

EXECUTIVE SUMMARY

Item Name: **Second Amended Multiple-year Employment Agreement for Vice President and Director of Athletics (UArizona)**

Action Item

Requested Action: The University of Arizona (UArizona) asks that the board for approval of the Second Amended Multiple-year Employment Agreement for Vice President and Director of Athletics Dave Heeke, as described in this executive summary.

Background/History of Previous Board Action

- David Heeke currently serves as UArizona's Vice President and Director of Athletics. His current contract is set to expire on March 31, 2023. UArizona desires to extend his contract by two additional years, as well as to make certain other changes as discussed below.
- For the proposed Second Amended Multiple-year Employment Agreement, the base salary for the first year (beginning on the effective date through March 31, 2023), would be \$875,000. Each subsequent year the base salary would increase by \$10,000. In the final year of this contract, the base salary would be \$895,000. Heeke's current base salary is \$770,000 and is set to increase to \$780,000 on April 1, 2022.
- In addition to the base salary, additional incentive compensation for academic and athletic performance are included, as well as a continuation of an annual retention payment of \$100,000.
- Aside from the increased base salary and two-year extension, the only other significant change to the existing contract relates to Heeke's ability to terminate in the final year without any buyout owed to UArizona.
- Heeke has led UArizona's athletic department through the myriad challenges of the Covid-19 pandemic, all while sustaining impressive athletic achievements and maintaining student athletes' academic success. For example, in the past year, 14 teams participated in their respective NCAA postseasons. Additionally, Men's Golf, Men's Basketball, and Baseball won Pac-12 championships, along with seven individual Pac-12 champions. UArizona had 32 All-American student-athletes, and 23 current and former Wildcats qualified for the 2021 Tokyo Olympics, three of whom medaled.

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- Heeke has also attracted and retained top coaching talent. Adia Barnes was retained with a new contract after leading her team to the NCAA championship game last year. This season, the Women's Basketball team earned a #4 seed in the NCAA tournament and was selected to host first and second round games of the NCAA tournament for only the second time in program history, and the first time since 1998. Other coaches who experienced success have also been retained recently, such as Clancy Shields (Men's Tennis), Laura Ianello (Women's Golf), Jim Anderson (Men's Golf), and John Court (Gymnastics). Likewise, new hires from the past year have also enjoyed a great deal of success, including Jedd Fisch (who just had one of the top-ranked football recruiting classes in the Pac-12), Caitlin Lowe (who leads a very promising Softball team that made the College World Series last year), as well as Chip Hale (Baseball, whose team also made the College World Series last year), and Becca Moros (Women's Soccer). Also, in his first season as head coach of the Men's Basketball team, Tommy Lloyd led the team to the Pac-12 regular season and conference tournament titles and a #1 seed in the NCAA tournament. Lloyd was also named the Pac-12 Coach of the Year, is a semifinalist for the 2022 Naismith National Coach of the Year Award and was named Coach of the Year by The Athletic.
- Equally important, student-athletes have enjoyed a great deal of academic success. In Spring 2021, UArizona student-athletes had the highest overall GPA in a single semester ever at 3.172, while the preceding semester, in Fall 2020, there were 91 student-athletes who earned a 4.0 GPA. Three student-athletes last year were named Pac-12 Conference Scholar Athletes and approximately 200 student-athletes made the Pac-12 Academic Honor Roll.
- Based on due diligence, UArizona is not aware of any issues negatively affecting Heeke's employability.

Discussion

Contract Terms, Salary, Performance Incentives, and Salary Adjustments

- The duties of the athletic director include planning, directing, and coordinating a comprehensive program of intercollegiate athletics for UArizona.
- The Second Amended Multiple-year Employment Agreement would be effective upon signing and remain in effect through March 31, 2025. Base salary would start at \$875,000 and increase by \$10,000 annually.
- Additional compensation in the amount of two weeks' base salary for academic performance achievements for SACGPA (student-athlete cumulative grade point

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average) can be earned for male athletes and for female athletes in any given Academic Year who outperform their university counterparts. The Academic Year is the twelve consecutive-month period beginning each August on the first day of classes at UArizona. In 2020-2021, Heeke earned incentive compensation of two weeks' base salary (\$29,118.77) for the women's student-athletes' cumulative GPA being higher than the University GPA for female students (3.48 Women's student-athlete cumulative GPA compared to a university female student GPA of 3.23).

- Additional compensation for athletic performance includes Final Director's Cup ranking, Football Bowl appearance, NCAA Tournament Basketball (Men's and Women's) appearances, Baseball and Softball post-season participation, and any other NCAA Sport post-season appearances. Such incentive compensation shall not exceed 24 weeks of base salary in any given Academic Year. In 2020-2021, Heeke earned 8 weeks' base salary (\$118,007.66) in incentive compensation for the following athletic achievements:
 - Women's Basketball – Final Four Appearance (3 weeks' base salary)
 - Baseball – College World Series Appearance (2 weeks' base salary)
 - Softball – College World Series Appearance (2 weeks' base salary)
 - Women's Golf – Top 8 finish (1 week's base salary)
- Aside from standard changes to Title IX and conduct language, as well as the other changes identified above, all other terms of the Employment Agreement will remain the same, including those Additional Benefits as set forth in the Exhibit A to the current Employment Agreement (appended below).
- The Employment Agreement will contain standard provisions, including claw back of athletic incentives earned, reporting of outside income, and standard termination for-cause provisions by UArizona. Should UArizona terminate the Employment Agreement without cause, UArizona will owe Heeke the remaining amount owed under the Employment Agreement, less any income he receives for subsequent employment or work during the term of the Employment Agreement (Heeke would have a duty to mitigate). If Heeke were to terminate the Employment Agreement without cause, he would owe UArizona \$200,000, unless the termination occurs in the final year of the Employment Agreement or in the event the President waived such payment, in which case Heeke would not owe anything.

Statutory/Policy Requirements

- ABOR Policy 6-910 requires board approval of multiple-year employment contracts for athletic directors.
- ABOR Policy 6-1001 provides the requirements for multiple-year appointments of

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intercollegiate athletic directors.

Committee Review and Recommendation

The Finance, Capital and Resources Committee reviewed this item at its March 24, 2022 meeting, and recommended forwarding the item to the full board for approval.

Exhibit A to the First Amended Multiple-year Employment Agreement

ADDITIONAL BENEFITS

Item	Amount/Description	Additional Terms/Conditions
Vehicle	Use of 2 motor vehicle or a stipend therefor not to exceed \$600 per month.	UArizona must approve acquisition and replacement of the vehicles. UArizona will provide casualty and liability coverage in commercially reasonable amounts. However, Employee will be responsible for all repairs, maintenance, and operating expenses with respect to the automobile (other than expenses which may be reimbursable pursuant to applicable UArizona policy), for any insurance which he may desire other than or in addition to any insurance provided by UArizona, and for fines for moving or parking violations incurred in the course of his use of the vehicles.
Tickets	4 Baseball Reserved Season Tickets (home games) 4 Softball Reserved Season Tickets (home games) 16 Football Reserved Season Tickets (home games) 6 Men’s Basketball Reserved Season Tickets (home games) 6 Women’s Basketball Reserved Season Tickets (home games) 10 Wildcard Sports Passes (home games)	
Air Charter Seats and Game Tickets Men’s Basketball	25 Air charter seats and game tickets for guests of the Men’s Basketball Program for a single preseason non-conference exempt tournament or featured Men’s Basketball event for which charter air travel has been secured.	Eligible guests are defined as the spouse/partner and legal dependents under the age of 23 of basketball staff members. Lodging and expenses for any additional rooms will be at the expense of the guest.

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Air Charter Seats and Game Tickets Post-season (Men's Basketball and Football)	40 Air charter seats and game tickets for guests of the Football and Men's Basketball Programs for post-season games for which charter air travel has been secured.	The spouse/partner and legal dependents (under the age of 23) of Department of Intercollegiate Athletics staff families must come out of this allotment, with the balance of these invites to be used at Director's discretion. Lodging expenses for any additional rooms will be at the expense of the guest.
Other (Commercial air travel)	Commercial air travel, game tickets, and lodging for Director in a single room, including Director's spouse to all regular season women's basketball, volleyball, baseball, and softball events for which charter air travel has not been secured. Commercial air travel will also be included for football games and men's basketball when charter air travel has not been secured.	
Country Club	Use of a country club or health club of the University's choosing in consultation with Employee.	If annual minimums or other membership rules apply, they are the responsibility of Employee.

All of the benefits above are or may be considered taxable income for Employee, and Employee acknowledges as such with his initials below. Initialed: _____