Approved by the Board of Trustees

September 23, 2021

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Board Meeting

September 23, 2021

## AMEND MULTIYEAR CONTRACT WITH HEAD VARSITY COACH, MEN’S BASKETBALL, URBANA

**Action:** Amend Multiyear Contract with Head Varsity Men’s Basketball Coach

**Funding:** Non-Appropriated Institutional Funds in the Division of Intercollegiate

Athletics Operating Budget

On May 11, 2017, the Board of Trustees approved the appointment of Bradley Underwood as Head Varsity Coach, Men’s Basketball, Division of Intercollegiate Athletics, Urbana-Champaign. The initial appointment was for a six-year term, beginning on March 18, 2017, and ending on April 30, 2023. The Board also approved Mr. Underwood’s anticipated compensation for each year of the term, including a description of Mr. Underwood’s base salary and an annual increment for television, radio, public relations, and promotional activities. The Board also approved the ability for Mr. Underwood to earn additional performance incentive compensation for achieving specific academic and athletic performance goals as determined in advance by the Director of Athletics. 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. Underwood. On March 12, 2020, the Board of Trustees approved an amendment to Mr. Underwood’s employment contract, extending the term by three additional years, through April 30, 2026, with contingent contract extensions dependent on performance. The current agreement includes an automatic extension if the men’s basketball team reaches the NCAA tournament following the 2021-2022 regular season. Assuming the men’s basketball team qualifies for the NCAA tournament, Coach Underwood’s compensation under the current agreement would be in accordance with the schedule below:

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| --- | --- | --- | --- | --- | --- |
| **Current Agreement** | | | | | |
| **Contract Year** | **Base Salary/Additional Compensation** | **Retention Incentive** | **Total Compensation** | **Liquidated Damages by Coach** | **Liquidated Damages by University** |
| 2021-2022 | $3,500,000 | $600,000 | $4,100,000 | $8,000,000 | $4,000,000 |
| 2022-2023 | $3,625,000 |  | $3,625,000 | $8,000,000 | $4,000,000 |
| 2023-2024 | $3,750,000 |  | $3,750,000 | $6,000,000 | $3,000,000 |
| 2024-2025 | $3,875,000 |  | $3,875,000 | $3,000,000 | $1,500,000 |
| 2025-2026 | $4,000,000 | $750,000 | $4,750,000 | $2,000,000 | $1,000,000 |
| 2026-2027 | $4,150,000 |  | $4,150,000 | - | - |

The Chancellor, University of Illinois Urbana-Champaign, and Vice President, University of Illinois now recommends an amendment to Mr. Underwood’s employment contract, to modify the structure of the agreement and extend the term by one additional year, through April 30, 2027, while removing the contingent contract extensions from the agreement.

The amendment will include modifications to Mr. Underwood’s performance incentive structure and the performance incentive program related to other basketball staff members. In accordance with the terms of Mr. Underwood’s agreement, he is eligible to receive retention incentive compensation payments of $600,000 if he remains employed continuously as Head Varsity Coach – Men’s Basketball through May 31, 2022. Mr. Underwood’s amended employment agreement will provide for additional retention incentive compensation payments not to exceed $300,000 in each contract year and based on service through the end of each contract year.

Payment obligations in the event of termination without cause will depend on the contract year during which termination occurs, as described in the table below. If the University terminates Mr. Underwood’s employment without cause, it will be obligated to pay liquidated damages equal to the greater of either $3 million or the sum of remaining compensation owing in the year of termination plus the applicable percentage of future years’ compensation. This obligation is subject to mitigation if Mr. Underwood obtains other employment following termination. If Mr. Underwood resigns to accept a competing position, he will be obligated to pay the University an amount equal to 50 percent of the Liquidated Damages Payout. This will increase to 100 percent if the competing position is at another Big Ten institution.

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| **Proposed Amendment** | | | | |
| **Contract Year** | **Base Salary/Additional Compensation** | **Retention Incentive** | **Total Compensation** | **Liquidated Damages Payout %** |
| 2021-2022 | $3,500,000 | $600,000 | $4,100,000 | 100% |
| 2022-2023 | $3,800,000 | $300,000 | $4,100,000 | 100% |
| 2023-2024 | $3,900,000 | $300,000 | $4,200,000 | 100% |
| 2024-2025 | $4,000,000 | $300,000 | $4,300,000 | 100% |
| 2025-2026 | $4,100,000 | $300,000 | $4,400,000 | 50% |
| 2026-2027 | $4,200,000 | $300,000 | $4,500,000 | 25% |

Other significant terms and conditions of Mr. Underwood’s original employment agreement will remain in effect or will be appropriately amended to reflect the extension of the term. These include setting forth instances in which he may be terminated for cause, including, but not limited to, failure to perform his responsibilities; conduct that brings the University into disrepute; or violations of laws, policies, or governing rules. The University will not be obligated for the payment of liquidated damages in the event the employment agreement is terminated for cause.

Funding is provided from non-appropriated institutional funds in the Division of Intercollegiate Athletics operating budget.

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.