it really makes you feel good about what we’re doing here at East Carolina University in our athletics program. A male and female student-athlete each receive the highest honor. Margaret Mitchell, senior women’s golfer, was designated the outstanding female student-athlete. Kyle McKenzie, junior cross country runner who was also the cross country individual champion in Conference USA, was designated as the outstanding male student-athlete. Our student-athletes have done a great job this year. A couple of other points of information in that regard, during the 2003 fall semester 41% of our student-athletes achieved the ECU honor roll. I think that speaks well to the job they are doing in the classroom. Out of the classroom, as a whole, in the current year our student-athletes contributed nearly 2,800 hours of community service here in the local area. These are our young men and women getting out in the schools, Boys & Girls Club and many places where they are touching the lives of many young boys and girls and making a great positive impact in our local community. I think they have done a great job in that respect.

Obviously things are going very well in baseball. We have reached a program high this week with ranking 5th in one of the major national polls,
we’re 6th in two others and 7th in the ESPN Coaches Poll. With an overall record of 38-7 and 18-3 in Conference USA, we are obviously in first place. What this has done is put us in position to possibly host a regional or possibly even a super regional, here in Eastern North Carolina. Because of the stadium situation, the regional bid will be for Kinston and the super regional will be for Wilson. It is important that our team keep up its level of performance to put us in position to host these types of events because the NCAA Baseball Committee makes those decisions based on the relative strength and seeding of the programs. If you’re in the top sixteen you have a great chance for a regional bid and if you’re in the top eight an even greater chance for a super regional bid. We are submitting that paperwork and it will be a couple of weeks before those decisions are made.

Our softball team needs one win this weekend in Charlotte to clinch a berth in the Conference USA softball tournament. The league takes the top six softball teams to the conference tournament. We have an overall record of 44-21-1 and they have done well to date.

In women’s golf, for the first time ever, we had an individual chosen to participate in the NCAA regionals, Adrienne Millican. Our team missed participating by one position. We made it last year and we missed it this year by one slot. We are very proud of Adrienne and her selection to participate.

Men’s tennis finished with a record of 14-6. This is the most wins in this program since the year 2000 so they’ve done a good job.

One other personnel note, in women’s basketball Brady Sallee, one of our assistants, has accepted the head coaching position at Eastern Illinois University. We’re sorry to lose Brady but he’s done a great job in his two years here on Coach Sharon Baldwin-Tener’s staff. I think it’s a testament to the quality of the staff that Coach Baldwin-Tener has built in her short time here and we want to wish Brady well in his new position.

We had a May 1 priority deadline for football season ticket renewals and at this point in time we are between 11,500 and 12,000 season tickets sold. This is ahead of last year’s pace but I think that’s possibly a reflection of greater efficiency by our Ticket Office in inputting our orders on a more timely basis. It will probably be toward the end of the month before we can get a real accurate comparison but the season ticket sales are going well.

Last Friday the NCAA Board of Directors issued a press release with information containing academic reforms and a few other items. You have been given a copy of this information so you can be aware of it. Also, last Friday the Conference USA Board of Directors extended an invitation to University of Texas at El Paso to become our twelfth member. That
invitation was accepted so we are excited about having UTEP in the league as well. We have a copy of the press release and accompanying information regarding UTEP for your review.

Mr. Floyd called for any questions. Mr. Showfety said he wanted to go back to the projected Financial Statement. If members of our board are familiar with governmental accounting, fund balance is not always a lot of fun. His question is that if we close out the year as projected, we will end up with an existing fund balance of $27,000 which is somewhat distressing information. I think we all need to be aware of that so I have a couple of questions that center around that. Mr. Floyd agreed that the fund balance is critically low. Mr. Showfety said he doesn’t know what safety valves happen at that point, whether there are loans to the program or how we deal with that should it persist. What may help cure part of that question is I’m wondering how much longer we have on the amortization of the expense for Conference USA. Mr. Floyd said one thing that was in the cover memo of the last meeting’s Financial Report is that as a result of the realignment of C-USA, the Conference will look to equate East Carolina’s membership fees with those of the incoming members which we are hopeful will result in a rebate of a significant portion of our original membership fees. This amount could be between $1-million and $1.8-million depending on the final outcome. That will be very helpful in this regard. To answer your question more specifically, there are two years left on the amortization of those fees. Mr. Showfety said that rebate fee is good news/bad news but I see where it might help us avert a problem on our fund balance. Mr. Floyd explained that he has been meeting with Mr. Hawkins to discuss some various options that might be available and developing some options. We have a set monthly meeting now with Financial Services and I think the dialogue that has developed over this past year has been very beneficial to both sides of the equation, both to us in Athletics and to the University in staying on top of these types of situations. Mr. Showfety continued, noting that the football income and the football expense is projected not to cover itself and I believe that is not always the case. Our football income has exceeded our football expense in the past. Mr. Floyd stated it depends on if you actually assign fund-raising and television dollars to your football income line item. Those items are broken out separately so if you added all those items up together, under the heading of football income, marketing as well, then the revenues would greatly exceed the cost of your program. Mr. Showfety said so you go back to your ticket sales being one of those revenue items and you are speaking of our annual pre-sale of season tickets, can you tell us again what the benchmark was at the highest level of our ticket pre-sales and season ticket sales. Mr. Floyd said the all time University record is about 16,000 for season ticket sales. Last year we were just under that at about 15,700 to 15,800 and we had a very attractive home schedule with both North Carolina and West Virginia coming to Greenville. This year, coming off a 1-11 record, it wouldn’t surprise us if we had a slight decrease
but we’re doing everything we can from a marketing standpoint and things that will be rolling out this summer. Also we have the re-seating with our stadium which is a five year rotational situation that has proven to be beneficial in encouraging people to renew their tickets. The high water mark has been in the 15,000 to 16,000 range. Mr. Showfety said he would be interested in staying in touch with the marketing effort for our season ticket sales. Not necessarily any game package but just the overall campaign of awareness as much as anything else. You have to have money to market that program so you’re being very cautious how you spend your money but the marketing effort is such a big part of our mental presence right now from the University as a whole that hopefully there is great energy going into how we’re going to market a 1-11 football season and how we’re going to rally our people back to the table. I think part of that strategy, if you could keep us abreast of the campaign is really what I’m interested in, what campaign we’re going to have to try to step through that challenge, other than win. Mr. Floyd said he would be happy to do that. As you are aware these things don’t happen overnight. We got into this situation through a gradual decline and now we’re climbing our way back out and we feel very good moving forward at this point in time.

Mr. Bodenhamer said he had one question in follow up to Steve’s comments. In this budget it shows the marketing and promotions revenue is projected to be down $166,000? Mr. Floyd said part of that is the result of cleaning up some accounts receivable issues, some things that had been carried over from previous years and we’re trying to get our arms around that issue as well. As a matter of fact, in our meeting this past Monday, Mr. Hawkins and I assigned one of his people and our Business Manager to get together and be sure that we’re on the same page in that regard. We wrote some things down in order to more accurately reflect where we are and that’s the reason for part of that number. Mr. Bodenhamer asked if Mr. Floyd was saying people didn’t pay. Mr. Floyd said that, like in any business, not everyone lives up to their contracts and some of these things have been carried over from previous years. Mr. Bodenhamer said so it’s not ticket sales? Mr. Floyd assured him it isn’t.

Mr. Brody asked about the impact of Baseball if it moves to post season. Mr. Floyd said it would be a positive affect. If you’re selected for participation in the NCAA Baseball Tournament the NCAA pays the expenses for your team. When you travel you get a certain amount of per diem if you’re a host institution, and also if you host you basically receive an honorarium which is a percentage of your total gross revenue of 15% so we could possibly net $30,000 to $40,000 net. You pretty much break even if you’re traveling.

Mr. Kinlaw asked if we are guaranteed a sum for the State game in Charlotte or is that part of the gate receipts. Mr. Floyd said yes, that is part
of a contract that was entered into in the mid-90’s and ECU is designated as
the host institution for this game. It’s a pretty good contract with a minimum
guarantee of $900,000 plus a cost of living escalator clause that will push it
to a little over $1-million. It will be very beneficial.

Mr. Floyd added that we had received a fee increase from the students of
$20.00 which was knocked down by the State to $16.00 but that will still be
beneficial in combination with the continuing increase in student enrollment.

Mrs. Ward thanked Nick for being our Director and getting us through this
difficult period. Your coaches and staff have done an outstanding job and
we appreciate the hard work and it’s showing in the results of our student-
athletes that are graduating and going out to have a great future.

Meeting adjourned at 10:10 AM.

Submitted by Brenda Swain, 6/21/04
MEMORANDUM

TO: Board of Trustees Athletics Committee

FROM: Nick Floyd

DATE: June 28, 2004

RE: Athletics Fund Financial Report


These figures are similar to the March 31, 2004 report except that the annuity payment and related benefits are now recognized as an actual expense as opposed to an adjustment to the fund balance.

The budget will continue to be closely monitored and planning efforts are underway to address these financial challenges on a long term basis.

cc: Board of Trustees
    Dr. Steven Ballard
    Dr. James L. Smith
    Mr. Chuck Hawkins
# EAST CAROLINA UNIVERSITY ATHLETIC FUND
## FINANCIAL REPORT FY 2003 - 04

### REVENUE

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<tr>
<th></th>
<th>Budgeted</th>
<th>Actual</th>
<th>Projected</th>
<th>Projected Over/(Under)</th>
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<tr>
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<td>7/1/2003</td>
<td>5/31/04</td>
<td>6/30/2004</td>
<td></td>
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<tr>
<td>Football Revenue (tickets/game guarantees)</td>
<td>$4,345,000</td>
<td>$4,121,752</td>
<td>$4,121,752</td>
<td>$(223,248)</td>
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<td>Football: Bowl Revenue</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Other Sports Revenue</td>
<td>768,000</td>
<td>760,336</td>
<td>806,386</td>
<td>38,386</td>
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<tr>
<td>Marketing &amp; Promotions</td>
<td>647,000</td>
<td>369,687 **</td>
<td>397,379</td>
<td>(249,621)</td>
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<td>Pirate Club Pledge - Scholarships</td>
<td>2,780,700</td>
<td>650,000</td>
<td>2,854,700</td>
<td>74,000</td>
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<td>Student Fees</td>
<td>6,300,000</td>
<td>5,051,322</td>
<td>6,300,000</td>
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<td>Television &amp; Radio Networks</td>
<td>515,000</td>
<td>380,454 **</td>
<td>450,289</td>
<td>(64,711)</td>
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<tr>
<td>NCAA / C-USA Distributions</td>
<td>1,472,000</td>
<td>509,543</td>
<td>1,856,771</td>
<td>384,771</td>
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<td>Sport Fundraising Accounts</td>
<td>250,000</td>
<td>233,563</td>
<td>250,000</td>
<td>0</td>
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<td>Other (Licensing, Interest Earned, Concessions, Pepsi Pouring Rights, Restricted Private Gifts, Processing Fees, Miscellaneous)</td>
<td>972,490</td>
<td>766,838</td>
<td>943,618</td>
<td>(26,872)</td>
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<td>Other Transfers</td>
<td>$18,050,190</td>
<td>13,943,495</td>
<td>17,980,895</td>
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### EXPENDITURES

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<th></th>
<th>Budgeted</th>
<th>Actual</th>
<th>Projected</th>
<th>Projected Under/(Over)</th>
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<tr>
<td></td>
<td>7/1/2003</td>
<td>5/31/04</td>
<td>6/30/2004</td>
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<tr>
<td>Football</td>
<td>$4,859,180</td>
<td>4,805,302</td>
<td>4,983,803</td>
<td>$(124,713)</td>
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<tr>
<td>Football: Bowl Game</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<td>Other Men's Sports</td>
<td>2,733,310</td>
<td>2,794,841</td>
<td>2,900,342</td>
<td># (167,032)</td>
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<td>Women's Sports</td>
<td>2,904,690</td>
<td>2,724,874</td>
<td>2,804,784</td>
<td>99,996</td>
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<td>Administration/Other Support Areas</td>
<td>6,172,880</td>
<td>5,842,715</td>
<td>5,940,572</td>
<td>232,308</td>
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<td>Game Operations</td>
<td>616,490</td>
<td>614,969</td>
<td>647,847</td>
<td>(29,157)</td>
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<td>Repairs/Replacements</td>
<td>311,640</td>
<td>531,379</td>
<td>549,486</td>
<td>@ (226,848)</td>
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<td>Sport Fundraising Accounts</td>
<td>250,000</td>
<td>150,710</td>
<td>250,000</td>
<td>0</td>
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<tr>
<td>Total</td>
<td>17,850,190</td>
<td>17,473,790</td>
<td>18,067,726</td>
<td>(217,536)</td>
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Net Operating Income / (Loss) | 200,000 | (3,530,295) | (86,831) | (286,831) |

*Amortization of C-USA Prepaid Expense | 380,000 | 285,000     | 380,000   | 0          |

**Fund Balance Increase/(Decrease)** | $180,000 | (3,815,295) | (466,831) | (286,831) |

Beginning Fund Balance | 487,242 | 487,242     |

Ending Fund Balance | $307,242 | 20,411      |

* $1.9 Million Prepaid Expense amortized over 5 yrs, starting FY 01-02.
** Actual revenue received has been reduced by prior year Accounts Receivable that have been collected in the current year.
# Includes annuity payment, including benefits, of $134,874
@ = $107,000 of this total was brought forward from prior year to pay for water damage repairs. This amount was part of the beginning Fund Balance at July 1, 2003.