

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding ("MOU"), between The University of Tennessee (the "University") and Lyle "Butch" Jones ("Coach"), records the understanding of the parties as to the principal terms and conditions under which Coach will be employed as the Head Football Coach for The University of Tennessee, Knoxville. When fully executed, this MOU shall constitute a binding and legally enforceable agreement until superseded by a definitive written Employment Agreement between Coach and the University.

In consideration of the mutual promises contained herein, the parties agree as follows:

1. **Term of Employment Agreement:** 6 years (December 7, 2012 through February 28, 2019)

2. **Compensation and Benefits:**

Annual Base Pay	\$245,000
Annual Supplemental Pay	\$2,705,000
Signing Bonus	\$500,000 (one time; to be paid by January 31, 2013)

3. **Incentive Compensation (if earned):**

A maximum of one (1) of the following (payment based on highest goal achieved in this subsection):

Winning the SEC Championship Game	\$150,000
Appearing in the SEC Championship Game	\$100,000

A maximum of one (1) of the following (payment based on highest goal achieved in this subsection):

Winning the FBS National Championship Game (or BCS Championship)	\$500,000
Appearing in the FBS National Championship Game (or BCS runner-up)	\$400,000
Appearing in the Four-Team Playoff	\$350,000
Appearing in a BCS bowl game	\$300,000
Appearing in a SEC 1 st through 6 th pick bowl game	\$200,000
Appearing in a SEC 7 th or later pick bowl game	\$100,000

A maximum of one (1) of the following (payment based on highest goal achieved in this subsection):

Top 10 Finish in AP, USA Today/Coaches or BCS Polls	\$100,000
Top 25 Finish in AP, USA Today/Coaches or BCS Polls	\$50,000

Either or both -of the following :

Associated Press National Coach of the Year	\$100,000
Associated Press SEC Coach of the Year	\$50,000

A maximum of one (1) of the following (payment based on highest goal achieved in this subsection):

Single year APR 945 or greater	\$50,000
Single year APR 965 or greater	\$100,000

4. **Other Compensation and Benefits:**

Camp compensation per year	\$10,000
Moving allowance	\$40,000
2 vehicles or \$800/month stipend in lieu of each vehicle	
8 tickets in lower bowl; 1 suite with its associated tickets; 2 parking passes	
Other University benefits.	

5. **Assistant Coach Compensation Pool Per Annum:** Minimum of \$3,000,000

6. **Termination by Coach Without Cause (payable within 60 days of termination):**

Prior to February 28, 2014	\$4,000,000
March 1, 2014 – February 29, 2016	\$3,000,000
March 1, 2016 – February 28, 2019	\$2,000,000

7. **Termination by University without Cause:**

\$2 million per contract year remaining mitigated by earnings during the remainder of the original contract term.

In its sole discretion and at any time, the University may terminate this MOU or the Employment Agreement without cause upon written notice to Coach. If the University terminates this MOU or the Employment Agreement without cause, the University shall pay Coach liquidated damages according to the schedule above. Payment of the liquidated damages shall be made in equal monthly installments over the time remaining until February 28, 2018, subject to all applicable state and federal tax reporting and withholding requirements, with the first payment due on or before the last day of the month following the date of termination of this MOU or the Employment Agreement. Coach is required to use his reasonable best efforts to mitigate the University's obligation to pay liquidated damages under this paragraph by making reasonable and diligent efforts as soon as practicable following termination to obtain another comparable employment or paid services position, including but not limited to another football coaching position. While the University's obligation to pay liquidated damages is in effect, and for a period of six (6) months thereafter, Coach shall promptly report to the University on a quarterly basis all income received or earned by him relating to any and all football coaching positions.

8. **Termination by University for Cause:** The University may terminate this MOU or the Employment Agreement at any time for cause as determined in the reasonable and good faith judgment of the University. For the purpose of terminating this MOU, "for cause" shall be interpreted consistently with its meaning in the most recent head coach's employment agreement, excluding a memorandum of understanding, executed by the University. Termination of the Employment Agreement "for cause" shall be in accordance with the definitive terms and conditions set out in the Employment Agreement, which shall approximate those terms which are included in the most recent head coach employment agreement, excluding a memorandum of understanding, executed by the University, the exact terms of which are to be mutually and reasonably agreed upon. In the event of a termination of either this MOU or the Employment Agreement "for cause," the University shall not be liable to Coach for any unearned or unaccrued payments or benefits after the date of termination. The University may suspend Coach with pay pending an investigation or decision relating to termination "for cause." For any one or more acts, omissions, or events that would be grounds for termination "for cause," the University may take other disciplinary or corrective action against Coach short of termination, including but not limited to suspension without pay (said suspension not to exceed 60 days). Prior to any final determination regarding a possible termination "for cause," the University will afford Coach notice and a reasonable opportunity to meet personally and individually with the Athletics Director and with the Chancellor to respond to any allegations or proposed termination. If the University terminates this MOU or the Employment Agreement "for cause," the University will afford Coach a post-termination opportunity to contest the termination in accordance with the Tennessee Uniform Administrative Procedures Act, Tennessee Code Annotated 4-5-301 *et seq.*

9. **Other Terms and Conditions:** In addition to more thoroughly addressing the terms and conditions concerning the matters addressed in Paragraphs 1 through 6 above (excluding terms and conditions applicable only while the MOU is in effect), the Employment Agreement will include, among other things, mutually and reasonably agreed upon provisions concerning the following matters:

- a. \$50,000 penalty for single year APR less than 930 beginning with APR calculated for 2013-14 academic year;
- b. \$50,000/game penalty for each game Coach is suspended;
- c. The University's commitment to pay \$1,400,000 to the University of Cincinnati as a business expense for the University to be able to enter into an Employment Agreement with Coach;
- d. Duties of Coach as Head Football Coach;
- e. Reasonable limitations on outside activities and outside compensation earned by Coach, including commercial endorsements;
- f. Enforcement of NCAA, Southeastern Conference, and other governing athletic rules, including but not limited to provisions relating to the NCAA's new enforcement rules currently scheduled to be effective August 1, 2013;
- g. The University's limited right to use Coach's name, likeness and image during the term;
- h. Forfeiture and repayment of incentive compensation for athletic performance achievements paid to Coach if any achievement is subsequently vacated or if the football program is placed on probation by the NCAA;
- i. Limited indemnification of the University against certain damages incurred by the University as a direct result of any investigation or proceeding resulting in a finding of specific NCAA rules violations;
- j. Football camps; and
- k. Coach's obligation to notify the Athletics Director of his interest in, or any direct or indirect contact about, employment with another college or university or with a professional football organization.

10. **Background:** Coach represents that he has disclosed to the University all information concerning previous NCAA, conference, or institutional rules violations or potential violations committed by him or any staff member under his direct or indirect control at any other NCAA member institution prior to the date on which he executed this Agreement; similarly, the University represents that it has disclosed to Coach all information it has regarding any pending and/or ongoing NCAA investigations or inquiries of any University sports program (including, without limitation, the football program). The MOU is subject to a satisfactory criminal background check and NCAA compliance check, to be completed within 5 business days of the date hereof.

11. **Governing Law:** This MOU shall be governed by the laws of the State of Tennessee.


12. **Execution of the MOU:** This MOU may be executed and delivered in any number of counterparts, each of which when executed and delivered shall be deemed to be an original, but all such counterparts shall together constitute one and the same MOU.

The parties acknowledge their agreement by signing and dating this Memorandum of Understanding below.

THE UNIVERSITY OF TENNESSEE

By: 
Vice Chancellor and Director of Athletics

Dec. 7, 2012
Date


Chancellor

12/7/2012
Date


Chief Financial Officer

12/7/12
Date

COACH LYLE "BUTCH" JONES



Dec. 7, 2012
Date

Jones Contract		<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2017-2018</u>
Base		\$245,000	\$245,000	\$245,000	\$245,000	\$245,000	\$245,000
Supplemental Compensation		\$2,705,000	\$2,705,000	\$2,705,000	\$2,705,000	\$2,705,000	\$2,705,000
Signing Incentive		\$500,000					
Retention Bonus							
Total Compensation		\$3,450,000	\$2,950,000	\$2,950,000	\$2,950,000	\$2,950,000	\$2,950,000
		Total Value of Contract (minus incentives)					\$18,200,000
Termination by University (mitigated)		\$2,000,000 per contract year remaining mitigated by earnings during remainder of original contract term					
Termination by Coach		\$4,000,000	\$3,000,000	\$3,000,000	\$2,000,000	\$2,000,000	\$2,000,000

Incentives Chart

SEC Championship		Bowl/Playoffs	Rankings
Appearance	\$100,000	SEC 7th+pick bowl	Top 25 AP/Coaches \$50,000
Win	\$150,000	SEC 1-6 non BCS	Top 10 AP/Coaches \$100,000
		BCS non-playoff	
		4-team playoff	
Single year 945+	\$50,000	NC appearance	Coach of Year
Single year 965+	\$100,000	NC Win	AP SEC COY \$50,000
			AP National COY \$100,000