

# ARKANSAS

## ATHLETICS

April 6, 2019

Eric Musselman

Dear Coach Musselman:

With the support of Chancellor Joseph E. Steinmetz and President Donald R. Bobbitt, I am pleased to offer you the position of Head Coach for the Men's Basketball Program ("Program") at the University of Arkansas ("UA"). This offer letter sets forth the material terms of the UA's offer to you that will be incorporated into a formal Employment Agreement (the "Agreement") upon your acceptance below. By copy of this letter, we are requesting the Office of General Counsel to prepare your Agreement consistent with the terms of this offer and with the UA's standard coaching contracts. Upon execution by you and the UA, the Agreement will supersede this offer letter.

The UA is very proud that our Athletic Department is one of only a handful of departments nationally that is self-supporting and does not rely upon appropriated tax dollars or student fees to operate. Significantly, I believe it is important to recognize that the UA will not use any taxpayer dollars to meet its obligations under the Agreement and will rely upon self-generated revenues and private funds donated in support of the Athletic Department. The material terms of this offer letter are summarized as follows.

TERM. The initial term of your Agreement will be for a period of approximately five (5) years beginning on the date you sign this offer letter through April 30, 2024. Subject to all other provisions in the Agreement, the term will be extended by one (1) year (not to exceed two (2) extensions total during the term or seven (7) years total), on terms no less favorable to you than those existing in the final year of the Agreement immediately prior to the automatic extension, in the event the Program competes in the NCAA Tournament.

ANNUAL COMPENSATION. Your total Annual Compensation will be **\$2,500,000** annually. The UA will establish some portion of your Annual Compensation as your University Salary and the remaining portion as Other Compensation. Your Annual Compensation will be increased by **\$100,000** (not to exceed a total increase of \$200,000 over the term) in the event the Program competes in the NCAA Tournament. Your Annual Compensation will also be increased in the following non-cumulative amounts, for the following achievements by the Program:

- **\$250,000** for the first appearance in the NCAA Tournament Regional Semi-Finals Game ("Sweet 16").
- **\$350,000** for the first appearance in the NCAA Tournament National Semi-Finals Game ("Final Four").



**UNIVERSITY OF ARKANSAS DEPARTMENT OF INTERCOLLEGIATE ATHLETICS**

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- **\$500,000** for winning the NCAA National Championship.

INCENTIVE COMPENSATION. You will be eligible for Incentive Compensation, attached to this letter as Exhibit A, which will be subject to the UA's standard terms and conditions and will be included in your Agreement.

DUTIES AND RESPONSIBILITIES. Your duties and authority as Head Coach of the Program will be set out in your Agreement and commensurate with similar agreements for NCAA Division 1, intercollegiate head basketball coaches at other high-level institutions. The duties include without limitation, coaching, recruiting, student-athlete development and academic achievement, fund raising, community outreach, Razorback Club speaking and other appearance engagements, serving as a host of the UA's weekly coach's show during basketball season (including pre-season, post-season and other shows as determined by the UA), conducting all media interviews, serving as the host of a weekly radio show during basketball season, participating in all other forms of assigned programming, and other duties as reasonably assigned so long as such duties are consistent with commensurate agreements for NCAA Division 1, intercollegiate head basketball coaches at other high-level institutions. At no point during the term of the Agreement shall the UA have a right to re-assign you to any other position other than Head Coach of the Program with duties consistent with those described herein.

TERMINATION FOR CONVENIENCE BY UA. In the event the UA terminates your employment for convenience and, subject to your affirmative duty of mitigation, the terms of your Agreement with the UA will include a provision that the UA agrees to provide you an amount equal to Seventy Percent (70%) of your remaining Annual Compensation from the effective date of termination for convenience by the UA until the ending date of the term as if the Agreement had not been terminated, including any earned extensions. The right to this amount is non-assignable, non-transferable, non-cumulative, and terminates upon your death. The amount of payment for the remaining term will be prorated based on the date of the termination.

The UA's payment of this amount will be subject to the following conditions: (a) payment in equal monthly installments over the remaining term as if the Agreement had not been terminated; (b) the affirmative duty to mitigate your damages by diligently seeking and reporting other comparable employment (head coach of an NCAA Division 1, intercollegiate head basketball coach at a high-level institution or head coach or assistant coach of a professional team in the National Basketball Association) at a rate of compensation not less than market value and consistent with compensation rates for similar positions in the industry; (c) the UA's right of offset of any earnings you receive, whether from athletic or non-athletic-related sources, and your duty to disclose all such earnings; (d) the UA's right of offset will include the right to offset the total economic value of any compensation package, employment agreement, or other compensation formula utilized with any new employer, and your agreement not to structure or allow your compensation or any compensation package with any new employer to be structured in any manner that avoids, diminishes, or denies the UA's right of offset; and (e) your reciprocal obligation to pay the UA the liquidated damage amounts outlined below in the event you terminate your employment for convenience.

Payment of any amount will also be subject to your agreement to enter into a full release of any and all claims against the Board, the UA, the Razorback Foundation, and their respective trustees, directors, officers, representatives and employees arising from or relating to the UA's termination of your employment for convenience or any aspect of your employment. The UA will provide you with an example of such release language upon your request. Further, the Agreement will include the recognition of the UA's suit immunity.

You will not be entitled to receive any amounts, other than amounts earned but not yet paid or amounts due pursuant to applicable disability or life insurance policies, under the Agreement if termination arises as a result of your voluntary resignation; your incapacity; your willful failure to perform your duties; or by the UA's legally justifiable termination for cause.

BENEFITS. You will be entitled to the following: major medical and employer furnished and optional life insurance; employer furnished and optional long-term disability insurance; the UA's contribution to an approved retirement program; sick leave; tuition reduction for you and your legal dependents; and such other benefits currently provided for non-classified, non-academic UA employees as may be approved from time to time by the Board, excluding annual leave. In addition, you will be entitled to the following taxable benefits:

- Tickets. Ten (10) complimentary tickets for each home basketball game, and Five (5) complimentary tickets for each home game for all UA sports.
- Vehicle. You will be furnished with the use of two (2) loaned vehicles, or a car allowance not to exceed \$8,400 annually in value.
- Moving Expenses. The UA will pay or reimburse moving expenses, not to exceed \$25,000, for your household in accordance with state law, and UA and department policy, and provide three (3) months temporary housing.
- Club Memberships. You will be entitled to memberships at The Blessings or Pinnacle Country Club, and at Fayetteville Athletic Club provided that such memberships are made available to the UA for the benefit of its coaches. In the event such memberships are not made available to the UA for the benefit of its coaches, you shall be entitled to one comparable club membership of your choosing; provided, however, that the club is located in Washington County, Arkansas or Benton County, Arkansas and provided further that sufficient private funds are available to the UA to cover the cost of any initial and monthly membership fees. The memberships shall be subject to any terms and conditions imposed by The Blessings or Pinnacle Country Club, including, but not limited to, the right of each entity to revoke its membership. The UA shall not be responsible for any monthly food minimums or purchases of goods and services at the clubs.

PAYMENT TO FORMER EMPLOYER. The UA will pay your former employer a sum not to exceed a total of **\$1,000,000** if required under the terms of your employment contract with your previous employer. The UA considers this payment to be taxable wages for tax withholding and reporting purposes. Consistent with that determination, the UA will make timely deposits with



appropriate taxing authorities of all amounts required to be withheld as taxes with respect to you as a result of making such payment. The UA will neutralize to zero (0) dollars the actual tax impact of up to \$500,000 of such payment to enable you to avoid any undue burdens or distractions in connection with the performance of your duties as Head Basketball Coach at the UA. With regard to the UA's commitment to undertake this obligation, we expressly agree and intend that the UA or you will not benefit financially to the extent there is a difference between (a) the amount of withheld taxes and (b) the amount of tax liability incurred by you. With respect to this liability, which is attributable to the UA making any such payment, you agree to claim all deductions allowable under applicable tax laws, including any applicable deductions relating to the amount paid by the UA to satisfy any portion of your employment agreement with your previous employer. Depending on the timing of any such payment by the UA, you and/or your agent/attorney agree to review your pertinent tax information, including any signed federal and state income tax returns necessary, and either the UA or you will pay the other party, as the case may be, such amount as is necessary to effectuate this mutually desired benefit. Notwithstanding any provision in this offer, you agree to be solely responsible for any tax reporting obligations, and any non-financial consequences thereof, if any, which are required by any taxing authority as a result of any payment made by the UA, and agree that neither the UA nor its officials has made any representations regarding the tax treatment of these sums beyond what is set forth herein.

You represent and warrant to the UA that your acceptance of the position of Head Basketball Coach and your performance of the duties of this position will not violate any other contract or obligation to any other party.

OTHER PROVISIONS. Subject to mutual agreement of the parties, the Agreement will include the standard terms and conditions customarily utilized in the UA's coaching contracts and will be subject to the Board's and the UA's policies. Among the standard terms and conditions, the Agreement will provide the following:

- Outside employment and compensation will be permitted contingent upon prior written approval (which approval shall not be unreasonably withheld) and consistent with state law and the Board's and UA's policies and reporting requirements.
- The Agreement will include the UA's standard termination for cause provision, available for your review, which is consistent with the policies and prior practices of the UA and the Board, NCAA and SEC rules and regulations, state and federal law and obligations, and similar agreements for NCAA Division 1, intercollegiate head basketball coaches at other high-level institutions. It includes without limitation, the UA's right to terminate for cause based on any conduct, as solely determined by the UA, which is clearly contrary to the character and responsibilities of a person occupying the position of Head Basketball Coach which negatively or adversely affects the reputation of the UA or its athletics programs in a material way. This provision shall not include the Program's on-court performance, including without limitation, wins and losses.
- You will be responsible for all personnel who report, directly or indirectly to you consistent with NCAA Bylaw 11.1.1.1, to cooperate fully and completely, with any investigation of any

alleged violation of UA policy, federal or state law, NCAA or SEC bylaws, rule or regulations, or any of the provisions enumerated in the Agreement, whether conducted by law enforcement officials, the UA, NCAA, or SEC.

- The Agreement will include a provision that no increases to Annual Compensation, payment of Incentive Compensation, or term extensions will be awarded in any given year where any of the following circumstances occur, regardless of whether any other contingencies have already been met: (a) Level I or II NCAA violations attributable to you or for which you are directly responsible; (b) UA is on probation for any NCAA violations attributable to you or for which you are directly responsible; (c) you voluntarily resign from your UA employment; (d) you are placed on leave, suspended, or disciplined for a material violation of UA policy or applicable law; (e) the Agreement is terminated for cause; (f) you fail to timely report any alleged NCAA or Title IX violations; or (g) you have been notified by the UA that you are in material breach of your Agreement. If alleged significant NCAA violations against you, your staff, or anyone acting on your behalf are under investigation, then Incentive Compensation, Annual Compensation increases, and extensions of the term may be withheld by the UA pending the outcome of the matter.
- In the event prospective employment is presented to you during the term, you will be obligated to notify me prior to engaging in substantive negotiations with any prospective employer.
- The UA will have the right to terminate your employment for convenience for any reason, at any time, subject to the liquidated damages payment terms and conditions of your Agreement.
- The Agreement will include your covenant not to accept employment in any coaching capacity with any other SEC institution prior to the expiration date of the term and any mutually agreed upon extensions of the term. In the event the UA terminates the Agreement for its convenience, the covenant not to compete shall not apply. The Agreement will also include a term that you and/or any individual or entity acting on your behalf, will not contact or otherwise seek to recruit any prospective student-athlete previously contacted or recruited by the UA or its employees for a period of one (1) year after the Agreement is terminated, unless your new employing institution previously recruited or contacted such student-athlete. In the event the UA terminates the Agreement for its convenience, this prohibition shall not apply.

The UA will have an exclusive license to use your name, image, and likeness for the duration of the Agreement to support and promote the Program, the UA, and the Athletic Department. You will be required to be bound by and cooperate with the UA in fulfilling the terms and conditions of any existing or future Athletic Department related agreements. Following the expiration or termination of the Agreement, the UA shall have the continued limited right to use the license solely in connection with promoting and preserving the history of the Program and to comply with any legal obligations then existing upon the expiration or termination of the Agreement. You may engage in outside opportunities that will affirmatively contribute to your professional advancement or correlate usefully with your UA work subject to the terms and conditions set forth in the Agreement. Any such outside opportunities shall not interfere in any way with your duties or responsibilities as set forth in the Agreement or as reasonably assigned by

the Director of Athletics. Prior to accepting any outside opportunities, Coach shall first disclose and obtain written approval from the Director of Athletics and the Chancellor, such approval not to be unreasonably withheld. All outside opportunities or employment shall comply with applicable rules or regulations of the NCAA and the SEC.

- In the event that you terminate the Agreement for convenience, you will be required to pay the UA liquidated damages consistent with the following schedule:

YEAR	AMOUNT
Effective Date – April 30, 2021	\$5,000,000
May 1, 2021 – April 30, 2022	\$1,500,000
May 1, 2022 – April 30, 2024	\$1,000,000
May 1, 2024 through the ending date of any earned extensions.	\$750,000

These amounts are non-cumulative and payable in full, without proration, to the UA within 30 days of the date of termination of the Agreement. You agree that the liquidated damage amounts listed above are not a penalty, but are fair, reasonable and negotiated with the assistance of an agent or counsel.

- Except as set forth above, you will be solely responsible for all tax liability, reporting, record keeping, consequences and payments, if any, which are determined to be required or owed (including any penalties and interest related thereto) to any taxing authority as a result of any payments or benefits. The UA shall withhold all applicable federal and state taxes on the cost of any benefits.
- You will be required to indemnify and hold harmless the UA and its respective trustees, officials, employees, and agents for and against any and all claims whatsoever that your current or former employers or any third parties have, might have, or might assert against the UA and its trustees, officials and employees, including all costs, interest, and reasonable attorneys' fees.
- You agree that a copy of this letter and a final copy of the Agreement, any amendments or changes thereto, can be released to the public without additional notice, consent, or a Freedom of Information Act request.

The UA will use its best efforts to draft and execute the Agreement with you within 90 calendar days of your start date. The Agreement will constitute a final binding contract between the parties upon your completion of a full and satisfactory background check and the written approval of the President pursuant to Board Policy 300.1. By signing this letter, you acknowledge and agree that neither the UA nor anyone acting on its behalf has made, and is not making, and you have not relied upon, any representations, promises, or inducements except as I have expressly stated in this letter, and that the governing law, place of execution and sole jurisdiction for this offer, as well as for the Agreement and any amendments, shall be the State of Arkansas.



We are excited to present this offer for you to serve as the Head Men's Basketball Coach of the Arkansas Razorbacks. We believe that you will build and develop a nationally competitive basketball program. To that end, we expect that you will lead the program, both athletically and academically, to a level of excellence and sustained national success at the highest levels with integrity, pride, and consistent with the winning tradition of the Arkansas Razorbacks.

Please indicate your review, acknowledgement, and acceptance of the position based on the foregoing terms and conditions of this offer letter by signing your name and dating in the space provided below.

Sincerely,



Hunter Yurachek  
Vice Chancellor and Director of Athletics

INCENTIVE PAYMENT

\$100,000  
\$100,000

**AGREED TO AND ACCEPTED:**



ERIC MUSSELMAN

April 6, 2019  
DATE

cc: Dr. Joseph E. Steinmetz, Chancellor  
Dr. Donald R. Bobbitt, President  
Matt McCoy, Senior Associate General Counsel for Athletics

## EXHIBIT A—INCENTIVE COMPENSATION

In addition to Annual Compensation, each year of the Term you will be eligible to receive a one-time, annual payment for the annual performance Incentive Compensation described below for the following athletic and academic achievement categories, subject to all applicable state and federal tax reporting and withholding requirements. However, you will not be eligible for incentive compensation based on academic achievement until after one (1) year of service from your start date has been completed. Unless a specific amount is listed, Incentive Payments are based on your University Salary at the time the achievement was attained. Incentive Compensation may be earned for the SEC Program Achievement Category, and for the NCAA Program Achievement Category, and for the Individual Achievement Category. However, Incentive Compensation for the NCAA Program Achievement Category and Academic Achievement Category is non-cumulative. In any one year of the Term, you will only be eligible to receive a sum equal to the highest applicable incentive payment for the listed achievements within each category listed.

### ACHIEVEMENT CATEGORY

### INCENTIVE PAYMENT

#### SEC Program Achievement Category

- |   |                  |
|---|------------------|
| ▪ Win the SEC Tournament Championship     | <b>\$100,000</b> |
| ▪ Win the SEC Regular Season Championship | <b>\$100,000</b> |

#### NCAA Program Achievement Category

- |  |   |
|--|---|
| ▪ Appear in the NCAA Tournament  | <b>\$100,000</b> after 2 <sup>nd</sup> appearance |
| ▪ Appear in the NCAA Tournament Regional Semi-Finals (“Sweet Sixteen”) | <b>\$250,000</b> after 1 <sup>st</sup> appearance |
| ▪ Appear in the NCAA Tournament National Semi-Finals (“Final Four”)    | <b>\$350,000</b> after 1 <sup>st</sup> appearance |
| ▪ Win the NCAA National Championship                                   | <b>\$500,000</b> after 1 <sup>st</sup> win        |

#### Individual Achievement Category

- |                            |                 |
|----------------------------|-----------------|
| ▪ SEC Coach of the Year*   | <b>\$25,000</b> |
| ▪ NCAA Coach of the Year** | <b>\$50,000</b> |

Incentive Compensation for the Individual Achievement Category will be awarded on a cumulative basis. \*The SEC Coach of the Year will be awarded based on the selection of this award by the SEC. \*\*The NCAA Coach of the Year will be awarded based on the selection of this honor by an organization mutually agreed upon the parties.

#### Academic Achievement Category

- |   |                 |
|---|-----------------|
| ▪ Graduate 90% or more of student-athletes in same academic year (or earlier) in which they exhaust their athletic eligibility. | <b>\$25,000</b> |
| ▪ Graduate 80% to 89% of student-athletes in same academic year (or earlier) in which they exhaust their athletic eligibility.  | <b>\$12,500</b> |