

Board Meeting
November 14, 2007

REPORT OF ACTION BY THE EXECUTIVE COMMITTEE

The following action has been taken by the Executive Committee since the last meeting of the Board. This action is now reported to the Board as a whole.

Amend Multiyear Contracts with Head Varsity Coach--Football, Urbana

In January 2005, the Board of Trustees approved the appointment of Ron 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 Mr. Zook to elect to have some or all of the payments for non-coaching services paid to a company formed by Mr. Zook. The Board also approved establishment of a deferred compensation account. Mr. 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. The employment contract was subsequently amended in 2005 and 2006 to alter the payments for educational, public

relations and promotional activities so as to re-allocate said payments among the employment contract and the professional services agreement described in the following paragraph. In 2007, the employment contract was further amended to increase the payments for educational, public relations and promotional activities and to re-allocate said payments among the employment contract and the professional services agreement described in the following paragraph.

A professional services agreement was executed effective June 2005 when Mr. Zook first elected to have a portion of his compensation for non-coaching services paid to a company formed by him. It provided that said company would provide to the University, or cause to be provided, educational, public relations, consulting and promotional appearances by Ron 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. The professional services agreement was subsequently amended in 2006 and 2007 to modify the amounts paid under the agreement as allowed by the employment contract.

The Chancellor at Urbana recommends amending Mr. Zook's employment contract and professional services agreement, as amended, to:

- Extend the terms of the contracts by three additional years, through January 31, 2013;
- Retain minimum base salary of \$205,000;
- Increase annual compensation for educational, public relations and promotional activities, and radio and television appearances from \$750,000 to \$900,000, effective February 1, 2008; and

- Increase the amount credited annually to Mr. Zook's deferred compensation account from \$100,000 to \$200,000, effective January 31, 2008.

If these changes are approved, Mr. Zook's total annual compensation, including the deferred portion, will increase from \$1,055,000 to \$1,305,000.

Additionally, the Chancellor recommends a further \$200,000 increase in Mr. Zook's base salary following the first post-season bowl game appearance by the University of Illinois football team.

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 and corporate contracts within the Division of Intercollegiate Athletics.

The President of the University concurs.

On motion of Mr. Shah, these recommendations were approved by the following vote of members of the Executive Committee: Aye, Mr. Eppley, Mr. Shah, Mr. Vickrey; no, none.