

Board Meeting
July 23, 2009

AMEND MULTIYEAR CONTRACTS WITH
HEAD VARSITY COACH--FOOTBALL, URBANA

Action: Approve Amendments to Employment Contract and Professional Services Agreement, Urbana

Funding: Operating Revenue and Corporate Contracts, Division of Intercollegiate Athletics

In January 2005, the Board of Trustees approved the appointment of Ronald Zook to serve as Head Varsity Coach--Football from December 7, 2004, through January 31, 2010. The employment contract provided compensation for coaching duties, television and radio appearances, educational, public relations and promotional activities, and summer camp services. The approved employment contract included provisions for Coach Zook to elect to have some or all of the payments for non-coaching services paid to a company formed by Coach Zook. The Board also approved establishment of a deferred compensation account. Coach Zook's base salary and deferred compensation are funded by operating revenue in the Division of Intercollegiate Athletics; his radio and television broadcasting services are funded by broadcast revenue; his summer camp services are funded by camp revenue; and his educational, public relations, consulting, and promotional activities are supported by corporate contracts.

A separate professional services agreement was executed effective June 2005 when Coach Zook first elected to have a portion of his compensation for non-coaching services paid to a company formed by him. It stated that said company would provide to the University, or cause to be provided, educational, public relations, consulting and promotional appearances by Coach Zook as reasonably requested by the University, including football clinics, scheduled in cooperation with the University's supplier of football shoes and apparel, in exchange for appropriate consideration. Simultaneous with the creation of the professional service agreement a first amendment to the employment contract was executed to reallocate payments for education, public relations, and promotional activities from the employment contract to the professional services agreement.

In 2006, a second amendment to the employment contract and a first amendment to the professional services agreement were executed. These amendments altered the payments under the employment contract so that the annual amount paid to Coach Zook for educational, public relations, and promotional activities was reduced. The amount of this reduction was paid to a company formed by Coach Zook under the professional services agreement.

In February 2007, the Board approved a third amendment to the employment contract and a second amendment to the professional services agreement. These amendments increased the payments for educational, public relations, and promotional activities and reallocated said payments among the employment contract and the professional services agreement.

In October 2007, the Board approved a fourth amendment to Coach Zook's employment contract and a third amendment to the professional services agreement to (1) extend the terms of the contracts by three additional years, through January 31, 2013; (2) increase the annual compensation for educational, public relations, and promotional activities, and radio and television appearances effective February 1, 2008; and (3) increase the amount credited annually to Coach Zook's deferred compensation account effective January 31, 2008. Additionally, an increase in Coach Zook's base salary was approved following the first post-season bowl game appearance by the University of Illinois football team. This event occurred in January 2008 resulting in an increase in Coach Zook's base salary.

In December 2007, a fifth amendment to the employment contract and a fourth amendment to the professional services agreement were executed. These amendments altered the payments under the employment contract so that the annual amount paid to Coach Zook for educational, public relations, and promotional activities was reduced. The amount of the reduction was paid to a company formed by Coach Zook under the professional services agreement.

In April 2009, a sixth amendment to the employment contract and a fifth amendment to the professional services agreement were executed. These amendments altered the payments under the employment contract so that the annual amount paid to Coach Zook for educational, public relations, and promotional activities was reduced \$15,000 from \$270,000 to \$255,000. This reduction was offset dollar-for-dollar by a

\$15,000 increase in the amount paid annually under the professional services agreement for educational, public relations, and promotional events from \$230,000 to \$245,000.

The Chancellor at Urbana now recommends amending Coach Zook's employment contract and professional services agreement to extend the term of both agreements by one additional year, through January 31, 2014. Coach Zook's present combined total annual compensation under his employment contract and his professional services agreement (including a \$200,000 annual contribution to his deferred compensation accounts) is \$1,505,000 and is not being changed at this time.

The Board action recommended in this item complies in all material respects with applicable State and federal laws, University of Illinois *Statutes*, *The General Rules Concerning University Organization and Procedure*, and Board of Trustees policies and directives.

No State funds will be used to enhance the original contract. Funds are available from operating revenue, broadcast revenue, and corporate contracts within the Division of Intercollegiate Athletics.

The President of the University concurs.