

MEMORANDUM OF UNDERSTANDING

These are the terms under which Kirby Smart (“Coach”) accepts employment with the University System of Georgia at the University of Georgia (the “University”) as Head Football Coach. In addition to the benefit plans available to other employees of the University, Coach will receive the additional benefits and payments described below from the University of Georgia Athletic Association, Inc. (the “Association”). The University shall have no liability for any of these additional benefits and payments to be made by the Association. The parties shall make every effort to memorialize the definitive terms of their agreement in a written contract (the “Contract”); however, this Memorandum of Understanding shall serve as the Contract if a more definitive agreement is not signed within ninety (90) calendar days from the date of this Memorandum of Understanding.

1. **TERM and BASE SALARY:** The term of the Contract shall be from January 1, 2016 until December 31, 2021 or until the day after any bowl game in which the football team plays in January 2022. Coach shall be paid an annual gross salary of at least \$400,000 (“Base Salary”), and shall receive the insurance and retirement benefits provided by the University to employees of the University. The Base Salary shall be paid in approximately equal monthly installments in accordance with the University’s payroll practices.

2. **SUPPLEMENTAL INCOME:** The Association will pay Coach \$3,350,000 per calendar year in approximately equal quarterly installments (March, June, September, and December), attributable to the Association’s shoe and clothing endorsement, and as compensation for radio and television shows, programs, interviews, and other appearances and endorsements (the “Supplemental Income”). Coach shall comply with all contracts the Association enters into, including by making appearances and giving interviews in compliance with such contracts. In addition, Coach shall make no less than 12 appearances or endorsements per fiscal year as reasonably requested by the Association, any payments for such appearances to be negotiated and kept by the Association. Coach shall also make no less than 12 unpaid appearances at Bulldog Clubs and other fundraiser events as reasonably requested by the Association or the University. Coach shall also be available for up to 3 personal appearances on behalf of the Association’s equipment provider (currently Nike).

Coach shall not make separate endorsement, appearance, or speaking agreements except as approved in writing by the Athletic Director, such approval not to be unreasonably withheld. To the extent provided for in the Association's shoe and apparel endorsement contract, Coach will receive up to \$3,600 worth of clothes and shoes directly from the manufacturer (currently Nike) each year.

3. **PERFORMANCE BONUSES:** Coach will be eligible for certain potential bonuses based on the football team's performance and other objective criteria, up to a maximum of \$1,600,000 per season. (Attachment A)

4. **VEHICLE STIPEND:** Coach will be provided a stipend of \$1,800 per month to directly lease or purchase up to two (2) cars. The Association will pay up to a maximum of \$5,000 annually for insurance and other expenses of both cars. Coach agrees to purchase (1) a minimum of \$250,000 per person and \$500,000 per accident in both bodily injury and underinsured motorist insurance coverage for the cars and any other vehicles Coach may own or lease and at any time may drive for any Association or University business activity or event, including recruiting, public relations obligations, endorsement obligations, and commuting to or from work; and (2) an umbrella insurance policy with a minimum of \$3 million in coverage. The Association will also reimburse properly documented business expenses not reimbursed by others.

5. **TERMINATION BY THE ASSOCIATION FOR CAUSE; TERMINATION BY COACH; and LIQUIDATED DAMAGES PAYMENT:** If Coach resigns from his position as head football coach and/or terminates the Contract, or if the Contract is terminated by the Association for Cause (to be defined in accordance with other contracts the Association has with head coaches and includes, but is not be limited to, certain violations of NCAA, SEC, University, or Association rules), neither the Association nor the University shall be liable for any payments or benefits after the date of termination. Further, if Coach terminates the Contract or resigns from his position as head football coach, he will be obligated to make a lump sum payment to the Association, on or before the effective date of termination, of one of the following liquidated damages amounts: (1) \$3,750,000, if Coach resigns or terminates the Contract in calendar year 2016; (2) \$3,000,000, if Coach resigns or terminates the Contract in calendar year 2017; (3)

\$2,500,000, if Coach resigns or terminates the Contract in calendar year 2018; (4) \$2,000,000, if Coach resigns or terminates the Contract in calendar year 2019; (5) \$1,500,000, if Coach resigns or terminates Contract in calendar year 2020; (6) an amount equal to Coach's then-current annual Base Salary, if Coach resigns or terminates the Contract in calendar year 2021. Notwithstanding the foregoing, if Coach resigns or terminates the Contract for Good Reason, then Coach shall not be obligated to pay the Association any liquidated damages amount. The parties agree to negotiate in good faith the definition of Good Reason following the execution of this Memorandum of Understanding and shall include such definition in the Contract.

6. **TERMINATION WITHOUT CAUSE:** If the Contract is terminated by the Association without Cause, the Association agrees to pay any earned but unpaid compensation and any unreimbursed business expenses through the effective date of termination. In addition, if the Association terminates the Contract without Cause prior to the end of the term of the Contract, the Association shall pay Coach one of the following amounts: (1) \$13,500,000, if termination occurs in calendar year 2016; (2) \$10,800,000, if termination occurs in calendar year 2017; (3) \$7,050,375, if termination occurs in calendar year 2018; (4) \$4,700,250, if termination occurs in calendar year 2019; (5) \$2,350,125, if termination occurs in calendar year 2020; (6) 62.67% of any remaining (unpaid) Base Salary and Supplemental Income that would otherwise have been payable to Coach through December 31, 2021, if termination occurs in calendar year 2021. If termination occurs after calendar year 2021, no payment will be due to Coach. Prior to receiving any such termination payment, Coach will execute (and not revoke) a general release of all claims against the University and Association within sixty days following the date of termination as a condition to receiving the termination payments. Any payments to Coach under this paragraph shall be made in equal monthly installments through December 31, 2021, and in accordance with the University's payroll practices. Coach understands and agrees that the Association's liability, if any, for the termination payments provided under this paragraph shall be reduced by any and all compensation earned by Coach if he takes any position at any other Southeastern Conference school within the remaining contract term. The University shall not have any liability except with respect to vested retirement or medical benefits, as provided in the University benefits plans.

7. Coach shall not receive other benefits or income from any source, without prior written consent. Approval shall not generally be given for separate endorsement, speaking, or appearance agreements.

8. Coach shall give the Association and University an exclusive license to use his name, likeness, autograph, and other personal characteristics to promote the Football team, radio/tv shows, apparel/shoe contracts, and other endorsements.

9. Any dispute between Coach and the Association will be settled by binding arbitration pursuant to an arbitration clause consistent with the clauses contained in other head coaches' contracts.

10. Additional and/or related terms of the parties' agreement shall be set forth more fully in the Contract consistent with other UGA head coaches' contracts.

Head Football Coach:

Signature: _____
Printed Name: _____
Date: _____

**UNIVERSITY OF GEORGIA
ATHLETIC ASSOCIATION, INC.:**

By: _____
Title: _____
Date: _____

Attachment A

Performance Bonuses if the Team meets the following goal(s):

(1)	Playing in the SEC Championship Game as SEC Eastern Division Champions (<u>or</u> winning the SEC Championship Game, whichever is greater)	\$150,000 (<u>or</u> \$400,000)
(2)	Participation in Birmingham or Independence Bowl Game Participation in a Six Pack Bowl Game (e.g., Taxslayer, Outback, Belk, Music City, Texas, Liberty); or Participation in Citrus Bowl Game; or Participation in any CFP Bowl Game (Sugar, Rose, Orange, Cotton, Fiesta, Peach); or Advance to CFP Semifinal Game; or Play in National Championship Game; or Win National Championship Game (whichever one is greatest under this paragraph)	\$50,000 \$75,000 \$100,000 \$200,000 \$500,000 \$600,000 \$1 million
(3)	Top-5 finish in either the AP or Coaches' Poll	\$200,000

Academic Bonus: Coach shall receive a bonus of \$50,000 if the Team finishes in the top 33% of SEC football teams in both graduation Success Rate (“GSR”) and Academic Progress Rate (“APR”) as determined by the University.

Other Bonus: Coach shall be entitled to annual bonuses of (1) \$50,000 if he is selected as SEC Coach of the Year, and (2) \$100,000 if he is selected as National Coach of the Year. The maximum total bonus under this paragraph is \$150,000, less normal deductions, per season.

Tickets: Use of 25 seat box and 6 complimentary tickets at home football games; 6 complimentary tickets at away football games; 6 complimentary tickets to SEC championship game and post-season bowl, in addition to up to 50 tickets to buy at SEC championship game and post-season bowl.

Country Club Membership: One membership to Athens-Country Club; UGAA will pay monthly dues.

Moving Expenses:

- Pay all moving expenses
- Up to 60 days in temporary housing
- Employee and spouse travel plus four nights for house-hunting
- Up to 60 days of storage