

**BUSINESS AFFAIRS AND HUMAN RESOURCES
OCTOBER 19, 2017**

TAB	DESCRIPTION	ACTION
1	UNIVERSITY OF IDAHO Multi-Year Employment Agreement – Men’s Basketball Head Coach	Motion to Approve
2	UNIVERSITY OF IDAHO Multi-Year Employment Agreement – Men’s Football Head Coach	Motion to Approve

THIS PAGE INTENTIONALLY LEFT BLANK

BUSINESS AFFAIRS AND HUMAN RESOURCES
OCTOBER 19, 2017

UNIVERSITY OF IDAHO

SUBJECT

Multi-year contract for Men's Basketball Team Head Coach.

REFERENCE

October 2014 Idaho State Board of Education (Board) approval of multi-year contract extension through June 30, 2017.

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Polices & Procedures Section II.H.1.

BACKGROUND/DISCUSSION

The University of Idaho (UI) requests Regents' approval to extend the employment of Don Verlin, the Men's Basketball Team Head Coach for a term of four (4) years. This request arises after the expiration of the prior contract extension.

The proposed modifications to the contract grant a four year extension and also remove existing automatic extensions of the contract term. Attachment 1 to these materials shows the specific changes in terms from the current contract.

The UI submits the attached multi-year contract (Attachment 2) to the Regents for approval. The primary terms of the agreement are set forth below. A redlined version showing changes from the Board model contract is contained in Attachment 3.

IMPACT

The term of the employment contract runs through June 30, 2021.

A summary of the base compensation from appropriated funds contemplated in the contract is as follows:

2017-18	\$185,432.00
2018-19	\$192,849.28
2019-20	\$200,563.25
2020-21	\$208,585.78

These compensation amounts continue the salary and annual increases established in the contract approved in 2014.

The salary increases are expressly contingent upon the following: (1) academic achievement and behavior of team members, as described in Paragraph 3.2.4 of this agreement; (2) appropriate behavior by, and supervision of, all assistant coaches, as determined by the athletic director; (3) compliance with UI's financial stewardship policies as set forth in UI's Administrative Procedures Manual, Chapter 25; and (4) approval by the president, in the president's sole discretion.

BUSINESS AFFAIRS AND HUMAN RESOURCES
OCTOBER 19, 2017

Annual media payments are \$60,000.00.

Coach is entitled to receive the following incentive/supplemental compensation:

- Conference champions or co-champion or team becomes eligible for the NCAA tournament – 1/13th of annual salary.
- Team ranked in the top 25 in any published national final poll – 1/13th of annual salary.
- Conference Coach of the Year – \$6,000.
- Academic achievement and behavior of team based on APR national rank exceeding 950 – \$6,000.
- Team Victories
 - \$5,000 for 14 victories
 - Additional \$5,000 for 17 or more victories
 - Additional \$5,00 for 20 or more victories
- Team progresses to the Round of 16 in the NCAA tournament - \$25,000.
- Gate Receipts – 20% of gate receipts in excess of \$35,000 up to \$50,000 and 25% of gate receipts in excess of \$50,000.
- Away Game Guaranty (non-conference) – The amount by which the game guaranty paid to UI for each non-conference opponent paying a game guaranty exceeds the sum of \$75,000 inclusive of regular travel and related expenses associated with the game. For any additional guarantee game, the coach will receive all guaranty revenue less regular travel and related expenses.

Maximum potential annual compensation (base salary, media payment and estimated maximum potential incentive except Gate Receipts and Away Game Guaranty amounts) is as follows:

2017-18	\$325,960.00
2018-19	\$334,518.40
2019-20	\$343,419.14
2020-21	\$352,675.90

Coach may participate in youth basketball camps as follows:

Remaining income from any university operated camp, less \$500, after all claims, insurance, and expenses of camp have been paid, OR

In the event the UI elects not to operate a camp, coach may do so within Board guidelines for such camps.

Liquidated damages and buyout provisions for men's basketball coaches at other public institutions in the Big Sky Conference:

- Eastern Washington University - \$50,000

BUSINESS AFFAIRS AND HUMAN RESOURCES
OCTOBER 19, 2017

- Idaho State University – “(a) if the Agreement is terminated on or before May 09, 2013, the sum of \$35,000; (b) if the Agreement is terminated between May 10, 2013 and May 09, 2014 inclusive, the sum of \$25,000; (c) if the Agreement is terminated between May 10, 2014 and May 09, 2015 inclusive, the sum of \$10,000.”
- Montana State University - “an amount equal to that portion (pro rata) of the Coach’s Base salary and benefits remaining unpaid under this Agreement.” Base salary = \$158,300.
- Northern Arizona University – “One and a half year’s Base Salary if Coach terminates the contract prior to March 15, 2018; and one year’s Base Salary if Coach Murphy terminates the contract after March 15, 2018.” Base salary = \$185,400.
- Weber State University - \$40,000

The liquidated damages amounts were the result of negotiations between the UI and the Coach.

ATTACHMENTS

Attachment 1 – Comparison to 2014 Contract	Page 5
Attachment 2 – Proposed Modified Employment Contract	Page 21
Attachment 3 – Comparison to Model Contract	Page 37
Attachment 4 – APR Data	Page 55
Attachment 5 – Base salaries of coaches in same conference	Page 57
Attachment 6 – Coach Contract Checklist	Page 61

STAFF COMMENTS AND RECOMMENDATIONS

Board approval is required, per Board policy II.H.1, for coach contracts with terms that exceed three years or in which the maximum potential annual compensation is \$200,000 or more. Coach Verlin’s previous employment agreement expired on June 30, 2017, and the proposed (approximately 4-year) contract will terminate on or before June 30, 2021 unless extended following future Board approval. There are no automatic contract extension provisions in the proposed agreement.

The maximum potential annual compensation amounts listed by the University in the “Impact” section above, reflect an initial maximum of \$325,960 for the first year, followed by annual automatic increases of 4% in each of the following years. The maximum payouts do not include those additional incentives which are based on potential gate receipts, game guaranty payments, or youth basketball camp proceeds.

The liquidated damages in the employment agreement (\$100,000 if the coach leaves for his convenience before the end of the first year, decreasing to \$75,000 in the second year, \$50,000 in the third year, and \$0 in the fourth year) fall within the broad range of liquidated damages in place for other men’s basketball head coaches in the Big Sky Conference. The student athlete academic performance incentive (based on NCAA Academic Progress Report scores) is \$6,000—less

BUSINESS AFFAIRS AND HUMAN RESOURCES
OCTOBER 19, 2017

than the \$14,264 bonus for a conference championship, but equal to the \$6,000 incentive if the employee is named "Conference Coach of the Year."

The contract was reviewed by the Business Affairs and Human Resources Committee during its latest meeting on October 6, 2017. The proposed employment agreement appears to meet the letter and spirit of the requirements in Board policy with respect to athletic coach contracts. Staff recommends approval.

BOARD ACTION

I move to approve the request by the University of Idaho to extend the multi-year employment contract with Don Verlin, as the Men's Basketball Team Head Coach for four years for a term extending through June 30, 2021 plus other adjustments to terms in substantial conformance to the form submitted to the Board in Attachment 2.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

BUSINESS AFFAIRS AND HUMAN RESOURCES
OCTOBER 19, 2017

UNIVERSITY OF IDAHO

SUBJECT

Multi-year contract for Head Men's Football Coach.

REFERENCE

June 2016

Idaho State Board of Education (Board) approval of multi-year contract expiring December 31, 2020.

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures Section II.H.1 and II.F.2..

BACKGROUND/DISCUSSION

The University of Idaho (UI) wishes to extend and modify the multi-year contract with Paul Petrino, Head Men's Football Coach. Attachment 1 to these materials shows the specific changes in terms from the current contract. Material amendments to the current contract are:

- Extension of the term of the agreement to June 30, 2022 (Sec 2.1)
 - Addition of a one-year automatic term extension if Coach is not in material breach on or before July 1, 2018. (Sec 2.1.1)
 - Addition of a rolling one-year extension for each season with eight (8) or more wins, including post-season wins. (Sec 2.1.2)
- Supplemental Compensation terms specific to Football Bowl Subdivision (FBS) seasons. (Sec 3.2.1 and subsections thereto)
- Supplemental Compensation terms specific to Football Championship Subdivision (FCS) seasons. (Sec 3.2.2 and subsections thereto)
- Revisions to Academic incentives; Maximum incentive increased to \$20,000. (Sec's 3.2.3.1 & 3.2.3.2)
- Addition of "Access to Suite" granting coach personal access to a suite in the ASUI Kibbie Dome for family and guests for all home football games. (Sec 3.25.7)
- Revisions to liquidated damages for termination by Coach. (Sec 5.3.3)

The UI submits the attached multi-year contract (Attachment 2) to the Regents for approval. The primary compensation terms of the agreement are set forth below. The entire contract and a redlined version showing changes from the Board model contract are contained in Attachments 2 and 3 respectively.

Coach's current contract, approved on June 16, 2016, has an expiration date of December 31, 2020. The proposed contract will extend for 1.5 additional years to June 30, 2022, subject to automatic extensions as described above.

**BUSINESS AFFAIRS AND HUMAN RESOURCES
OCTOBER 19, 2017**

IMPACT

The annual base salary from appropriated funds is \$191,214.40 with continuing eligibility to receive University-wide changes in employee compensation approved by the Director of Athletics and the President.

There is an annual media payment of \$255,000 which remains static for the duration of this contract. The amended amount reflects the annual increases called for in the current contract. In addition there are the following incentive/supplemental compensation provisions (some of which distinguish between FBS and FCS seasons in recognition of the anticipated transition to FCS in fall 2018):

FBS	FCS									
At least seven (7) regular season wins = \$25,000	At least 8 wins including post-season = \$15,000									
National Coach of the Year = \$25,000	National Coach of the Year = \$15,000									
CFP Bowl game = \$100,000	FCS Championship appearance = \$7,500.00 FCS Championship = additional \$12,500.00									
Team Ranking in Top 25 ESPN/USA Today coaches poll of FBS = \$25,000	Final Ranking in Top 5 in the final poll of Division IA FCS football teams = \$15,000									
Conference Coach of the Year = \$10,000	Conference Coach of the Year = \$5,000									
Conference Championship = \$10,000	Conference Championship = \$5,000									
	FBS wins per season = \$10,000 per win									
General Incentives without regard to FBS/FCS										
Academic Performance – APR (highest number each year only)										
	<table border="1"> <tr> <td>APR numbers reported following the 2016-2017 academic year</td> <td>945 to 959 \$10,000</td> <td>960 to 979 \$20,000</td> </tr> <tr> <td>APR numbers reported following the 2017-2018 academic year</td> <td>950 to 964 \$10,000</td> <td>965 to 984 \$20,000</td> </tr> <tr> <td>APR numbers reported following the 2018-2019 academic year and any academic year thereafter</td> <td>955 to 969 \$10,000</td> <td>970 to 989 \$20,000</td> </tr> </table>	APR numbers reported following the 2016-2017 academic year	945 to 959 \$10,000	960 to 979 \$20,000	APR numbers reported following the 2017-2018 academic year	950 to 964 \$10,000	965 to 984 \$20,000	APR numbers reported following the 2018-2019 academic year and any academic year thereafter	955 to 969 \$10,000	970 to 989 \$20,000
APR numbers reported following the 2016-2017 academic year	945 to 959 \$10,000	960 to 979 \$20,000								
APR numbers reported following the 2017-2018 academic year	950 to 964 \$10,000	965 to 984 \$20,000								
APR numbers reported following the 2018-2019 academic year and any academic year thereafter	955 to 969 \$10,000	970 to 989 \$20,000								
Academic Performance – Team GPA = \$10,000 if the goals below are met										
	<table border="1"> <tr> <td>2017 Spring & Fall Team GPA – 2.50</td> </tr> <tr> <td>2018 Spring & Fall Team GPA – 2.55</td> </tr> </table>	2017 Spring & Fall Team GPA – 2.50	2018 Spring & Fall Team GPA – 2.55							
2017 Spring & Fall Team GPA – 2.50										
2018 Spring & Fall Team GPA – 2.55										

**BUSINESS AFFAIRS AND HUMAN RESOURCES
OCTOBER 19, 2017**

2019 (and any calendar year thereafter) Spring & Fall Team GPA – 2.60
Access to Suite for home football games (Mkt value estimate) = \$20,000
Car Allowance = \$4,800/ year

Maximum potential annual compensation (base salary, media payment and incentive/allowance payments (excluding BCS wins which are not determinable) is as follows:

FBS = \$696,014.40	FCS = \$576,014.40
--------------------	--------------------

Coach may participate in youth football camps as follows:

- Remaining income from any university operated camp, less \$500, after all claims, insurance, and expenses of camp have been paid, OR
- In the event university elects not to operate a camp, coach may do so within Board guidelines for such camps.

Liquidated damages and buyout provisions for men’s football coaches at other institutions in the conference are set out in Attachment 6. The liquidated damages amounts in the proposed contract were the result of negotiations between the University of Idaho and the Coach.

ATTACHMENTS

Attachment 1 - Comparison to original Employment Contract	Page 5
Attachment 2 - Proposed Modified Employment Contract	Page 23
Attachment 3 - Comparison to Board Model Contract	Page 41
Attachment 4 - APR Data	Page 61
Attachment 5 - Maximum compensation	Page 63
Attachment 6 - Conference compensation	Page 65
Attachment 7 - Conference liquidated damages and buy-out provisions	Page 67
Attachment 8 – Coach Contract checklist	Page 71

STAFF COMMENTS AND RECOMMENDATIONS

Board approval is required, per Policy II.H.1., for coach contracts with terms in excess of three years or total maximum potential compensation amounts of \$200,000 or more. The proposed employment agreement for Coach Petrino potentially exceeds both of these thresholds. The modified contract extends the current termination date of December 31, 2020 to June 30, 2022, with an automatic one-year extension to June 30, 2023 if the coach is not in material breach of the agreement on or before July 1, 2018. Additionally, the contract will be extended by one year for every year in which the football team wins eight or more games.

The base salary (paid with appropriated funds) for the contract (no automatic increases specified) is \$191,214.40. The employee is eligible to receive base

BUSINESS AFFAIRS AND HUMAN RESOURCES
OCTOBER 19, 2017

salary increases, subject to approval by the Athletic Director and President, as part of the University's annual Change in Employee Compensation (CEC) process.

Maximum potential annual compensation is computed at \$696,014.40 for the FBS scenario and \$576,014.40 for the FCS scenario, excluding revenues from potential youth football camps. [Note: the "FBS wins per season" entry in the incentive payout table on page 2, under the FCS column, refers to a \$10,000 incentive for any wins against an FBS opponent while the program is part of an FCS conference.]

Liquidated damages in the event the contract is terminated for the convenience of the coach start at \$150,000 during the calendar year ending on December 31, 2017; decreasing to \$100,000 at year-end 2018; \$75,000 at year-end 2019; \$50,000 at year-end 2020; and \$25,000 if termination occurs during the last two years of the contract. These provisions are similar to liquidated damages provisions at a number of Big Sky Conference institutions.

The academic incentive levels in the modified contract have been increased; and it is noteworthy that the multiple factors are included—i.e., Grade Point Averages as well as NCAA Academic Progress Rate levels, with increasing academic targets over subsequent years.

The proposed employment agreement includes an annual car allowance of \$4,800. Board Policy (Section II.F.2.b.vi.) requires Board approval for any car allowance (other than courtesy car arrangements) included as part of a non-classified employee's compensation.

The proposed contract was reviewed by the Business Affairs and Human Resources Committee during its meeting on October 6, 2017. The contract appears to conform to the letter and spirit of Board policy. Staff recommends approval.

BOARD ACTION

I move to approve the request by the University of Idaho to extend the multi-year employment contract with Paul Petrino, as Men's Football Head Coach, for a term expiring June 30, 2022 (or as further extended pursuant to the terms of the contract) plus other adjustments to terms, including an annual car allowance of \$4,800 per year, in substantial conformance to the form submitted to the Board in Attachment 2.

Moved by _____ Seconded by _____ Carried Yes _____ No _____