

## EXECUTIVE SUMMARY

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**Item Name:**            **Multiple-year Employment Contract for Head Men's Basketball Coach (UA)**

- Action Item
- Committee Recommendation to Full Board
- First Read of Proposed Policy Change
- Information or Discussion Item

**Issue:**            The University of Arizona asks the board to approve an extension to the Multiple-year Employment Contract for Sean Miller as Head Men's Basketball Coach at the University of Arizona, together with revised monetary terms.

### Enterprise or University Strategic Plan

- Empower Student Success and Learning
- Advance Educational Attainment within Arizona
- Create New Knowledge
- Impact Arizona
- Compliance
- Real property purchase/sale/lease
- Other: Multiple-year Employment Contract

### Statutory/Policy Requirements

ABOR policies 6-1001 through 6-1003 require approval for multiple-year employment contracts.

### Background/History of Previous Board Action

- On September 24, 2015, ABOR approved extending Coach Miller's Multiple-year Contract ("Contract") to May 31, 2020. The University now seeks to extend the Contract until May 31, 2022, and to revise its monetary terms. In order to keep the proposed extension within ABOR's five-year limit for multiple-year head coach contracts, it will become effective on June 1, 2017, subject to ABOR's approval.

### Contact Information:

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## **EXECUTIVE SUMMARY**

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- In addition, UA proposes to add units to the Longevity Fund that was established by a donor to retain Miller. Doing so further supports retaining Miller without using any governmental funds.
- The contract modifications support retaining Coach Miller, who is widely regarded as one of the nation's best basketball coaches. The Team has participated in post-season competition every year under his leadership, and its record was 20-2 as of January 30, 2017. Moreover, its most-recently published Academic Progress Rate was 979.
- Miller has not been involved in any NCAA violations and there has been no litigation related to his employment as Head Coach. He was involved in one minor press controversy five seasons ago involving criticism of an official's call.
- Miller's salary is paid entirely from revenue generated by the Athletics Department. No part of his salary is paid from appropriated funds or tuition revenue.
- Incentive payments most recently earned by Miller as well as Team academic performance are summarized on the attached document.
- Miller's most recent disclosure of outside athletically-related income is also attached.

### **Discussion**

All monetary terms in Miller's Contract previously approved by the Board will remain unchanged except as follows:

- The Contract will be extended until May 31, 2022.
- Exclusive of the \$700,000 paid to Miller for peripheral duties (i.e., radio and television programs, speaking engagements, etc.), UA proposes that Miller's Base Salary adjust as follows:

**EXECUTIVE SUMMARY**

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|              |                         |
|--------------|-------------------------|
| July 1, 2017 | \$1,500,000             |
| July 1, 2018 | \$1,600,000             |
| July 1, 2019 | \$1,700,000             |
| July 1, 2020 | \$1,800,000             |
| July 1, 2021 | \$1,800,000 (no change) |

- In addition, UA proposes to alter the terms of the Longevity Fund the Board previously approved for Miller’s benefit as follows:
  - The Longevity Fund currently consists of 175,000 units of a publically traded Master Limited Partnership (MLP) gifted by a donor and held in trust by the UA Foundation for Miller’s benefit to promote his long-term employment by UA.
  - The Fund provides that Miller will receive a cash payment equal to the full value of the units if he remains employed by UA as Head Coach on May 31, 2020.
  - UA proposes to add 50,000 MLP units to the Fund, the cash-equivalent value of which would be paid to Miller on May 31, 2022, if he is still employed as Head Coach on that date. These 50,000 units represent a portion of the 100,000 units that were being held in trust for the former Athletic Director, but forfeited by him based on his voluntary separation from UA before the value of such units would have become due and payable to him. The remaining 50,000 units will continue to be held in trust for the Department of Intercollegiate Athletics for future use as determined by the UA’s President.
  - The payout and vesting terms of the Fund would be as follows:

|                            | <b>VESTING**</b>  | <b>PAYMENT</b> |
|----------------------------|---|----------------|
| Original<br>175,000 units  | 2/3 currently vested;<br>remainder will vest on<br>May 31, 2017 | May 31, 2020   |
| Additional<br>50,000 units | June 1, 2020  | May 31, 2022   |

\*\*Vesting means that Miller will be entitled to receive the value of the indicated portion of the shares of the date(s) indicated if he is terminated without cause on or after such date(s) or his employment ends as Head Coach due to his death or substantial physical or mental incapacity.

**EXECUTIVE SUMMARY**

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**Requested Action**

The University of Arizona asks the board to approve the terms set forth above and authorize the University of Arizona to amend the Multiple-year Employment Contract for Sean Miller as Head Men's Basketball Coach at the University of Arizona according to such terms.

**EXECUTIVE SUMMARY**

**ATTACHMENT ONE**

| <b>2015-16 COACHES/STAFF INCENTIVES</b>  |          |                    |                     |
|--|----------|--------------------|---------------------|
| <b>SEAN MILLER - MEN'S BASKETBALL</b>  |          |                    |                     |
| <b>ATHLETIC PERFORMANCE (amounts are cumulative)</b>   |          |                    |                     |
| <b>UNIVERSITY MBK TEAM WINNINGS RECORD (excludes pre-season, exhibition and post-season games)</b> |          |                    |                     |
| <b>GAME SEASON WINS/LOSSES (amounts NOT cumulative, capped at \$40,000)</b>                        |          |                    |                     |
| Team wins at least 20 <b>REGULAR</b> season games<br>(does not included Pac-12 Tournament)         | \$20,000 | <b>24-7</b>        | <b>\$ 20,000.00</b> |
| <b>ACADEMICS (FOR 2014-15)</b>   |          |                    |                     |
| Multi-Year APR is 960 (no rounding off)  | \$25,000 | <b>979</b>         | <b>\$ 25,000.00</b> |
|  |          | <b>GRAND TOTAL</b> | <b>\$ 45,000.00</b> |

**EXECUTIVE SUMMARY**

**ATTACHMENT TWO**



**DISCLOSURE OF NON-INSTITUTIONAL ATHLETICALLY RELATED INCOME**  
**2015-16 ACADEMIC YEAR**

NAME (please print) Sean Miller POSITION & SPORT/DEPT Head Coach / Basketball

This form is to be used by athletics department staff members as a means of reporting athletically related income and benefits received from sources outside the institution in accordance with NCAA Bylaw 11.2.2 and Employment Contracts with The University of Arizona. Please **attach copies of all contracts or agreements** for outside athletically- related income and benefits. **Form must be submitted to the compliance office by July 17<sup>th</sup>, 2016.**

Check here if no outside income has been earned for the past academic year. Sign the reverse side of this document, and return it to the Compliance Office.

| Athletically Related Income                                 | Source (Individual or Company)     | Income            |
|---|------------------------------------|-------------------|
| 1. Speaking engagements                                     |                                    | \$                |
|   |                                    | \$                |
|   |                                    | \$                |
|   |                                    | \$                |
| 2. Additional Employment (Outside I.C.A.)                   | <u>NIKE</u>                        | <u>\$ 200,000</u> |
|   |                                    | \$                |
| 3. Endorsement or consultation contracts                    | <u>NIKE ELITE</u>                  | <u>\$ 10,000</u>  |
|   |                                    | \$                |
| a. Athletics shoes  |                                    | \$                |
| b. Apparel  |                                    | \$                |
| c. Equipment  |                                    | \$                |
| 4. Television appearances or commercials                    | <u>IMG</u>                         | <u>\$ 200,000</u> |
|   |                                    | \$                |
| 5. Radio appearances or commercials                         |                                    | \$                |
|   |                                    | \$                |
| 6. Income from corporations in exchange for charitable work |                                    | \$                |
|   |                                    | \$                |
| 7. Annuities  |                                    | \$                |
|   |                                    | \$                |
| 8. Sports camps / clinics                                   | <u>Sean Miller Basketball Camp</u> | <u>\$ 0</u>       |
|   |                                    | \$                |
|   |                                    | \$                |
|   |                                    | \$                |
| 9. Housing benefits   |                                    | \$                |
|   |                                    | \$                |
| 10. Country-club membership                                 | <u>Westin La Paloma</u>            | <u>\$ 4,000</u>   |
|   |                                    | \$                |
| 11. Complimentary-ticket sales                              |                                    | \$                |
|   |                                    | \$                |
| 12. Other (please specify)                                  |                                    | \$                |
|   |                                    | \$                |
|   |                                    | \$                |

**EXECUTIVE SUMMARY**

**11.2.2 Athletically Related Income.** Contractual agreements, including letters of appointment, between a full-time or part-time athletics department staff member (excluding secretarial or clerical personnel) and an institution shall include the stipulation that the staff member is required to provide a written detailed account annually to the chief executive officer for all athletically related income and benefits from sources outside the institution. In addition, the approval of all athletically related income and benefits shall be consistent with the institution's policy related to outside income and benefits applicable to all full-time or part-time employees. Sources of such income shall include, but are not limited to, the following:

- (a) Income from annuities;
- (b) Sports camps;
- (c) Housing benefits (including preferential housing arrangements);
- (d) Country club memberships;
- (e) Complimentary ticket sales;
- (f) Television and radio programs; and
- (g) Endorsement or consultation contracts with athletics shoe, apparel or equipment manufacturers.


I hereby certify that I am in compliance with all NCAA, Pac-12 and University of Arizona regulations governing outside income, and have reported herein all such income received during the past year.

  
\_\_\_\_\_  
Staff Member's Signature


7/18/16  
\_\_\_\_\_  
Date

\_\_\_\_\_  
2015-16  
Academic Year


Reviewed by:

  
\_\_\_\_\_  
Director of Athletics

8.2.16  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Compliance Office

8.1.2016  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Office of the General Counsel

9/17/16  
\_\_\_\_\_  
Date