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University of Louisville
Board of Trustees
c/o Thomas M. Williams
Stoll Keenon Ogden
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Dear Trustee,

I am writing as counsel to Tom Jurich to provide some thoughts and information in advance of your October 18, 2017 Board meeting. As most in the Louisville community have expressed, parting ways with Tom isn't in the University's best interest, especially now, when strong leadership is needed to be sure donor support remains intact, fans continue to buy tickets, and NCAA punitive action is minimized. Tom is in the best position to help UofL through this difficult time, as he has helped UofL weather other difficult times and continue to move forward in a positive manner.

Tom has been encouraged by numerous people, including prominent community members and all UofL head coaches, to continue as UofL's Athletic Director if he is asked to do so by the Board.¹ Yesterday, during an interview with Terry Meiners, Governor Bevin made positive comments about the UofL Board of Trustees and Tom's service as Athletic Director, and then made the following comment: "I am not convinced that Tom Jurich's role as Athletic Director at UofL is done." At this time, Tom remains willing to resume that role for the benefit of the University and its athletes, coaches, staff and fans. After spending 20 years at UofL and having hired all of the current coaches, Tom feels a sense of responsibility to them and to the University to continue to work tirelessly as he always has to make UofL athletics the best it can be. But first, let me address several topics that are likely on your minds.

When Tom joined UofL in 1997, it was facing NCAA investigations of basketball and volleyball. Tom has always stated a zero-tolerance policy for NCAA violations. Tom added a compliance officer to his staff, addresses compliance with coaches and staff every year in meetings at the start of school, and compliance is addressed regularly in weekly meetings. Tom observes coaches addressing staff and athletes about compliance on a regular basis.²

¹ See, for example, Bill Lamb, *POV: Consider Jurich's full body of work*, WDRB.com, October 10, 2017.

² In the April 2017 hearing involving UofL's appeal of the NCAA sanctions, the prosecutor for the NCAA included

Despite what Tom and UofL athletics staff feel is a very strong compliance program, UofL has now experienced two significant incidents involving inappropriate and non-compliant behavior by individuals who failed to follow the clear compliance policy of UofL athletics. Athletics departments around the country will need to consider how to further monitor all activities of coaches and staff, and perhaps even athletes. This may mean regular review of emails, text messages and phone logs or even having a private investigator on staff at all times to ferret out and be a stronger deterrent to improper activity. The threat of never being able to work in college athletics again has not been enough of a deterrent. Compliance initiatives in the future will likely be forever changed by the current New York legal proceedings.

You may also have concerns about the adidas contract or the recent extension of that contract, especially given all the press this topic has received after Dr. Postel's letter placing Tom on leave was provided to the press. Tom discussed the contract renewal and its broad terms with Dr. Postel twice in April 2017, and after that Dr. Postel's staff and UofL attorneys assisted with negotiation and documenting the terms. If there was an expectation that the contract would be approved by the ULAA Board or by Dr. Postel, this was never communicated to Tom. Governance policies regarding the Athletics Department are the purview of the ULAA Board, and Tom would certainly comply with any new process for reporting or approval of major contracts or initiatives.

The terms of the existing and the new adidas contract are fantastic for UofL, and the negotiations did not involve any improper or illegal activity. The existing contract provides significant benefits to UofL, including a highly valued internship program that draws students to UofL and cash royalty fees for sales of merchandise. These are in addition to adidas products for all 23 sports. Payments are made to one coach, and this arrangement is a common one, was properly reported, and reduced what UofL would otherwise have to pay the coach.

The new contract provides for \$15 million of funding for the Papa John's Cardinal Stadium expansion, among other great benefits to UofL. This product and endorsement contract was to be the first part of a new partnership with adidas. The second part is an adidas product innovation center at the UofL campus, which would provide state of the art equipment and hands-on experience for engineering, business and physical education students, and expansion of the adidas internship program. This is an unprecedented partnership that would bring significant benefit to UofL academics and recruitment of the best and the brightest students.

The adidas relationship needs study in light of the recent events, and controls need to be in place to ensure compliance. UofL should continue to take advantage of the value of an apparel brand being worn by UofL athletes and staff. The value of the apparel alone is at least several million,

in her closing remarks high praise for Tom and the UofL staff, saying they were open and cooperative and honest in a way rarely seen. After the hearing ended, other NCAA staff said such comments were unheard of in a 34-year career with the NCAA. The NCAA prosecutor would not have felt this way if compliance efforts at UofL had been lax.

but the value to adidas is clearly much larger and can help fund other initiatives such as advertising and the stadium expansion.

Tom's compensation has also been discussed extensively in the press. Tom is likely not the highest paid AD, but that is hard to determine since many schools do not report compensation or do not report total compensation. Tom is one of the highest paid AD's, and this has been reported many times in the local press. Most articles have reported that given the total transformation of UofL athletics under Tom's leadership, the pay is understandable and well earned. Tom was promised at least four years ago that his contract would be re-stated to provide the currently promised compensation level in a straight forward structure, but this has been delayed over and over by UofL. The current contract is complex and includes pay items that are now out of favor, but which were commonplace when the contract was last re-written in 2006 and 2007.

Tom constantly checks in with coaches and athletes, and entertains boosters, community members and donors. He is on call 24/7, 365 days a year. Many athletes and coaches have reported that his success is not only due to his hard work, but also his open-door policy and his regular meetings with athletes, coaches and staff to see what they need to be successful and listen to any concerns. Tom goes to games (matches, meets) for all 23 sports, something many athletic directors do not do.

Tom has worked extremely hard for 20 years for UofL, and for sixteen of those years there have been no significant NCAA violations or disagreements with University Boards. Under Tom's leadership, UofL athletics has been transformed in terms of academics, facilities, success on the field/court, and national prominence. The success under Tom's leadership has been praised year after year.³ Tom has a very strong focus on academics, and the student athletes have an exemplary 3.0 GPA and 60% graduation rate. Tom's job involves oversight of 23 sports (over 60 coaches), and men's basketball is only one of them. **There are no allegations of wrongdoing in other sports. There are no allegations that Tom was involved in any way that or Tom had any knowledge of NCAA compliance incidents.**

I know that Tom can continue to lead UofL athletics through the current challenges and to even greater success. It would be difficult to find someone else with his experience, network and leadership skills. If the Board wishes for Tom to return to his position, productive working

³ See Ross Nethery, *Cards' can-do man*, Louisville Business First, June 8, 2007, following Jurich's being named athletic director of the Year by Street & Smith's Sports Business Journal. (Tom was also named Louisville's Year in 2007.) This Business First article quotes Mitch McConnell: "Coming from nowhere to somewhere in football is the hardest thing to do in collegiate athletics. To have Louisville in the top 10 or 25 every year is an incredible accomplishment"; John L. Smith: "You hear the story about how a coach is a player's coach. Well, Tom is a coach's AD. He gives you the support to do whatever it is that will achieve his vision for the program."; Pat Forde: "I can't think of a single athletic department that's come as far as Louisville has in the last 10 years. I don't think it's even close."; Junior Bridgeman: "He brought a new mind-set to Louisville, the mind-set that there's no reason any of our teams can't excel."; Jim Host: "His single biggest accomplishment was getting into the Big East, but if you look at the extent to which all of the programs have grown, it's just been a phenomenal ride."

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relationships and guidelines with the Board of Trustees, President Postel and other administrators can be developed. This would involve collaboration regarding compliance practices and initiatives, documentation of governance processes and expectations, and updates to Tom's contract to provide for currently promised compensation in a straight forward structure. Thank you for your consideration. I am available to discuss any and all of this with you.

Sincerely,

A handwritten signature in black ink, appearing to read 'Alison M. Stemler', with a long, sweeping horizontal line extending to the right.

Alison M. Stemler

Enclosure: Recent Prominent Media Topics and Additional Facts, with cited articles

Recent Prominent Media Topics and Additional Facts Regarding Tom Jurich's Leadership of UofL Athletics

Items referenced in footnotes are attached.

Interaction with the President and ULAA Board. Dr. Postel's September 27th letter to Tom placing him on paid administrative leave stated that Tom failed to keep the Board and President informed about the adidas contract. This letter was distributed to the press, and has been written about in many articles. Dr. Postel's letter said that Tom's "recent negotiation of the terms of the updated sponsorship deal with adidas was conducted without timely or appropriate consultation with me or member of the Board of Directors of the University of Louisville Athletics Association".

- Athletics staff provided a memo to Dr. Pinto and David Adams on November 2, 2016 outlining the structure of the new contracts with adidas. Dr. Pinto and Tom were discussing a Product Innovation Center to be supported by adidas that would expand the adidas intern program and allow hands-on product development and experience for engineering, business and physical education students. This is an innovative approach that will provide great benefits to the university and academic programs. The master contract for the innovation center was to be negotiated this month.
- On December 21, 2016, Dr. Pinto, then acting President of UofL, and Tom confirmed the offer of the space on Arthur Street for the innovation center in a letter to Mark King, President of adidas Group North America.
- Tom discussed the adidas contract with Dr. Postel at lunch on Wednesday April 19th when they were in Cincinnati, and again by phone on Sunday April 23rd while Tom was attending an adidas retreat in Canada. In both conversations, Tom told Dr. Postel that he was working toward a 10-year contract that would pay UofL more than adidas pays any other school.
- Peter Stavros from UofL's legal department, and outside counsel, participated in discussions and drafting the update to the adidas agreement, as did David Adams, the President's Chief of Staff, and Becky Simpson, Communications Director.
- When UofL counsel Leslie Strohm questioned the contract a week after it was announced, Tom immediately responded and indicated that a ULAA Board meeting to discuss the facts of the contract could be held in a matter of days.⁴
- We understand that adidas will let Louisville out of the contract if it wishes, so we're not sure why there is a concern about the new terms.

⁴ See memo from Tom Jurich to Leslie Strohm dated, attached.

- Tom was never asked to seek ULAA Board approval for contracts such as this, and if governance practices were changing, it would only be fair to advise Tom and allow him a chance to operate under new parameters.

Financial Terms of adidas Contract. It is unclear why attention is being drawn to the approval process for the adidas contract. Is it intended to imply that there is something wrong with the agreement or that it was not a good agreement? Many schools have endorsement arrangements that do not involve any cash payments to the school. In exchange for being the recognized uniform provider, the athletic apparel company provides uniforms for certain sports, often just the prominent sports, and nothing or little more. UofL's adidas contract does much more for UofL:

- It provides for payments to UofL staff as part of a personal services endorsement contract. The payment to Rick Petino has been in place since he joined UofL, is a common practice, is money UofL would otherwise have had to pay to him, and is in recognition of his commercials, camps, speaking engagements and other support of adidas.
- In addition to providing uniforms for football, men's and women's basketball, and baseball, adidas provides uniforms for all other sports, to the tune of \$2.6 million in uniforms for those additional sports.
- It provides funding for the extremely popular intern program, which has generated lots of applicants to UofL.
- It provides a significant annual minimum royalty payment.
- The newly negotiated agreement provides \$15 million of funding for the expansion of the football stadium over the next three years. Given UofL's financial circumstances, this is a significant amount and would be hard to replace.

Tom's Compensation.

Tom joined UofL in 1997, when only 44 athletes had a 3.0 GPA. This rose to 164 in 2005, 288 in 2008, and 400 in 2011, when UofL athletes had attained a 60% graduation rate.⁵ Tom worked tirelessly to provide adequate support to all sports, especially women's sports, and to upgrade facilities for all sports, so that all student-athletes would have what they need to succeed both in their sport and academically.⁶ Tom facilitated fundraising and financing of \$280 million in new sports facilities. Tom also worked hard on fundraising outside of athletics, including helping secure a \$32 million donation from Owsley Brown unrelated to athletics. Despite a provision added to his Foundation Employment Agreement providing for Tom to receive a one-half of 1% (0.5%) "bonus" based on donations like Mr. Brown's, Tom never asked for that term in his agreement and never accepted any payment.

⁵ See *Athletic Director Tom Jurich*, UofL Magazine excerpt, 2006-2007.

⁶ Kristi Dosh, *Louisville: Setting the Standard*, @sportsbizmiss, 2011.

- The *Courier-Journal* stated on Sunday October 8th that Tom's pay was first broken down in the forensic audit of the University of Louisville Foundation. This is not true. The *Courier-Journal* reported Tom's salary as 3rd and 2nd highest in the nation in 2011 and 2015, and his pay has been reported numerous times by the *Courier-Journal*, *USA Today* and other media.⁷ His contract has been provided in response to open records requests many times. It is common knowledge that his pay is among the highest of college AD's.⁸ The *Courier-Journal* noted in 2015 that it may not surprise its readership that Tom is the second highest paid AD.
- Tom's is one of the highest paid AD's because of his success. As Eric Crawford stated in his article on October 9th, "he got the University's athletic program onto the last lifeboat in college sports" -- i.e., membership in the ACC.⁹ And that is only one of Tom's most recent major achievements.
- The *Courier-Journal* reported that Tom's pay last year was \$5.1 million, and that a large portion of this was earned over "several" years. The *Courier-Journal* knew that \$3.5 million of the \$5.1 million was deferred compensation earned over 12 years. Few readers would understand "several" to mean 12 years, leaving an impression of a higher annual payout than was actually the case.
- Tom has been recruited for all major AD jobs that have come open. UofL enhanced Tom's contract on a number of occasions to recognize the unprecedented accomplishments in UofL athletics and as a way to be sure Tom would be retained at UofL.
- UofL has not paid Tom too much when measured by his accomplishments. Eric Crawford said this well in his article on October 9, 2017, enclosed.
- Tom was promised many times that his contract would be re-written to simplify it and update it to current best practices. Tom was promised this would be done by January 2015, and early 2017 he was told it would be done over the summer. Tom did not request or come up with the numerous compensation items in updates to his agreement, most of which have been in the contract for a long time. In 2007, the last time the agreement was restated, it was common to have many complex types of compensation.¹⁰

⁷ C.L. Brown, *Jurich is third-highest paid AD*, *Courier-Journal*, October 6, 2011. Jonathan Lintner, *Cards' Jurich nation's second-highest paid AD*, *Courier Journal*, January 6, 2015.

⁸ Steve Berkowitz, *Departing USC AD Pat Haden made 2.9 million in 2014*, *USAtoday.com*, May 17, 2016. Tully Corcoran, *Perkins due \$600k bonus in 2011*, *cjonline.com* (the Topeka Capital-Journal), June 11, 2010, noting that Kansas athletic director Lew Perkins earned \$4.4 million in 2009. Excerpt from Athletic director salary database, *USAtoday.com*, March 6, 2013.

⁹ Eric Crawford, *It's complicated: Tom Jurich's Louisville legacy*, *WDRB.com*, October 9, 2017.

¹⁰ See excerpt from Jodi Upton and Steve Wieberg's, *Contracts for college coaches cover more than just salaries*, *USA Today*, November 16, 2006.

UofL is not Subsidizing Athletics When All Facts are Taken into Account.

- UofL has provided some funds for athletics, but athletics provides more funds back to UofL.¹¹ Also, membership in the ACC has brought millions of economic benefits to the city of Louisville.
- Even if UofL were spending millions on athletics, it is a much smaller amount than would likely be spent if UofL had not joined the ACC, which was made possible in no small part by Tom's leadership and record.¹² In a recent article, *It's complicated: Tom Jurich's Louisville legacy, and future*, Eric Crawford has a much more factually correct depiction of ULAA's finances and Tom's tenure. Eric notes "What UofL invested in Jurich, it got back, many times over". As Crawford further notes, Jurich took over "a program that had a budget of less than \$30 million, no major conference affiliation, basketball probation, a one-win football team, a Title IX problem waiting to happen, few adequate facilities and a basketball program on probation and facing major NCAA violations".
- If UofL would charge in-state tuition for scholarship athletes (which tuition ULAA pays), the athletics department could drop the \$50 student fee assessed on all students with their tuition, and could pay all the utilities for all athletic facilities, some of which UofL is now paying.

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¹¹ See *Review of Athletic Financials*, attached. See Op-ed by Larry Benz, *NCAA definition of Self-Supporting doesn't tell the Story of UofL Athletic Association's contribution to UofL*, attached.

¹² Eric Crawford, *It's complicated: Tom Jurich's Louisville legacy*, WDRB.com, October 9, 2017. (attached as fn 9)