

## Contract Review and Approval Form

Contract 8500014038 Created by: WOODALL, DAVID Phone # 865-974-1230 on 03/04/2010

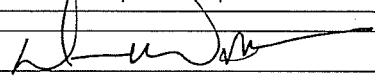
Return Instructions:  Pickup Contact JOY BOWLIN Phone # 865-974-6715  
 Mail To

|                   |  |                              |  |
|-------------------|--|------------------------------|--|
| Title             | EMPLOYMENT MOU FOR DEREK DOOLEY AS HEAD FOOTBALL COACH   |                              |  |
| Description       | EMPLOYMENT MOU OF DEREK DOOLEY AS HEAD FOOTBALL COACH FOR PERIOD 1/15/2010 - 1/14/2016. TOTAL GUARANTEED COMPENSATION OF \$12,300,000 PLUS OTHER CONSIDERATIONS. |                              |  |
| Vendor #          | CONTRACTS  | Vendor Name                  | CONTRACTS  |
| Vendor Address    |  |                              | Federal ID #                                       |
|                   |  | Phone                        |  |
|                   |  | Fax                          |  |
| Addl Vendor Info  | MOU FOR DEREK DOOLEY   |                              |  |
| Effective Dates   | Start  | 01/15/2010                   | End 01/14/2016                                     |
| Date Comments     |  |                              |  |
| Amendment #       | <input type="checkbox"/> Original Contract   |                              |  |
| Amount Type       | Zero Dollar  | Primary Contract Type        | Athletics Coach agreement                          |
| Payable Amount    | \$ 0.00  | Cumulative Payable Amount    | \$ 0.00  |
| Receivable Amount | \$ 0.00  | Cumulative Receivable Amount | \$ 0.00  |
| Net Amount        | \$ 0.00  | Contingency                  | <input type="checkbox"/> Y Amount \$ 12,300,000.00 |

|                        |                 |                           |   |                             |   |
|------------------------|-----------------|---------------------------|---|-----------------------------|---|
| Competitive Type       | Non-competitive | Number of Contract Copies | 1 | Campus Delegated            | N |
| Non-comp Justification |                 |                           |   |                             |   |
| NCJ Approval           |                 |                           |   |                             |   |
| Create/Amend CPO       | N               | CPO Number                |   | Existing Purchasing Req Nbr |   |
| Encumber Funds         | N               | Funds Res Nbr             |   | Existing Purchasing PO Nbr  |   |
| Paying Fund            | E018605001      | FOOTBALL                  |   |                             |   |
| Receiving Fund         |                 |                           |   |                             |   |
| Invoiced by            |                 |                           |   |                             |   |

|                          |                                 |                                |
|--------------------------|---------------------------------|--------------------------------|
| Primary Responsible Fund | E170145040                      | Treasurer-Contracts            |
| Funds Center             | U170007045                      | Treasurer                      |
| Add'l Funds              | Fund Name                       | Funds Center Funds Center Name |
|                          |                                 |                                |
| Responsible Person*      | 105210 Hamilton, Michael Edward |                                |

\*Responsible Person is the person responsible for ensuring UT obligations are met as specified in the contract.

|          |   |       |         |      |        |
|----------|---|-------|---------|------|--------|
| Approval |  | Title | Asst AD | Date | 3-4-10 |
| Approval |   | Title |         | Date |        |
| Approval |   | Title |         | Date |        |
| Approval |   | Title |         | Date |        |
| Approval |   | Title |         | Date |        |
| Approval |   | Title |         | Date |        |

Contract Review and Approval Form

Contract Number 8500014038

Title EMPLOYMENT MOU FOR DEREK DOOLEY AS HEAD FOOTBALL COACH

Date 03/04/2010

Responsible Fund # E170145040

Vendor # CONTRACTS

Vendor Name CONTRACTS

Comments

Empty comment box.

Additional Comments

Empty additional comments box with horizontal lines.

Treasurer's Office Comments

Treasurer's Office Comments section with handwritten signature and date: *Approved 3/10/10*

General Counsel's Comments

General Counsel's Comments section with handwritten signature and date: *CRS 03/05/10*

**Contract Review and Approval Form**

Certification of Contract No. 8500014038 Title EMPLOYMENT MOU FOR DEREK DOOLEY AS HEAD FOOTBALL COAC Date 03/04/2010

Responsible Fund # E170145040 Vendor # CONTRACTS Vendor Name CONTRACTS

| Topic                     | Certification   | Initials or N/A    |                 |
|---------------------------|---|--------------------|-----------------|
|                           |   | Originating Office | Contract Office |
| Understanding of Parties  | <ul style="list-style-type: none"> <li>- I have read the contract and all attachments.</li> <li>- All documents incorporated by reference are attached.</li> <li>- All terms and conditions agreed to by University are included, and no unacceptable term or condition is included.</li> <li>- Risk Management Office is provided a copy of Contract Review Form when appropriate.</li> </ul>  | D                  |                 |
| Performance               | <ul style="list-style-type: none"> <li>- University can perform all of its duties under contract.</li> <li>- No conflict exists between this contract and other known University obligations.</li> </ul>  | D                  |                 |
| Completeness              | <ul style="list-style-type: none"> <li>- The University of Tennessee is the contracting party. To include campus or unit, use "The University of Tennessee, on behalf of its ____" and fill in campus or unit.</li> <li>- Maximum liability is stated.</li> <li>- Beginning date and ending date are included.</li> <li>- Payments and payment schedule are specific.</li> <li>- University's Standard Terms &amp; Conditions are included if University is procuring personal, professional, consulting, or non-biddable services.</li> </ul>  | D                  |                 |
| Conflict of Interests     | <ul style="list-style-type: none"> <li>- Other party is not, and for previous six months has not been, a University or state employee.</li> <li>- Other party is not an entity in which a University employee/spouse/dependent child is sole proprietor, partner, or has a controlling interest.</li> <li>- Other party is not an entity in which a University employee/ spouse/dependent child holds more than a 5% non-publicly traded interest if employee directly or indirectly influenced the contract decision.</li> </ul>   | D                  |                 |
| Independent Contractor    | <ul style="list-style-type: none"> <li>- If University is procuring personal services, the contractor is an independent contractor, not an employee, under the guidelines stated in Fiscal Policy No. FI0420 and on the reverse side of the Request for Special Payment Form (T-27).</li> </ul>   |                    |                 |
| Biddable Goods & Services | <ul style="list-style-type: none"> <li>- If contract was not procured through Purchasing, goods/services are non-biddable within guidelines stated in Fiscal Policy Nos. FI0410 and FI0420.</li> </ul>  |                    |                 |
| Limitation of Liability   | <ul style="list-style-type: none"> <li>- If contract contains a limitation of other party's liability (other party will not be responsible for indirect, consequential, or punitive damages; limitation of warranties; or limitation of liability to a set amount or repair or replacement), risk of liability and loss to University have been considered and found acceptable. However, University has not agreed to limit other party's liability below two times value of contract per (TCA § 12-4-119), nor limit time to file lawsuit.</li> </ul>   | D                  |                 |
| Taxes                     | <ul style="list-style-type: none"> <li>- If contract will result in receipt of revenue by University, the Controller's Office has been contacted to assess potential sales and use tax or unrelated business tax issues.</li> </ul>   |                    |                 |
| Illegal Immigrants        | <ul style="list-style-type: none"> <li>- In compliance with Tennessee Code Annotated (TCA §12-4-124), contract for goods and services contains clause prohibiting the use of services by illegal immigrants or contractor attestation has been obtained prior to contract execution.</li> </ul>   |                    |                 |
| Audit                     | <ul style="list-style-type: none"> <li>- If University is procuring services, contract requires other party to maintain records in accordance with generally accepted accounting principles, and University has right to audit records for 3 years after final payment.</li> </ul>  |                    |                 |
| Prohibited Provisions     | <ul style="list-style-type: none"> <li>- All prohibited provisions have been deleted or modified in accordance with Fiscal Policy No. FI01420. Specifically, the following prohibited provisions have been deleted or acceptably modified:                             <ul style="list-style-type: none"> <li>- Governing law (choice of law) of another state</li> <li>- Jurisdiction and venue in any state or federal court</li> <li>- University to indemnify or hold harmless</li> <li>- University to purchase insurance</li> <li>- Arbitration</li> <li>- Multi-year commitment of unencumbered funds</li> </ul> </li> </ul> |                    |                 |

**MEMORANDUM OF UNDERSTANDING**

This Memorandum of Understanding, between The University of Tennessee (the "University"), for and on behalf of The University of Tennessee Men's Athletics Department ("Athletics Department"), and Derek Dooley ("Coach Dooley"), records the agreement of the parties as to the principal terms and conditions under which Coach Dooley will be employed as the University's Head Football Coach and which will later be incorporated into a formal employment agreement ("Employment Agreement").

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

1. **EFFECTIVE DATE OF EMPLOYMENT:** The University will name Derek Dooley as Head Football Coach, effective January 15, 2010.
2. **TERM:** The initial term of employment will be for a period of six (6) years.
3. **COMPENSATION:** The University will pay Coach Dooley compensation comprised of base salary and other compensation as set forth below:

| <b><u>Calendar Year</u></b> | <b><u>Base Salary</u></b> | <b><u>Other Compensation</u></b> | <b><u>Total Compensation</u></b> |
|-----------------------------|---------------------------|----------------------------------|----------------------------------|
| 2010                        | \$ 29,166.66/month        | \$ 120,833.33/month              | \$ 1,800,000/year                |
| 2011                        | \$ 29,166.66/month        | \$ 129,167.67/month              | \$ 1,900,000/year                |
| 2012                        | \$ 31,250.00/month        | \$ 135,416.67/month              | \$ 2,000,000/year                |
| 2013                        | \$ 31,250.00/month        | \$ 143,750.00/month              | \$ 2,100,000/year                |
| 2014                        | \$ 33,333.00/month        | \$ 150,000.00/month              | \$ 2,200,000/year                |
| 2015                        | \$ 33,333.00/month        | \$ 158,333.33/month              | \$ 2,300,000/year                |

All compensation is subject to all applicable state and federal tax laws, including all applicable withholding and reporting requirements. For January 2010, compensation shall be calculated as a pro-rata portion of the monthly Base Salary and Other Compensation based upon the days worked in the month of January, 2010, which amount the parties agree is \$75,000.

4. **INCENTIVE COMPENSATION:** Coach Dooley will receive incentive compensation for athletic achievements as provided in Exhibit A (which is incorporated herein by reference) and incentive compensation for academic achievements as determined by the President and the Director of Men's Athletics.
5. **BENEFITS:** Coach Dooley will be entitled to the same benefits as other regular, full-time exempt employees of the University.
6. **AUTOMOBILE:** Coach Dooley will be furnished with the personal use of two (2) loaned automobile(s) of a quality – in terms of make and model – similar to the vehicles provided to other University head coaches. Coach Dooley will be solely responsible for maintaining

insurance on the vehicle(s) and for fuel costs pursuant to the Courtesy Car Policy of the Tennessee Men's Athletics Department now in effect or hereafter adopted.

7. **MOVING EXPENSES:** The University will provide Coach Dooley with a moving allowance for his reasonable moving expenses in accordance with University policy.
8. **FOOTBALL PERSONNEL:** Coach Dooley understands and agrees that employment-related decisions involving assistant coaches and other football personnel are subject to written approval by the Men's Athletics Director and compliance with University policies, including, but not limited to, the University's policy restricting the hiring of relatives, as those policies are interpreted by the University in its sole discretion.
9. **LIQUIDATED DAMAGES:** If Coach Dooley resigns his employment with the University during the first six years of the employment agreement, he agrees to pay liquidated damages to the University according to the following schedule:

| <b><u>Date of Resignation by Coach Dooley</u></b> | <b><u>Liquidated Damages</u></b> |
|---|----------------------------------|
| January 1, 2010 to February 15, 2011              | \$ 4,000,000.00                  |
| February 16, 2011 to February 15, 2012            | \$ 4,000,000.00                  |
| February 16, 2012 to February 15, 2013            | \$ 3,000,000.00                  |
| February 16, 2013 to February 15, 2014            | \$ 1,000,000.00                  |
| February 16, 2014 to February 15, 2015            | \$ 750,000.00                    |
| February 16, 2015 to December 31, 2015            | \$ 500,000.00                    |

The aforementioned and applicable liquidated damages amount shall be payable in equal monthly installments over the greater of the following periods: (i) the period from the resignation date through the end of the term of the employment agreement or (ii) the period of thirty-six (36) months from the resignation date. The first payment shall be due and payable to the University not later than thirty (30) days subsequent to the date of resignation.

Coach Dooley acknowledges that the University will commit substantial financial resources to the success of its football program and that if Coach Dooley resigns his employment with the University, the University will suffer damages the amount, nature, and extent of which are difficult to determine and which may include, but not be limited to, additional expenses to search for another head football coach, salary or other compensation to hire another head football coach, tangible and intangible detriment to the football program of the University and support of its fans and donors. Accordingly, Coach Dooley acknowledges and agrees that the amount of liquidated damages set forth in this Section 9 is a reasonable and fair approximation of the harm that the University will incur in the event of such termination by Coach Dooley.

10. **TERMINATION:** Coach Dooley understands and agrees that the University may terminate Coach Dooley's employment at any time for cause, which shall be determined in the University's sole

discretion, including, but not limited to, (i) acts of gross misconduct by Coach Dooley, as defined by University personnel policy now in effect or hereafter adopted by the University; (ii) conduct of an inappropriate nature thereby bringing the University into public disrepute; (iii) a determination by the University that Coach Dooley or member(s) of his staff have engaged in significant or repetitive violation(s) of NCAA rules or regulations; or (iv) failure of Coach Dooley to negotiate in good faith the terms of an Employment Agreement and to execute an Employment Agreement in an expeditious manner. In the event of a termination for cause, the University shall not be liable to Coach Dooley for any payments or benefits after the date of termination.

11. **OTHER TERMS AND CONDITIONS:** In addition to the terms set out in Paragraphs 1 through 9 above, the Employment Agreement will include, among other things, provisions concerning the following matters:

- a. Duties and responsibilities of Coach Dooley as Head Football Coach;
- b. Outside compensation earned by Coach Dooley;
- c. Termination for cause consistent with the termination for cause provisions for the previous Head Football Coach;
- d. Termination of employment at the University's convenience by means of a "buy-out", limited to the following:

| <b><u>Date of Termination by University</u></b> | <b><u>Amount Owed to Coach Dooley</u></b> |
|---|---|
| January 1, 2010 to February 15, 2011            | \$ 5,000,000.00                           |
| February 16, 2011 to February 15, 2012          | \$ 5,000,000.00                           |
| February 16, 2012 to February 15, 2013          | \$ 5,000,000.00                           |
| February 16, 2013 to February 15, 2014          | \$ 4,000,000.00                           |
| February 16, 2014 to February 15, 2015          | \$ 4,000,000.00                           |
| February 16, 2015 to December 31, 2015          | \$ 2,500,000.00                           |

The "buy-out" amount shall be payable in equal monthly installments in accordance with the University's regular payroll practices and policies over the greater of the following periods: (i) the period from the termination date through the end of the term of the employment agreement or (ii) the period of thirty-six (36) months from the termination date.

- e. Disciplinary or corrective action short of termination for cause;
- f. The University's right to use Coach Dooley's name, likeness and image to support and to promote the football program, the Athletics Department and the University and in connection with any reasonable radio and television services or endorsement or consultation contracts the University enters into for the University's endorsement or Coach Dooley's endorsement;
- g. Coach Dooley's obligation to notify the University's Director of Men's Athletics of his interest in, or any direct or indirect contact about, employment with another college or university or with a professional football organization;


- h. Application of policies of the University's Athletics Department, the NCAA, the University and the Board of Trustees of the University of Tennessee to Coach Dooley's employment; and
- i. The University's commitment to pay (A) a total of \$500,000, in two equal payments of \$250,000 each, to Louisiana Tech University on Coach Dooley's behalf no later than June 1, 2010 and June 1, 2011; and (B) a total of \$286,782 to be paid to the Internal Revenue Service on Coach Dooley's behalf as withheld taxes, \$143,391 to be submitted to the Internal Revenue Service within thirty (30) days of the date on which each payment is submitted to Louisiana Tech University. The University will report a total taxable value of the commitment in this Section 11(i) in the amount of \$786,782. The sum set forth in this Section 11(i) represents the total payment the University will make on behalf of Coach Dooley regardless of the amount of taxes actually due.

- 12. **TIMING:** If an Employment Agreement is not executed within sixty (60) days of the University providing a draft Employment Agreement to Coach Dooley, this Memorandum of Understanding will constitute the employment agreement between the parties until a formal Employment Agreement is executed.
- 13. **GOVERNING LAW:** This Memorandum of Understanding shall be governed by the laws of the State of Tennessee.

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

THE UNIVERSITY OF TENNESSEE

By:

  
\_\_\_\_\_  
Interim President

MAR 0 2010

\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Director of Men's Athletics

3/2/10  
\_\_\_\_\_  
Date

COACH DEREK DOOLEY

  
\_\_\_\_\_  
Derek Dooley

3/3/10  
\_\_\_\_\_  
Date

**Exhibit A**

**ATHLETIC ACHIEVEMENT INCENTIVES**

The University agrees to pay or cause to be paid to Coach Dooley certain performance-based bonuses in each year during the term of the Employment Agreement if the football team meets certain performance goals (“Performance Bonuses”). Coach Dooley shall be entitled to the following Performance Bonuses if the Team meets the following goal(s):

- |  |                  |
|--|------------------|
| 1. Non-BCS bowl game appearance:                               | \$40,000.00      |
| 2. BCS (or successor) bowl game appearance (non-championship): | \$150,000.00     |
| 3. The highest of:   |                  |
| SEC Championship game appearance:                              | \$80,000.00; or  |
| SEC Champion:  | \$150,000.00     |
| 4. The highest of:   |                  |
| BCS (or successor) Championship game appearance:               | \$150,000.00; or |
| BCS (or successor) Champion:                                   | \$200,000.00     |
| 5. SEC Coach of the Year:                                      | \$25,000.00      |
| 6. National Coach of the Year:                                 | \$50,000.00      |



**Exhibit B**

**ACADEMIC ACHIEVEMENT INCENTIVES**

Coach Dooley shall be eligible for a bonus equal to \$50,000.00, less all withholding required by state or federal law (the "Academic Bonus"), if the football team achieves a contemporaneous NCAA APR rating of 925 or higher, as determined by the University.