

ATHLETICS DIRECTOR EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement") is between The University of Texas at Austin (the "University") and Stephen Patterson ("Athletics Director") (collectively, the "Parties").

For and in consideration of the mutual promises and covenants set forth herein, the Parties agree as follows:

1. PURPOSE

The Parties have entered into this Agreement because the University desires to employ Athletics Director as Athletics Director for Intercollegiate Athletics for Men for the period provided and Athletics Director desires to serve the entire term of this Agreement, a long-term commitment by the Parties being critical to Athletics Director's decision to enter into this Agreement and the University's desire to run a stable Men's Intercollegiate Athletics program (the "Program"). The Parties agree that, although this Agreement is athletics-related, the mission of the University is to achieve excellence in the interrelated areas of undergraduate education, graduate education, research, and public service. Accordingly, the primary purpose of all the University's legal arrangements, including this Agreement, is the furtherance of the University's mission. Athletics Director recognizes the importance of the maintenance and observance of the principles of institutional control over every aspect of the athletics programs at the University. Athletics Director agrees to recognize and respect the organizational structure of the University in the execution of his duties under this Agreement.

2. DEFINITIONS

As used in this Agreement (including within these paragraphs) the following terms shall have these meanings:

"NCAA" shall mean the National Collegiate Athletic Association.

"Conference" shall mean the Big 12 Conference.

"Governing Athletic Rules" shall mean any and all present or future legislation, rules, regulations, directives, written policies, bylaws and constitutions, and official or authoritative interpretations thereof, and any and all amendments, supplements, or modifications thereto, promulgated hereafter by the NCAA or the Big 12 Conference or by the Athletics Director in the conduct and administration of the Program.

"University Rules" shall mean the *Rules and Regulations* of the Board of Regents of The University of Texas System, the rules and policies of The University of Texas System, and the rules and policies of The University of Texas at Austin.

3. TERM OF EMPLOYMENT

The term of this Agreement shall begin on November 25, 2013 and shall terminate on August 31, 2019 (the "Term"), subject to the provisions below for termination. To extend or renew the Term of this Agreement, both Parties must sign a written agreement to do so. Athletics Director agrees that oral agreements to renew or extend this Agreement are invalid and non-binding. This Agreement does not grant Athletics Director a claim to tenure in employment, nor shall Athletics Director's service pursuant to this Agreement count in any way toward tenure at the University.

4. ATHLETICS DIRECTOR'S DUTIES AND RESPONSIBILITIES

A. Recognition of Duties. Subject to the other provisions of this Agreement, the Athletics Director shall devote his best efforts full-time to leadership, supervision, and promotion of the Program. Athletics Director will report directly to, and act and perform to the reasonable satisfaction of the President of The University of Texas at Austin, who will determine Athletics Director's duties and responsibilities.

B. General Duties and Responsibilities. In his position as Athletics Director, he is responsible for the duties normally associated with an athletics director at a Division I university including: maintaining a high level of leadership, having a strong commitment to the University's expectations for an athletics program run with integrity, student-athlete academic success and progress to graduation, high athletic achievement, financial solvency, student-athlete conduct and welfare, compliance with the Governing Athletic Rules and University Rules, personnel supervision and evaluation, scheduling assistance, promotions, public relations, development activities, and the overall effective performance of the Program's student-athletes and coaching staff.

C. Specific Duties and Responsibilities. Duties and responsibilities assigned to the Athletics Director in connection with the Program are set forth below. The list of specific duties and responsibilities supplements, and is not exclusive of, other general duties and responsibilities provided for elsewhere in this Agreement. The specific responsibilities of the position include, but are not limited to, the following:

- (1) Be responsible for, along with University's Women's Athletics Director, creating, enforcing, interpreting, and reviewing University's intercollegiate athletics policies, procedures, and strategic plan;
- (2) Assure that the Program has plans, policies, procedures, and programs that comply with the Governing Athletics Rules and University Rules, and that promote the mission of the University, the University's high standard of academic excellence, and the general welfare of student-athletes;
- (3) Understand, observe, and uphold all academic standards and requirements of the University, including the University Rules, Governing Athletic Rules, and all state and federal laws, and ensure compliance by coaches and other personnel in the Program;

- (4) Use his best efforts to ensure that all academic standards, requirements, University Rules, and Governing Athletic Rules are observed, including those in connection with the recruiting and eligibility of prospective and current student-athletes who are academically qualified;
- (5) Develop procedures and programs that assure the welfare of student-athletes; ensure that coaching and administrative staff actively support the Program's and the University's joint commitment to academic achievement for each student-athlete, to include promoting academic advising and counseling services; maintain an environment in which the pursuit of higher education is a priority as reflected by class attendance, grade point averages, the NCAA academic progress rates (APR), and the NCAA and federal graduation rates;
- (6) Promote athletic excellence and a competitive program for men's intercollegiate varsity sports programs;
- (7) Be responsible for the recruitment, hiring, and the terms and conditions of employment of all men's head coaches, with consultation and approval by the President;
- (8) Maintain responsibility for the supervision and conduct of the head coaches and their activities; this responsibility shall include, without limitation, providing annual evaluations of such head coaches;
- (9) Maintain responsibility for hiring and supervising all administrative and other personnel as deemed appropriate for the proper and effective functioning of the Program;
- (10) Maintain effective working relationships with relevant constituencies, including associations, conferences, committees, alumni, students, faculty, administrators, and staff;
- (11) Ensure the fiscal integrity of the Program; develop plans and budgets; raise private funds; and, monitor the expenditure of all funds in the Program consistent with all state and federal laws, University Rules, and Governing Athletic Rules;
- (12) Identify needs for capital construction, renovation and repairs; negotiate and recommend appropriate broadcast, sports marketing, apparel, shoe, and other sponsorship arrangements, etc.;
- (13) Consult regularly with athletics compliance staff regarding the interpretation of applicable rules, and bring any differences of opinion to the President for resolution; assist the athletics compliance staff or other designated individuals in reviewing and/or investigating alleged violations of a University Rule or Governing Athletic Rule;

(14) Promote the University's commitment to equal opportunity and compliance with Title IX;

(15) Maintain responsibility for overseeing all aspects of the administration of the varsity sports in the Program; and

(16) Perform such other duties as assigned by the President.

D. NCAA and Other Governing Athletic Rules and University Rules.

(1) Athletics Director agrees to know, recognize, and comply in all respects with NCAA and other Governing Athletic Rules and University Rules. In the performance of his duties and obligations under this Agreement, Athletics Director will abide by and comply with all Governing Athletic Rules and University Rules and all decisions of the President. Violations of any Governing Athletic Rules or University Rules by Athletics Director will be sufficient cause for disciplinary action.

(2) It shall be the responsibility of Athletics Director to promote an atmosphere of compliance within the Program and to monitor the activities regarding compliance of all coaches and other administrators involved with the Program who report directly or indirectly to Athletics Director. If, at any time during the Term of this Agreement, Athletics Director knows, or has reasonable cause to believe, that any coach, student-athlete, student, faculty member, or agent or employee of the University, or any outside individual has violated, or allowed or caused to be violated, any Governing Athletic Rules or University Rules, or if Athletics Director receives notice or information that the NCAA or the Conference intends to investigate or to review any alleged violations of Governing Athletic Rules or University Rules, or if Athletics Director receives notice or information that any law is alleged to have been violated by any student-athlete, coach, administrator, or staff member, including himself, he must immediately report such information, knowledge, or belief to the athletics compliance staff and to the President as appropriate.

(3) If Athletics Director is found to be in violation of Governing Athletic Rules, whether while employed by the University or during prior employment at another NCAA member institution, Athletics Director shall be subject to disciplinary or corrective action as set forth in the provisions of the NCAA enforcement procedures, including suspension without pay, or the employment of Athletics Director may be terminated as provided in Section 7.A of this Agreement.

E. Reassignment of Duties. Throughout the Term of this Agreement, Athletics Director shall use his best full-time energies, efforts, and abilities for the exclusive benefit of the University. It is understood by the Parties, however, that during the Term of this Agreement, the University retains the right to reassign Athletics Director to other positions with different duties and responsibilities that University deems to be reasonably consistent with Athletics Director's education and experience. In the event of such reassignment, and beginning on the date of such reassignment, Athletics Director's total compensation for the performance of such

reassigned duties and responsibilities shall be the Base Salary in effect at the date of reassignment, which salary is listed in Section 6.A.(1) of this Agreement. The University's obligations under Section 6.B shall terminate upon reassignment at the University's sole discretion. Upon cessation of Athletics Director's duties and responsibilities, Athletics Director shall voluntarily relinquish all appointments on NCAA and Conference committees, subcommittees and/or councils of any nature. If the University exercises its right to reassign Athletics Director and Athletics Director refuses to accept such reassignment, the University may terminate this Agreement pursuant to Section 7.A.

5. OTHER EMPLOYMENT

During the Term of this Agreement, Athletics Director shall either: (a) not engage in any other employment, act in a consulting or independent contractor capacity to any person, partnership, association, or corporation, or receive any athletically related income or benefit from sources outside the University; or (b) be permitted to engage in outside employment only after receiving the prior written approval of the President of the University. Approval shall be required annually. Each request for approval must be in writing and shall specify the source and amount of the income or benefit to be received. Athletics Director shall make a written annual report to the President of the University specifying the amount of all income and benefits from approved sources outside the University. Except when Athletics Director is required by the University to endorse, promote, appear in advertisements of, or consult with regard to athletic equipment or accessories for the purpose of complying with contractual obligations of the University, the name, marks, or logos of the University may not be used and Athletics Director may not be identified as the Athletics Director of the University (1) for purposes related to any employment, consulting, or athletically related activities of Athletics Director, other than for the University, or (2) in connection with Athletics Director's endorsement, support, promotion, or advertisement of any person, partnership, corporation, association, product, or service.

6. COMPENSATION AND BENEFITS

A. Base Salary.

(1) Effective November 25, 2013, the annual Base Salary for duties performed by Athletics Director under this Agreement shall be \$1,400,000 payable in twelve (12) monthly installments. The Base Salary will be reviewed at least annually and may be adjusted as required by the legislature or as deemed appropriate by the University. The Base Salary shall be increased at least 2.5% on September 1 of each full fiscal year included in the term of this Agreement.

(2) Athletics Director also will receive all other regular employment benefits provided by the University to similarly situated administrative and professional non-tenured employees of the University and such benefits may be modified or terminated from time to time as may be required by legislative action.

B. Fringe Benefits. For the period that Athletics Director serves as Athletics Director, he also will be entitled to the compensation and benefits found in this Section 6.B. Each of these benefits is subject to the University Rules and Governing Athletic Rules.

(1) Automobiles. For the period that Athletics Director is Athletics Director, the University will obtain two (2) courtesy automobiles from a local dealership for Athletics Director's use in accordance with University Rules. Athletics Director may elect annually to receive a payment of \$7,500 in lieu of one of the automobiles. Athletics Director will comply with all University Rules and Governing Athletic Rules relating to the use of the cars. Athletics Director will report the business and personal use of the automobile(s) according to fiscal procedures of the University. The personal use of any automobile will be valued according to the guidelines of the Internal Revenue Service and reported as taxable income to Athletics Director.

(2) Club Memberships. For the period that Athletics Director is Athletics Director, the University will provide memberships in the University of Texas Club, the UT Golf Club, and the Headliners Club. The University will pay all monthly dues and either pay directly or reimburse Athletics Director for official business use.

(3) Spousal Travel. It is understood by the parties that while Athletics Director is serving as Athletics Director, his spouse will be called upon to travel and/or attend various functions on behalf of the University. When engaged in such development, official entertainment, or other business activities and subject to any limitations or conditions placed by state and federal laws or University Rules, Athletics Director's spouse will be entitled to reimbursement for travel and other reasonable and necessary expenses incurred while engaging in such official activities. The Office of the President will monitor such travel as appropriate.

C. Performance Incentives. Athletics Director shall be entitled to receive additional compensation from the University as follows:

\$100,000 at the beginning of a fiscal year if Intercollegiate Athletics operated with financial solvency during the preceding fiscal year; and

\$100,000 at the beginning of a fiscal year if neither the NCAA nor the Conference found in the Program a Level I or Level II (formerly Major) infraction during the preceding fiscal year.

D. Deductions from Compensation. Payments to Athletics Director by the University pursuant to the terms of this Agreement shall be subject to all deductions required by state and federal law or regulation. The University will make such other deductions permitted by law and authorized in writing by Athletics Director.

7. SUSPENSION AND TERMINATION

A. **Suspension or Termination by the University for Cause.** The University shall have the right and option to either suspend Athletics Director for a period of time with or without pay or to terminate Athletics Director's employment and this Agreement for cause prior to the termination date stated in Section 3 above. In the event this Agreement is terminated for cause, all obligations of the University to make further payment or provide any other consideration hereunder shall cease as of the date of termination. In no case shall the University be liable to Athletics Director for the loss of any collateral business opportunities, or any benefits, perquisites, income, or consequential damages suffered by Athletics Director as a result of the University's termination of his employment. In addition to its normally understood meaning in employment contracts, the term "cause" shall include, without limitation, any of the following:

- (1) Failure or refusal by Athletics Director to perform any of the obligations, duties, or responsibilities outlined in Section 4 or any refusal or unwillingness to perform any of such obligations, duties, or responsibilities in good faith and to the best of Athletics Director's abilities; or
- (2) A serious or major violation or a pattern of violations, whether intentional or negligent, by Athletics Director of any Governing Athletic Rules or University Rules, which violation may, in the sole judgment and discretion of the President, reflect adversely upon the University, or the Program; or
- (3) A serious or major violation or a pattern of violations of any Governing Athletic Rules or University Rules, whether intentional or negligent, or the allowing or condoning, whether directly or by negligent supervision, of any such violation or pattern of violations, by Athletics Director or any coaching staff or other person under Athletics Director's supervision and direction, including student-athletes in the Program, which violation was known (or reasonably should have been known) by Athletics Director in the course of his normal duties, and which may, in the sole judgment and discretion of the President, reflect adversely upon the University or the Program; or
- (4) Failure by Athletics Director to report immediately to the athletics compliance staff and, as appropriate, to the President or other responsible University officer, any alleged violations of the Governing Athletic Rules or University Rules by Athletics Director or by members of Athletics Director's coaching staffs, student-athletes, or other persons under Athletics Director's direct control or authority that become known to Athletics Director; or
- (5) Failure or refusal to provide information or documents in response to any reasonable requests or inquiries by the NCAA, the Conference, or any other relevant governing body concerning or related to the supervision of the Program; or directing or otherwise instructing any coach, student-athlete, or any other individual to fail or to refuse to provide such information or documents; or

- (6) Any fraud or dishonesty by Athletics Director while performing the duties required by this Agreement, including, but not limited to, falsifying, altering, or otherwise fraudulently preparing any document(s) or record(s) of, or required by the University, the NCAA, or the Conference pertaining to the Program, recruits, or student-athletes, transcripts, eligibility forms, compliance reports, expense reports, or any other document pertaining or related to any sanction of the Program; or
- (7) Any conduct, including acts or omissions, that misleads the University about any matters related to the Program, including matters related to any coaches or other staff members or any student-athletes; or
- (8) Any prolonged absence from the performance of Athletics Director's obligations, duties, and responsibilities under this Agreement without prior consent of the President; or
- (9) Engaging in, assisting, encouraging, or soliciting others to engage in bookmaking, illegal gambling, or betting of any type involving any intercollegiate or professional athletic contest; or
- (10) Possession, use, sale, or manufacture of any narcotics, drugs, or other controlled substances, steroids, or other chemicals in a manner that is prohibited by the University Rules or Governing Athletic Rules, or allowing, encouraging, or condoning the possession, use, sale, or manufacture of any narcotics, drugs, alcohol, controlled substances, steroids or other chemicals by any student-athlete in a manner that is prohibited by the University Rules or Governing Athletic Rules, or failure or refusal to fully participate and cooperate in the University's implementation and enforcement of any narcotic, drug, alcohol, controlled substance, steroid, or other chemical testing program(s); or
- (11) Any conduct (a) that the President reasonably determines is unbecoming to the Athletics Director, or which reasonably brings into question the integrity of the Athletics Director, or that would render Athletics Director unfit to serve in the position of Athletics Director; or (b) resulting in a criminal charge being brought against Athletics Director involving a felony or any crime involving theft, dishonesty, or moral turpitude; or
- (12) Misconduct by associate or assistant athletics directors or other senior staff or by a coach or his or her staff of which the Athletics Director knew, had reason to know, or should have known through the exercise of reasonable diligence or which Athletics Director condoned, of such a nature, as reasonably determined in the discretion of the President, that brings serious discredit to or harms the reputation of the University or the Program; or
- (13) Any other cause adequate to sustain the termination of any regular administrative and professional employee of the University.

The University shall have no obligation to use progressive discipline regarding Athletics Director's misconduct. Any University decision to utilize progressive discipline shall not create any future obligation for the University to use progressive discipline.

C. **Waiver of Claims.** The financial consequences of termination of this Agreement or suspension hereunder are exclusively set forth herein. Therefore, with the sole exception of payments required by this Agreement, in any instance of termination, or suspension effected in accordance with the procedures established in this Agreement, neither Athletics Director nor the University shall be entitled to receive, and each hereby waives any claim against the other, and their respective officers, directors, agents, employees, successors, and personal representatives for consequential damages by reason of any alleged economic loss, including, without limitation loss of collateral income, deferred income, loss of earning capacity, loss of business opportunity, loss of perquisites, loss of fees from speeches, or other outside activity, or exception income, or damages allegedly sustained by reason of alleged humiliation or defamation resulting from the fact of termination, the public announcement thereof, or the release by the University or Athletics Director of information or documents required by law. Athletics Director acknowledges that, in the event of termination of this Agreement, Athletics Director shall have no right to occupy the position of athletics director and that his sole remedies are provided herein and shall not extend to injunctive relief.

D. **Termination for Disability/Death.** If Athletics Director dies or becomes permanently disabled to the extent that, in the judgment of the President, Athletics Director cannot satisfactorily perform the duties of Athletics Director, this Agreement shall terminate and all obligations of the University to compensate Athletics Director pursuant to this Agreement shall cease as of the date of such death or disability. The University shall be obligated to compensate Athletics Director or Athletics Director's estate in accordance with this Agreement for services performed prior to the termination date and, Athletics Director or Athletics Director's estate shall be entitled to those benefits, if any, that are payable under any University sponsored group employee insurance or benefit plan in which Athletics Director is or was enrolled.

8. MISCELLANEOUS

A. **Merger and Amendment.** The provisions of this Agreement constitute the entire agreement between the Parties with respect to the subject matter hereof and no prior or contemporaneous agreement, either written or oral, shall have the effect of varying the terms hereof. No amendment to this Agreement shall be effective unless reduced to writing and signed by the Parties.

B. **Unenforceability of Provisions.** The provisions of this Agreement are severable. If any provision of this Agreement is determined by a proper court or authority to be invalid, illegal, or unenforceable, such invalidity, illegality, or unenforceability shall not affect or impair the remainder of this Agreement, and this Agreement shall remain in full force and effect without such invalid, illegal, or unenforceable provision.

C. **Governing Law.** This Agreement shall be construed, enforced, and governed by and in accordance with the laws of the State of Texas. The University and Athletics Director agree that venue for any dispute arising from or related to employment shall be in Travis County, Texas. This provision does not prevent the University from removing to federal court any action brought in state court, and Athletics Director hereby consents to and waives any objections to such removal.

D. **Exemptions, Privileges, and Immunities.** It is expressly agreed and understood between the Parties that nothing contained herein shall be construed to constitute a waiver by the University of its right to claim such exemptions, privileges, and immunities as may be provided by law.

E. **Mutual Understanding.** Each Party has read this Agreement, fully understands the contents of it, has had the opportunity to obtain independent legal advice regarding the Agreement's legal effect, and is under no duress regarding its execution.

F. **Confidentiality; University Records.** All materials or articles of information, including, without limitation, financial records, personnel records, recruiting records, team information, films, statistics, and any other material or data furnished to Athletics Director by the University or developed by Athletics Director on behalf of the University or at the University's or Athletics Director's direction or supervision, are and shall remain the sole and confidential property of the University. Within ten (10) days of the expiration of this Agreement or its earlier termination, Athletics Director shall immediately cause any such materials in his possession or control to be returned and delivered to the University and he shall not be entitled to retain any copies thereof. At the same time, Athletics Director shall return to the University any credit cards, keys, automobiles, and other equipment or items issued to him.

G. **Counterparts.** This Agreement 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 the same Agreement.

H. **Disclosure.** The parties acknowledge and agree that the University is required to comply with the Texas Public Information Act.

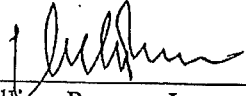
I. **Review.** This Agreement is subject to review and approval by the President and The University of Texas System Executive Vice Chancellor for Academic Affairs, and is subject to ratification by the Board of Regents of The University of Texas System. This Agreement includes terms of appointment approved by the Board of Regents of The University of Texas System at its meeting on November 11, 2013. Such term sheet is **Attachment A** to this Agreement.

[Signature Page Follows]

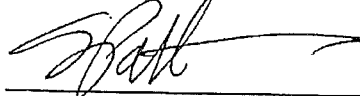
IN WITNESS WHEREOF, the Parties hereto, having represented and warranted their authority to enter into and execute this Agreement, have executed this Agreement effective as of the last date written below.

THE UNIVERSITY OF TEXAS AT AUSTIN

ATHLETICS DIRECTOR

By: 

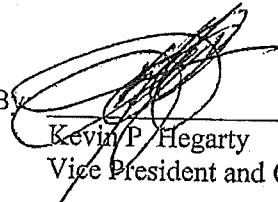
William Powers, Jr.
President



Stephen Patterson

Date: 12/5/13

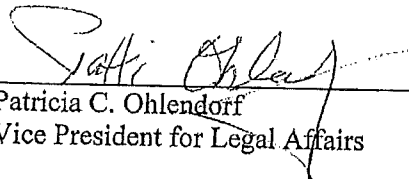
Date: 11/25/13

By: 

Kevin P. Hegarty
Vice President and Chief Financial Officer

Date: 12/3/13


APPROVED AS TO LEGAL FORM:

By: 

Patricia C. Ohlendorf
Vice President for Legal Affairs

THE UNIVERSITY OF TEXAS SYSTEM

APPROVED:

By: 

Pedro Reyes
Executive Vice Chancellor for
Academic Affairs

ATTACHMENT A

November 11, 2013

Men's Athletics Director Term Sheet – Discussion with UT System Regents

Specific Employment Agreement Terms

Appointee:	Mr. Stephen Patterson
Start Date:	November 12, 2013 (or day agreed upon after approval of terms by BOR)
Ending Date:	August 31, 2019 (five full fiscal years beyond this partial year)
Title:	Men's Athletics Director or Director, Intercollegiate Athletics for Men
Annual Salary:	\$1,400,000 paid in twelve monthly installments (with a minimum 2.5% annual increase)
Performance Incentives:	\$100,000 at beginning of fiscal year if neither the NCAA nor the Big 12 Conference found in Men's Athletics a major infraction during the preceding fiscal year; and \$100,000 at beginning of fiscal year if Intercollegiate Athletics operated with financial solvency during the preceding fiscal year
Automobiles:	2 courtesy cars from a local dealership although Patterson may elect annually to receive a car allowance of \$7,500 in lieu of one of the courtesy cars
Club Memberships:	UT Club; UT Golf Club; and Headliners Club – UT will pay monthly dues and reimburse for business use; no initiation fees apply
Retirement:	Optional Retirement Plan Available for all UT Austin Administrative and Professional Employees
Vacation:	8 hours per month initially and subsequent longevity increases as provided by State law
Sick Leave:	8 hours per month initially and subsequent longevity increases, if any, as provided by State law
Insurance Benefits:	Medical and other plans of his choosing (e.g. dental; vision; long term care; disability; etc.) and premium sharing as provided to all UT Austin Administrative and Professional Employees hired during the 2013 – 2014 fiscal year

Transition Payments

Moving Expenses:	Reimbursement for Reasonable Moving Expenses
Transition Travel And Housing:	Reimbursement for Reasonable Travel and Lodging

Commitments to Fulfill AD Responsibilities

- Suites: An AD suite and suite tickets for development and official entertainment for home football games, home men's basketball games, and home baseball games; Responsibility for and use of visiting AD suites provided, if any, at out of town men's athletics competitions; authority to purchase suites or other appropriate seating for development and official entertainment and athletics staff at post-season men's athletic competitions
- Tickets: All Access Pass for AD and Spouse (and UT staff as designated) and pool of tickets for use for development and official entertainment at athletics competitions
- Equipment: Mobile phone, computer, etc. under regular policies of the Athletics Departments
- Spouse Travel: Provided for spousal attendance at development and official entertainment and other business activities

