

EXECUTIVE SUMMARY

Item Name: **Second Amended Multiple-year Employment Agreement for Men's Basketball Head Coach (UArizona)**

Action Item

Requested Action: The University of Arizona (UArizona) asks that the board review and approve the Second Amended Multiple-year Employment Agreement for Tommy Lloyd as Men's Basketball Head Coach as described in this Executive Summary.

Background

- UArizona seeks review and approval of a Second Amended Multiple-year Employment Agreement ("Second Amended Agreement") for Men's Basketball Head Coach Tommy Lloyd ("Lloyd") through the period ending March 31, 2029. This Second Amended Agreement would result in a new five-year contract, while also amending certain other terms agreed to between Lloyd and UArizona.
- In August 2022, following board approval, UArizona entered into the First Amended Multiple-year Employment Agreement ("First Amended Agreement") with Lloyd with a base annual salary of \$2,900,000 for the first year, with annual increases through the end of the term of March 31, 2027, along with Additional Duties compensation of \$700,000 per contract year.
- Lloyd has reinvigorated Wildcat pride by transforming the University of Arizona's men's basketball program (the "Program") back into one of the top programs in the nation. In his first season, the Wildcats won the 2022 Pac-12 Regular Season and Conference Tournament Championship and advanced to the NCAA Tournament's Sweet Sixteen. Lloyd was named the National Coach of the Year by the Associated Press, the National Association of Basketball Coaches, and the United States Basketball Writers Association. Lloyd was also named the Pac-12 Conference Coach of the Year.
- During his second year as head coach (2022-2023), Lloyd led the team to a 28-7 record, including a 2nd place Pac-12 regular season finish. The team then won its second straight Pac-12 Conference Tournament Championship under Lloyd and earned a No. 2 seed in the 2023 NCAA Tournament. The team finished No. 8 in the final AP poll and No. 17 in the final Coach's Poll. Arizona earned a top 2 seed in the NCAA tournament for consecutive years for the first time since 2014 and 2015.

Contact Information:

Laura Todd Johnson, UArizona
Mike Candrea, UArizona

LTJ@arizona.edu
uofaad@arizona.edu

520-621-5150
520-621-4920

EXECUTIVE SUMMARY

- Lloyd has set the record for the most wins by a head coach in his first two seasons (61) and became the first power conference coach to win the conference tournament in his first two seasons as coach.
- Individual team member accomplishments during the 2022-2023 season included Oumar Ballo earning the Pac-12's Most Improved Player Award (this was the second consecutive year a member of the team won this award); Oumar Ballo and Azoulas Tubelis were named to the First Team All-Pac-12 Team; Kylan Boswell received Honorable Mention recognition for the Pac-12 All-Freshman Team; Courtney Ramey earned Pac-12 Honorable Mention recognition, Ballo and Tubelis were named to the Pac-12 Conference Tournament team; and Tubelis was the Pac-12 Tournament Most Outstanding Player and a consensus Second Team All-American.
- This year's team is currently ranked #4 in both polls, is in first place in the Pac-12, and is currently projected as a No. 1 seed by the NCAA selection committee. The team has already recorded three wins against ranked teams, including a road victory against Duke University. This year's team ascended to the top of the college basketball rankings in December 2023 for the first time in nearly nine years.
- Four different players (Kylan Boswell, Caleb Love, Oumar Ballo, and Pelle Larsson) have won Pac-12 Player of the Week awards this season. Caleb Love was recently selected for the Naismith Trophy Men's College Player of the Year Midseason Team.

Discussion

Duties, Length, and Compensation/Salary Adjustments

- The proposed Second Amended Agreement term will be five years, from April 1, 2024, through March 31, 2029 (the "Term"). Each Contract Year will be from April 1 through March 31.
- Lloyds's program duties will continue to be those customarily associated with the head coach of a Division I men's basketball program. This includes, among other responsibilities, overseeing all aspects of the Program, supervising the coaches and other employees, and coaching the student-athletes, athletically and academically, all in accordance with applicable University, ABOR, Conference, and NCAA policies, rules, and regulations.

EXECUTIVE SUMMARY

- Based on due diligence, UArizona is not aware of any issues negatively affecting Lloyd's continued employability, including but not limited to NCAA violations, claims or litigation related to his prior employment as an assistant coach, allegations of wrongdoing, or significant press controversies.
- Lloyd's annual compensation is comprised of base salary as well as additional duties compensation. These additional duties are related to Lloyd's public facing duties as coach, including engaging in regular interviews with television, radio, and internet programs, supporting promotional and advertising activities, and other activities that further the interest of the Program and University. The additional duties compensation will remain \$700,000 for each Contract Year of the Second Amended Agreement. Lloyd's base salary will start at \$4.15 million for the first Contract Year of the proposed agreement, and increase as set forth below, for a combined compensation amount in each year as follows:
 - Contract Year 1 - \$4,850,000 (\$4.15 million base salary + \$700,000 addl. duties)
 - Contract Year 2 - \$5,100,000 (\$4.4 million base salary + \$700,000 addl. duties)
 - Contract Year 3 - \$5,100,000 (\$4.4 million base salary + \$700,000 addl. duties)
 - Contract Year 4 - \$5,350,000 (\$4.65 million base salary + \$700,000 addl. duties)
 - Contract Year 5 - \$5,600,000 (\$4.9 million base salary + \$700,000 addl. duties)
- In addition to the amounts above, Lloyd will also receive compensation for agreements he is expected to enter into with Nike (\$200,000 annually) and Learfield (\$200,000 annually). If there is a lapse or breach of the Learfield and/or Nike agreement(s) that results in Lloyd not receiving the full amount (\$200,000) of compensation from each entity, subject to Lloyd's good faith performance of his obligations under the applicable agreement(s), then the University shall pay Lloyd the difference between the full compensation amount in the agreement(s) and the amount actually paid.
- Lloyd is also eligible to receive a one-time retention incentive payment of \$2,000,000 if Lloyd is still employed at UArizona in good standing and performing his duties as of April 1, 2028.
- Donor funds have been secured to cover the full value of the retention incentive payment and the increases to Lloyd's annual salary above the First Amended

EXECUTIVE SUMMARY

Agreement. The remaining value of Lloyd's salary and additional duties compensation will be paid entirely from revenue generated by the Athletics Department.

Annual Performance Incentives

- The Annual Performance Incentives (Academic and Athletic) are unchanged from the First Amended Agreement.

Other Provisions

- During the Term, or for a period of one year after the termination date of the Second Amended Agreement by Lloyd, Lloyd will not perform services as a basketball coach (head coach, assistant coach) or basketball analyst/consultant for any other member institution in the Big 12 Conference.
- If UArizona terminates the Second Amended Agreement without cause at any time during the Term, UArizona will pay Lloyd a severance benefit calculated as 100% of the value (base salary + additional duties compensation) of all remaining Contract Years, including any partial Contract Year.
 - The severance benefit amount will be offset by any and all amounts Lloyd receives if he is employed or working at any other university or professional team as a coach, assistant coach, scout, analyst, recruiter, athletic director or similar title or working in a media capacity, at any time during the Second Amended Agreement Term. Lloyd will have a reasonable duty to mitigate by seeking employment following termination during the Term.
- The Second Amended Agreement may be terminated by Lloyd without cause. In that event, Lloyd will pay to UArizona liquidated damages based on the time remaining in the Term, according to the following schedule:
 - \$12,000,000 if terminated between approval of the Second Amended Agreement by the board and March 31, 2024
 - \$12,000,000 if terminated during Contract Year One
 - \$9,000,000 if terminated during Contract Year Two
 - \$6,250,000 if terminated during Contract Year Three
 - \$3,250,000 if terminated during Contract Year Four
 - \$0 if terminated during Contract Year Five.
- All other terms of the Agreement will remain the same in the Second Amended Agreement.

EXECUTIVE SUMMARY

Statutory/Policy Requirements

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

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