

EXECUTIVE SUMMARY

Item Name: Multiple-year Employment Contract for Head Football Coach (ASU)

Action Item

Requested Action: Arizona State University (ASU) asks the board to approve an extension of the Multiple-year Employment Contract for Herman Edwards as Head Football Coach at ASU and certain other changes.

Background / History of Previous Board Action

- Herman Edwards (“Coach”) is currently serving as Head Coach of the ASU Football Team under a Multiple-year Employment Contract, which will expire on December 31, 2022. ASU desires to extend the term of Coach’s contract for an additional two years, raise Coach’s base salary, and make certain other changes.
- Coach recently completed his second season at ASU. During his two years, Coach has led the Sun Devil Football team to fourteen regular season wins, including five wins over top-25 ranked programs, and ASU’s first 8-win season and bowl victory since 2014. Coach was named the Dodd Trophy National Coach of the Week on three occasions during the 2019 season. This was the first time in the award’s history that a coach won it three times in the same season. In 2019, Coach also led the team’s defense to a top-40 finish in scoring defense. The team had spent three consecutive seasons before Coach’s arrival ranked 99th or higher in the same category. In December 2019, Coach secured a recruiting class that included eight (8) four-star prospects, the most in ASU history, with notable success in the critical Southern California region. Additionally, Coach has hired proven veteran coaches, as well as respected young coaches, all with stellar college recruiting reputations to advance ASU’s unique “Pro Model” in the competitive collegiate landscape. The Sun Devil Football team earned an Academic Progress Rate score of 980, an all-time high for ASU football, for the 2017-18 academic year (the most recent available score). The team also achieved a team GPA of 2.84, another all-time high for ASU football, in 2017-18.
- Based on ASU’s due diligence, there are no issues concerning Coach such as NCAA or Pac-12 Conference rule violations, litigation or press controversies related to his employment as a coach, or allegations of wrongdoing.

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- Athletic and academic performance bonuses earned by Coach are summarized in the attachment to this Executive Summary.

Discussion

All terms in Coach's contract previously approved by the board will remain unchanged except as follows:

- ASU proposes to extend the term of Coach's contract an additional two years from December 31, 2022 to December 31, 2024.
- Coach's current annual salary is \$2,500,000. Coach's current contract provides for Coach's annual salary to increase by \$250,000 on January 1, 2021 and each January 1 thereafter. ASU proposes to amend Coach's contract to provide for Coach's annual salary to increase to \$3,500,000 upon the effectiveness of the proposed amendment. Coach's salary would then increase by \$200,000 on January 1, 2021 and each January 1 thereafter. Coach's salary will be paid from public university funds, specifically from revenue generated by Sun Devil Athletics.
- Coach's current contract provides for Coach to receive a bonus based on the number of regular season wins by the Sun Devil Football team. Currently, the team must win at least nine regular season games for Coach to receive a bonus. ASU proposes to amend Coach's contract to provide for a bonus upon winning at least eight regular season games. Upon approval of the proposed amendment, the bonus in this category would be payable as follows:

Regular Season Wins (payment in this section is cumulative; total possible bonus = \$1,500,000):

8 wins	=	\$100,000
9 wins	=	\$200,000
10 wins	=	\$300,000
11 wins	=	\$400,000
12 wins	=	\$500,000

- Coach's current contract provides for Coach to receive a bonus based on the Sun Devil Football team's ranking in the final polls. Currently, the team must finish in the top 25 (bonus of 1% of annual salary), top 10 (bonus of 2% of annual salary) or top 5 (bonus of 3% of annual salary) for Coach to receive a bonus. ASU proposes to amend Coach's contract to provide for a bonus upon a top 15 ranking in the final polls. ASU also proposes to adjust the amounts payable under each tier. Upon approval of the proposed amendment, the bonus in this category would be payable as follows:

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Rankings in Final Polls (there will be only one payment for the highest achievement; whichever ranking is highest and regardless of poll):

Top 5 Ranking in Final Poll	7% of that year's annual salary
Top 10 Ranking in Final Poll	5% of that year's annual salary
Top 15 Ranking in Final Poll	4% of that year's annual salary
Top 25 Ranking in Final Poll	3% of that year's annual salary

Based on Coach's proposed annual salary, if the Sun Devil Football team finished in the Top 5 in the 2020-21 season, Coach would receive a bonus of \$245,000.

- Coach's current contract does not provide for Coach to receive a retention bonus. ASU proposes to amend Coach's contract to provide for Coach to receive a retention bonus of \$1,000,000 if Coach is employed as Head Football Coach at ASU on June 1, 2024.
- Under Coach's current contract, if Coach terminates the contract without cause, ASU may require Coach to pay liquidated damages to ASU of up to \$1,000,000. ASU proposes to amend Coach's contract to require Coach to pay ASU liquidated damages based on a five-year contract term as follows: \$3,000,000 if Coach terminates the contract in year 1; \$2,500,000 if Coach terminates the contract in year 2; \$2,000,000 if Coach terminates the contract in year 3; \$500,000 if Coach terminates the contract in year 4; and nothing if Coach terminates the contract in year 5. If Coach's contract is subsequently extended, the above terms will reset based on the remaining years of the extended contract term.

Committee Review and Recommendation

The Finance, Capital and Resources Committee reviewed this item at its January 30, 2020 meeting and recommended forwarding to the full board for approval.

Statutory / Policy Requirements

ABOR Policy 6-910 requires board approval of multiple-year employment contracts for head football coaches.

ABOR Policy 6-1001 provides the requirements for multiple-year appointments of head coaches.

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**HERMAN EDWARDS
HEAD FOOTBALL COACH
Arizona State University**

Athletics Performance Bonuses

<u>Season</u>	<u>Performance Milestone</u>	<u>Bonus</u>
2018	Appearance in non-major bowl game	\$50,000

Academic Performance Bonuses

<u>Fiscal Year</u>	<u>Performance Milestone</u>	<u>Bonus</u>
2018	974 APR (5% of annual salary)	\$210,000
2018	2.70 GPA; 76% GSR	\$75,000