

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding ("MOU"), between The University of Tennessee (the "University") and Will Wade ("Coach"), records the understanding of the parties as to the principal terms and conditions under which Coach will be employed as the Head Men's Basketball Coach for The University of Tennessee, Chattanooga. When fully executed, this MOU shall constitute a binding and legally enforceable agreement until superseded by a definitive written Employment Agreement between Coach and the University.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. The term of the Employment Agreement between Coach and the University will be from May 14, 2013 through April 30, 2018.
  
2. Compensation and Benefits. The University agrees to provide Coach with the following compensation and benefits, subject to applicable state and federal reporting and withholding requirements:
  - a. An annual salary in the amount of \$177,000 ("Base Pay") paid in twelve (12) equal monthly installments, with any part of a month prorated. The Base Pay shall not be increased in accordance with any across-the-board salary increase authorized or mandated for University employees by the State of Tennessee or the University.
  - b. Additional annual compensation payable from income earned by the University under various broadcast, endorsement and/or consultation contracts in the amount of \$15,000 ("Supplemental Pay") paid in twelve (12) equal monthly installments, with any part of a month prorated.
  - c. Incentive compensation for athletic performance and academic achievements as provided in Exhibit A, which is incorporated herein by reference.
  - d. An annual vehicle allowance of \$6,000, paid in twelve (12) equal monthly installments, with any part of a month prorated.
  - e. A one-time moving allowance of \$15,000 in accordance with University Rules.
  - f. Coach will be included in the University's athletic play/practice insurance coverage.
  - g. Coach will be eligible for participation in the same fringe benefit programs for which other regular full-time employees are eligible. The Base Pay shall be used to determine benefits that are based on salary. The University will not be required to compensate Coach for his accrued and unused annual leave upon the termination of his employment for any reason.
  - h. The maximum annual amount of retirement contributions by the University allowed by federal and state law.
  
3. Termination by Coach. If Coach terminates this MOU or the Employment Agreement without cause, then Coach shall pay the University liquidated damages according to the following schedule:

<u>Date of Termination by Coach</u>	<u>Liquidated Damages Owed</u>
Prior to April 30, 2014	Base Pay
June 1, 2014 – April 30, 2015	75% of Base Pay
May 1, 2015 – April 30, 2016	50% of Base Pay
May 1, 2016 – April 30, 2017	25% of Base Pay
After April 30, 2017	\$0

Payment of the liquidated damages shall be made within sixty (60) days of the termination of this MOU or the Employment Agreement.

4. Termination by University without Cause. 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, then the University shall pay Coach liquidated damages in an amount equal to sixty percent (60%) of the monthly rate of the Base Pay described in Paragraph 2(a) times the number of months remaining until April 30, 2018, with any part of a month prorated. Payment of the liquidated damages shall be made in equal monthly installments over the time remaining until April 30, 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 basketball 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 basketball coaching positions.

5. 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 athletic coach's employment agreement, excluding a memorandum of understanding, executed by the University. For the purpose of terminating this MOU, "for cause" shall also mean the failure of Coach to execute an Employment Agreement within one hundred twenty (120) calendar days of the date on which an Employment Agreement is first presented to him 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 be generally consistent with, but not limited to, those included in the most recent head coach employment agreement, excluding a memorandum of understanding, executed by the University. 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 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 could 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. The University may elect to terminate the Employment Agreement "for cause" but offer Coach continued employment with or without a new employment agreement. Prior to the effective date of 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 the 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.*

6. Other Terms and Conditions. In addition to more thoroughly addressing the terms and conditions concerning the matters addressed in Paragraphs 1 through 5 above (excluding terms and conditions applicable only while the MOU is in effect), the Employment Agreement will include, among other things; provisions concerning the following matters:

- a. Duties of Coach as Head Men's Basketball Coach;
- b. Limitations on outside activities and outside compensation earned by Coach, including commercial endorsements;
- c. Enforcement of NCAA, Southern 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;
- d. The University's right to use Coach's name, likeness and image;
- e. 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 subsequently sanctioned by the NCAA;
- f. 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 NCAA rules violations; and
- g. 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 basketball organization.

7. 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. The MOU is subject to a satisfactory criminal background check and NCAA compliance check.


8. Governing Law. This MOU shall be governed by the laws of the State of Tennessee.

9. 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. An electronic signature transmitted via email or facsimile shall be treated as original.

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

THE UNIVERSITY OF TENNESSEE


COACH Will Wade

By:   
Vice Chancellor and Director of Athletics

  
Will Wade

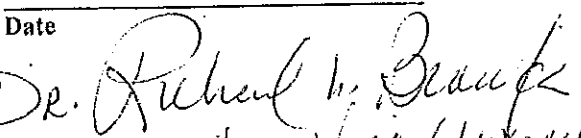
5-13-'13  
Date

5/12/13  
Date

  
Chancellor

MAY 14, 2013  
Date

Chief Financial Officer

Date  
  
Executive Vice Chancellor  
UTC 5-14-13

### Exhibit A

In recognition of exemplary academic and athletic performance by the men's basketball team and the additional work required therein, and as an incentive for Coach to assist the men's basketball team in achieving the athletic and academic goals described below, the University agrees to pay Coach, if earned, annual incentive compensation in an amount equal to the sum of the amounts described in the following subsections, subject to all applicable state and federal tax reporting and withholding requirements:

- (a) Twelve percent (12%) of Base Pay for making the NCAA postseason tournament and an additional four percent (4%) of Base Pay for each victory in the NCAA postseason tournament.
- (b) Ten percent (10%) of Base Pay for a NIT postseason appearance and an additional one percent (1%) of Base Pay for each victory in the NIT postseason tournament.
- (c) Two weeks of Base Pay for meeting a single-year APR benchmark of 940.

Annual incentive compensation due under this Exhibit A shall be paid by the University on or before 60 days following the NCAA Men's Basketball Championship for the season year in which the goal was achieved. Incentive compensation relating to academic goals will be paid on or before sixty (60) days following the date on which a determination is made that such a goal has been met, which shall also be the date on which such academic bonus is accrued. Incentive compensation described in this Exhibit A shall be earned by and payable to Coach only if Coach is employed as Head Men's Basketball Coach at the University on the day of the event that forms the basis for the incentive compensation. Beginning with the 2013-2014 academic year, if the men's basketball team's Single-Year APR for any academic year is below 930, then Coach shall forfeit the annual incentive compensation earned relating to the men's basketball season immediately following the finalization of APR scores (following the APR adjustment period).