

Board Meeting
January 23, 2014

AMEND MULTIYEAR CONTRACT WITH DIRECTOR, DIVISION OF
INTERCOLLEGIATE ATHLETICS, URBANA

Action: Amend Multiyear Contract with Director of Intercollegiate Athletics

Funding: DIA Revenue Funds (non-State funds)

The Division of Intercollegiate Athletics (DIA) at the Urbana campus is an original member of the NCAA and a charter member of the Big Ten Conference since 1896. The DIA serves approximately 500 student-athletes in 19 varsity sports and is a self-sustained unit with a current budget of approximately \$77.0 million. The stated mission of DIA is “to provide a culture which fosters the development of our student-athletes for excellence academically, competitively, and socially with the utmost integrity and adherence to our institutional governing bodies.”

On September 9, 2011, the Board of Trustees approved an employment contract with Michael J. Thomas as Director of the Division of Intercollegiate Athletics, effective August 29, 2011. This employment contract was for a period of five years with an option for a two-year extension after a 24-month review at the Chancellor’s discretion. Mr. Thomas’s initial base salary was \$475,000, with provisions for annual review for salary increases. The contract allowed for Mr. Thomas to receive supplemental compensation up to \$200,000 annually for achieving academic and athletic performance goals. In addition, the contract provided that a sum of \$100,000 would be contributed

annually by the University to a deferred compensation plan. Per terms of the contract, full standard benefits on the same terms as provided by the University to all professional employees, with contributions and benefit amount based upon the base salary where relevant, were provided to Mr. Thomas.

A 28-year veteran of college athletics administration, Mr. Thomas has continued to boost the Fighting Illini athletic program to national prominence in men's and women's sports. DIA has achieved great successes in numerous areas during his tenure, including, academics, in competition, fundraising, capital development, and community outreach.

During the 2011-12 and 2012-13 academic years, Illinois athletic teams posted a combined grade point average of 3.05 and 3.12, respectively. The 2013 student-athlete graduation rate of 90 percent tied for best in school history and followed a graduation rate of 89 percent in 2012. Illinois finished second in the Big Ten in student-athlete graduation, including best among public institutions. In 2012-13, Illinois set a school record with six teams earning the NCAA Public Recognition Award based on their most recent Academic Progress Rate (APR), and 19 of 21 Illini teams (indoor track and field, outdoor track and field, and cross country are counted separately) equaled or exceeded national APR averages for their sports, including four with perfect 1,000 multi-year APR rates.

During the past two years, Fighting Illini teams won numerous team Big Ten championships, including men's golf, women's indoor track and field, men's gymnastics, men's tennis, and women's soccer. Illinois won a national title in men's

gymnastics and was national runner-up in volleyball (2012) and golf (2013). Fifteen of 19 varsity teams participated in post-season play over the last two academic years. The Fighting Illini produced eight individual national champions and 54 individual All-Americans over the past two years. The men's basketball team advanced to the round of 32 at the 2013 NCAA tournament and has been ranked among the nation's Top 25 teams in the 2013-14 season. The football program continues to progress and improve, having set program marks for grade-point-averages and community service. In 2012, Illinois finished 21st in the final Learfield Director's Cup standings (overall competitive), just one spot behind the school's highest all-time finish.

Under Mr. Thomas's leadership, DIA has also enjoyed success in numerous facets of administration and operations. The University launched the \$165.0 million State Farm Center renovation project and entered into the largest corporate naming rights deal for a college-only venue in the country in a \$60.0 million naming rights and sponsorship agreement with State Farm. Mr. Thomas also oversaw numerous other facility and operational improvements, including a \$7.2 million renovation to Memorial Stadium. DIA outsourced its multimedia rights in a comprehensive package and realized more than \$2.3 million net increase in value year-over-year and estimates that the agreement will generate more than \$60.0 million over its lifetime.

In addition, DIA has realized an increase in the I FUND annual fund, in enhanced focus on corporate sponsorship opportunities, in the number of Loyalty Circle members, and in the overall donor base. In addition to the State Farm commitment of \$60.0 million, DIA has secured a record high of \$34.1 million in cash and pledge

commitments in FY13. Also in FY13, DIA received over \$19.5 million in cash donations (third most in DIA history) for I FUND scholarships, endowments, planned gifts, and premium seating revenue.

During Mr. Thomas's tenure, Illinois student-athletes, coaches and staff have completed more than 7,000 hours of community service annually, which is an increase from previous years. Mr. Thomas himself made nearly 340 public speaking engagements, excluding press conferences, during the 2011-12 and 2012-13 academic years. He and his wife, Jeni, support numerous Champaign-Urbana community activities, including serving as co-chairpersons for CASA (Court Appointed Special Advocates).

At this time, the Chancellor intends to exercise the option to extend the term of the contract two additional years and recommends adding an additional year to the term so that the contract shall end on August 28, 2019. At the Chancellor's option, the contract may be extended an additional two years after a sufficient period of time has passed for the Chancellor to be in a position to make an informed decision regarding such an extension. His current annual base salary of \$503,928 shall be increased to \$554,320 upon execution of the proposed amended contract. The limit on Mr. Thomas's potential supplemental compensation will be increased from \$200,000 to \$300,000 annually for achieving academic and athletic performance goals as determined by the Chancellor, with Mr. Thomas's agreement with those goals. The increase in the limit on supplemental compensation shall be applied retroactively to the beginning of the 2013-14 academic year. Consistent with the original contract, Mr. Thomas shall be entitled to annual

deferred compensation of \$100,000. The proposed base salary is slightly less than the Big Ten average. The total compensation package value is consistent with the Big Ten average should Mr. Thomas realize the full amount of allowable supplemental compensation.

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.

The President of the University concurs.