

HEAD COACH OF FOOTBALL

Employment Contract

This Employment Contract ("Contract"), effective as of November 25, 2017 by and between The Regents of the University of California, on behalf of the University of California, Los Angeles campus (hereinafter "University") and **Charles Edward "Chip" Kelly** (hereinafter "Coach") pursuant to Personnel Policies for Staff Members (hereinafter "PPSM") Policy 3 (Contract Appointment, as defined therein). This Contract and the Employment Contract Addendum ("Contract Addendum") set forth the terms and conditions of Coach's employment, and supersedes the Memorandum of Agreement signed by the parties on November 24, 2017. The Contract Addendum is fully incorporated by reference into this Contract. In consideration of the mutual promises set forth herein, the parties agree as follows:

1. **EMPLOYMENT.** University hereby employs Coach as Head Coach of Football, and Coach hereby accepts said employment, under the terms and conditions hereinafter set forth.
2. **PERFORMANCE OF DUTIES.** Coach agrees to faithfully and diligently devote all of Coach's business time to the performance of the duties in said position, including those duties set forth in Paragraphs 7 and 8 and any additional duties as reasonably required by the Director of Intercollegiate Athletics, the Sport Supervisor or their designees (including cooperating with any third parties with whom University has contractual commitments); Coach acknowledges that duties may be removed from Coach's responsibility and reassigned. Coach agrees that Coach will not engage directly or indirectly in any activity that would materially detract from Coach's ability to perform Coach's obligations hereunder, pose a material conflict of interest or otherwise violate University's Conflict of Interest Policy. Without limiting the foregoing, Coach shall perform the following duties and have the following responsibilities:
 - (a) Responsibility for the athletic performance of Football team – based on outcome targets agreed upon with Director of Intercollegiate Athletics prior to the start of each season.
 - (b) Supervise personnel, including assistant coaches, operational staff, and others, as assigned by the Director of Intercollegiate Athletics Supervisor, providing orientation, training and day-to-day supervision and performance management, as appropriate.
 - (c) Conduct and participate in performance reviews, specifically:
 - i. When instructed by the Director of Intercollegiate Athletics or designee, successfully complete post-season performance review with Director of Intercollegiate Athletics or designee.
 - ii. When instructed by the Director of Intercollegiate Athletics or designee, complete annual formal written performance reviews for all direct reports.

Initials: CK

- (d) Regular attendance and participation at coaches meetings and departmental specific meetings.
- (e) Comply with, and support Football program's compliance, with the NCAA, Pac-12 Conference (and any successor conference), and University legislation, by-laws, policies, rules, standards, procedures and department rules education program, including (i) conducting Coach behavior and actions, and Football activities and programming, in conformance with the Constitution, bylaws, legislation and regulations of the NCAA, as well as University legislation, by-laws, policies, rules, standards and procedures, as such may be amended from time to time; (ii) promptly advising the Sport Supervisor, Director of Intercollegiate Athletics, Faculty Athletic Representative or Associate Athletic Director of Compliance if Coach has reason to believe that violations have occurred or will occur; and (iii) promoting an atmosphere of compliance, and supervising and maintaining responsibility for Football coaches and staff and Football student-athletes, to ensure compliance with the Constitution, bylaws, legislation, and regulations of the NCAA, as such may be amended from time to time.
- (f) Lead the Football team with integrity and manage the Football team within the confines of established budget, standards and reasonable expectations of University. Adhere to University policies concerning fiscal responsibility.
- (g) Promote a culture of diversity and inclusion.
- (h) Take reasonable steps to build relationships with external stakeholders (donors, sponsors, patrons, etc.), fulfill all required fundraising activity, and actively participate with University Athletics Development staff and others to create a development community and support for the Department of Intercollegiate Athletics and the Football program; provided, however, that Coach will therefore refrain from engaging in any material communication with any external stakeholders that may undermine the administration of University's athletics program.
- (i) Demonstrate consistent support for student services and participation in community programs.
- (j) Be available for media and other public appearances at such times as University may reasonably designate.
- (k) Follow University's standards and best practices for recruiting, including:
 - i. Recruit student-athletes who meet University's and Athletic Department's academic and athletic standards, and who will represent University with the highest character and integrity.
 - ii. Develop, implement and maintain a responsible, orderly and structured recruiting process.

- iii. Demonstrate due diligence in the recruitment process and compliance with applicable recruiting policies and regulations.
 - (l) Follow the NCAA and University's standards at all times, including those related to the eligibility of prospective and current student-athletes and be otherwise responsible for academic performance of Football team based on academic goals agreed upon with Director of Intercollegiate Athletics.
 - (m) Exclusive use of the athletic and athleisure apparel, footwear, accessories, equipment, connected fitness products, and other fitness products, including eyewear, shoes, travel bags, and other personal items (collectively, "Athletic Equipment"), provided by University for the team and for Coach, when engaged in any University Athletics or team-related events (including but not limited to practices, games, related travel, recruiting, etc.) or when engaged in any promotional, commercial, or instructional activities, without requiring additional consideration. Take proactive steps to ensure compliance by the team with the foregoing requirements. The Athletic Department's Policy regarding athletic gear will apply to any Athletic Equipment provided to the Coach.
 - (n) Avoid creating conflict, or the appearance of conflict, with University's contracts with third parties, including those for Athletic Equipment, and support and ensure compliance by Football assistant coaches and staff and Football student-athletes with such contracts (including those concerning Athletic Equipment) and University policies and standards.
3. **DURATION.** This appointment is for a definite term as set forth in the Contract Addendum, as extended or earlier terminated in accordance with this Contract ("Term"). Except as set forth herein, the appointment shall terminate automatically on the termination date unless terminated earlier pursuant to the terms of this Contract. Should this Contract be extended, it shall terminate automatically upon the expiration date of the extension. In addition, this appointment or any extension thereof may be terminated in accordance with Paragraphs 10, 11, 12, 13 or 14 of this Contract.
4. **WAIVER OF PROCEDURAL RIGHTS.** Coach understands and agrees that if this Contract is terminated under Paragraphs 10-14, Coach is waiving Coach's rights to any process Coach might otherwise be due, including a Skelly hearing, a post-deprivation hearing and/or a liberty interest hearing. Coach attests that Coach is voluntarily waiving Coach's rights to such processes in exchange for the bargained for consideration in Paragraph 5 of this Contract and the Contract Addendum.
5. **COMPENSATION AND BENEFITS.** The Head Coach of Football position is assigned to title code 0786, which is in the Managers and Senior Professionals group in the PPSM Program (or equivalent title based upon the personnel program provisions in effect at the time).
- (a) **COMPENSATION AND HOURS OF WORK.** The annual base salary for this position shall be as set forth in the Contract Addendum and payable in

substantially equal monthly installments during the Term. Payments of the annual base salary and all other compensation shall be in accordance with the payroll policies of University and subject to such deductions as may be required by applicable laws and regulations, or as authorized by Coach. Changes in compensation shall be only by written contract revision signed by both parties, or by University pursuant to Paragraph 18 of this Contract.

Coach understands and agrees that, should other non-represented University employees be subject to a pay cut, reduction in time, furlough, or any other type of reduction in compensation, or any combination of them as a result of University President's declaration of fiscal emergency, Coach may be subject to the same pay cut, reduction in time, furlough or any other type of reduction in base salary compensation, or any combination of them under the same terms and for the same period. Any such pay cut, reduction in time, furlough, or any other type of reduction in compensation, or any combination of them shall automatically become a term of this Contract without any further action by either party.

- (b) **VACATION.** Coach will not accrue vacation leave or other paid time off during the Term, and any University policies relating to paid vacation leave, including but not limited to PPSM Policy 2.210 III.B., shall not apply to Coach. Should Coach require time off during the Term, Coach shall obtain the Director of Intercollegiate Athletics' prior written approval.
- (c) **SICK LEAVE.** Coach will not accrue paid sick leave during the Term and any University policies relating to paid sick leave, including but not limited to PPSM Policy 2.210 III.C., shall not apply to Coach. The Director of Intercollegiate Athletics may, in his or her sole discretion, grant leave to Coach, with or without pay, for illness or other health-related reasons. Nothing in this Paragraph, however, is intended to impact any rights to leave that Coach may have under PPSM Policy 2.210 III.D., including but not limited to the right to Family and Medical Leave.
- (d) **EMPLOYEE BENEFITS.** Coach shall participate in health and welfare benefits made available by University (as the same may be modified or terminated) subject to the eligibility requirements of the University Benefit Program Group Insurance Regulations, plan terms and generally applicable University policies. Coach shall participate in the University Retirement Plan (the "UCRP") subject to the Standing Orders of the Regents of the University governing retirement and the terms of the UCRP. Should any University Benefit Program Group Insurance Regulation or Standing Order of the Regents change during the Term, Coach's coverage shall be changed accordingly, without requiring further action.

6. **APPLICATION OF PPSM AND OTHER PERSONNEL POLICIES APPLICABLE TO UNIVERSITY EMPLOYEES.** University policies listed below are applicable to Coach and incorporated by reference into this Contract:

PPSM Policy 1
PPSM Policy 2.210

III.A

III.D

III.H

PPSM Policy 12

PPSM Policy 63

PPSM Policy 80

PPSM Policy 82

General Provisions

Absence from Work Policy

General Leave Provisions

Leaves Related to Life Events

Holidays

Nondiscrimination in Employment

Investigatory Leave

Staff Personnel Records

Conflicts of Interest

No other PPSM Personnel Policies shall apply, unless mutually agreed upon by the parties, in writing.

Unless otherwise stated herein, general policies and regulations that apply to all University employees shall apply to Coach, including:

- Business and Finance Bulletin G-39, Conflict of Interest Policy and Compendium of Specialized University Policies, Guidelines, and Regulations Related to Conflict of Interest;
- University of California Conflict of Interest Code;
- University of California Policy on Reporting and Investigating Allegations of Suspected Improper Governmental Activities (Whistleblower Policy);
- University of California Policy for Protection of Whistleblowers From Retaliation and Guidelines for Reviewing Retaliation Complaints (Whistleblower Protection Policy);
- University of California Policy on Sexual Harassment and Sexual Violence;
- Policies Applying to the Disclosure of Information From Student and Staff Personnel Records;
- Electronics Communication Policy; and
- Principles of Community.

University policies may change from time to time. Changes to any of the above provisions shall apply to Coach and are incorporated into the Agreement by this reference. To the extent that any such University policies conflict with the express terms of this Agreement, the terms of this Agreement shall apply. A copy or links of the applicable policies shall be given to Coach upon execution of this Contract.

7. **CONDUCT AND PERFORMANCE OF COACH.** In the performance of Coach's duties, Coach shall be directly responsible to and under the supervision of University's Director of Intercollegiate Athletics, as determined by University. The parties agree that,

although this Contract is sports-related, the primary purpose of University and its intercollegiate athletics program is educative. Thus, the educative purposes of University shall have priority in the various provisions of this Contract. Coach's conduct shall at all times be in a manner consistent with Coach's position as an instructor of students. Unless required by law, Coach shall make no public appearance, either in person or by means of radio, television, printed materials, social media, online communications or other medium or otherwise knowingly permit the use of Coach's name in connection with University when any such appearance or use of name may reflect negatively upon University or otherwise cause harm to University or any of University's sponsors or other contractual partners.

8. **RESPONSIBLE EMPLOYEE.** Coach is considered a "Responsible Employee" pursuant to Title IX of the Education Amendments Act of 1972 ("Title IX"). As a Responsible Employee, Coach is required to inform the Title IX Officer if Coach becomes aware that a student (undergraduate, graduate, or professional) has experienced sexual violence, sexual harassment, or other behavior prohibited by University policy. Coach must contact University's Title IX Office as soon as possible when Coach learns of an incident of sexual violence or sexual harassment and share whatever information Coach has, including the names of any individuals involved, their contact information, and any details of the incident. As a Responsible Employee, Coach must report directly to the Title IX Office, even if Coach is unsure that the incident actually occurred or unsure whether it constitutes sexual harassment or sexual violence. Coach should not investigate the report, and should not try to intervene or resolve the issue. While information must be provided to the Title IX Office, Responsible Employees should not discuss the case with other people who do not have a legitimate need to know.
9. **ATHLETICALLY RELATED INCOME AND/OR BENEFITS.** Coach hereby assigns to University all rights of any kind that Coach may have during the Term to enter into promotional, endorsement, or consultation contracts that is in any way tied to Coach's affiliation with University ("Coach Agreements"). During the Term, Coach shall not enter into any such Coach Agreements, and shall not accept compensation, goods, publicity or gratuities of any kind, directly or indirectly, from any company, brand, designer, agency, distributor or manufacturer, except in accordance with this Paragraph 9. If the proposed arrangement is determined to be desirable by University, University, in its sole discretion, may decide to execute the Coach Agreement or similar contract.

Coach shall neither participate in, nor knowingly allow Coach's name, image or likeness to be used in connection with, any Commercial Activity without prior written consent from the Director of Intercollegiate Athletics or the Sport Supervisor. "Commercial Activity," as used herein, shall include, without limitation, any appearance by Coach off the field of play, either in person or on radio or television, or the preparation by Coach of any news story or article for publication by any newspaper, periodical or other form of media (including any online media), regardless of whether Coach receives any financial remuneration.

Coach may, but will not be required to, (a) participate in NCAA-compliant Football camp/clinic programs and/or (b) serve as a coach, advisor or in any other capacity to any other Football team (including any national team), if and to the extent, in each case, that Coach obtains the prior written approval from the Director of Intercollegiate Athletics. Any compensation associated with such camps or other team activities shall be provided by the approved third-party provider(s) and Coach acknowledges that such participation is subject to applicable law, NCAA Bylaws, and conflict of interest, disclosure and other requirements identified in this Contract or University legislation, policies, rules and standards.

10. **DISCIPLINE AND TERMINATION FOR CAUSE.** Pursuant to this Paragraph 10, Coach may be disciplined, up to and including termination of Coach's employment, for cause. For purposes of this Paragraph 10, cause includes, as determined by University in its sole discretion:

- (a) Material breach of any provision of this Contract, as determined by University, including breach of Coach's confidentiality obligations under Paragraph 15 of this Contract, neglect or inattention by Coach to, or material failure by Coach to perform, Coach's duties or meaningful failure to obtain prior written approval for outside activities or to timely and accurately report all sources and amounts of income and benefits, as required by this Contract.
- (b) Misconduct, including fraud, embezzlement or dishonesty of Coach in the performance of Coach's duties or responsibilities under this Contract.
- (c) Failure to maintain appropriate standards of employee conduct.
- (d) Material failure to properly represent University and University's athletic programs in private and public forums, including by the commission of, participation in, or condoning of any act, situation or occurrence that, in University's judgment, brings Coach or University into public disrepute, embarrassment, contempt, scandal or ridicule. This subsection encompasses findings or determinations of violations during the Term from any institution of higher education.
- (e) A violation by Coach of any legislation, policy, rule, standard or procedure of (or applicable to) University, or any applicable law or regulation, or a failure by Coach to report the violation of any of the foregoing by any member of Football assistant coaches and staff or any student-athlete.
- (f) Coach's sale, use or possession of any narcotics, drugs, controlled substances, steroids, performance enhancers or other chemicals for which the sale, use or possession is prohibited by law or by the associations or agencies that govern the operation of athletic programs or athletic competition to which University adheres. Likewise, the Coach's permitting, encouraging or condoning any such conduct by an assistant coach, other athletic staff member, or student-athlete.
- (g) Coach's commission of a felony or any crime involving moral turpitude.

- (h) Coach's failure to cooperate fully and/or respond accurately and promptly to any inquiry by the NCAA, Pac-12 Conference (and any successor conference), or other governing body relating to the performance of Coach's duties under this Contract or during any prior employment at another institution of higher education.
- (i) Direct or indirect breach of any of the rules or standards of the associations or agencies that govern the operation of athletic programs or athletic competition to which University adheres, including the NCAA, Pac-12 Conference (and any successor conference), youth, collegiate, and master's amateur athletics. Without limiting the foregoing, the term "cause" in this Paragraph includes (i) one or more Level I or Level II violation(s) or (ii) repetitive Level III violations (or, in either case, the equivalent in the event the NCAA modifies its infraction structure) by Coach or any person under Coach's supervision and direction (including assistant coaches, other athletic staff member, and student-athletes), as determined by University.
- (j) Placing a bet on any athletic contest, intercollegiate, professional or otherwise (or permitting or encouraging staff or student-athletes to do the same), or supplying information to anyone for that purpose (including, *e.g.*, Daily Fantasy Sports).
- (k) Material failure to follow the high moral and ethical standards commonly expected of Coach as a leading representative of the Department of Intercollegiate Athletics at University.

Discipline under this Paragraph 10 may subject Coach to penalties including public or private reprimand, monetary fines, adjustments in compensation, suspension with or without pay, or termination, as determined by the Director of Intercollegiate Athletics. If practicable (in University's discretion depending on the circumstances), Coach shall be given up to ten (10) days to cure the conduct that is at issue to University's satisfaction.

Coach is hereby notified that in addition to the actions University may take in accordance with this Contract, Coach is also subject to disciplinary and corrective action by the NCAA if Coach is found by the NCAA or University to be in violation of NCAA bylaws, rules or regulations.

If Coach's employment is terminated for cause pursuant to this Paragraph 10, no further payment or benefits shall be made to Coach other than (i) base salary for the final payroll period of Coach's employment, through the date Coach's employment terminates, (ii) performance based compensation and retention bonuses earned but not yet distributed to Coach prior to termination; and (iii) reimbursement for any true, actual and verified business expenses incurred by Coach, but not yet paid; provided Coach submits all expenses and supporting documentation required within the time period required by University policies, and provided further that such expenses are reimbursable under University policies as then in effect (collectively, "Final Compensation"). If Coach is terminated pursuant to this Paragraph 10, all other University obligations to Coach shall cease. In no case, shall University be liable to Coach for the loss of any collateral

business opportunities, or any other benefits, perquisites, income or consequential damages suffered by Coach as a result of University's termination of Coach's employment.

11. **TERMINATION BY DEATH OR DISABILITY OF COACH OR BY FORCE MAJEURE.** If Coach dies, this Contract (and Coach's employment hereunder) shall thereupon terminate and all future rights and obligations between the parties under this Contract shall cease. In the event that Coach becomes disabled and there is no reasonable accommodation that will enable Coach to perform all of Coach's essential job functions under this Contract and Coach's inability to perform has continued or will continue for more than one hundred and twenty (120) consecutive days or one hundred and fifty (150) days (whether or not consecutive) in any three hundred and sixty five (365) day period, as determined by University consistent with applicable law, this Contract (and Coach's employment hereunder) shall thereupon terminate at the University's option upon written notice and all future rights and obligations between the parties under this Contract shall cease. In the event of Coach's inability to continue to perform all of Coach's essential job functions under this Contract by reason of a force majeure event lasting more than sixty (60) days, this Contract (and Coach's employment hereunder) shall thereupon terminate and all future rights and obligations between the parties under this Contract shall cease. Because of the exigencies of operating an NCAA Division I Athletics program, Coach acknowledges that a termination pursuant to this Paragraph 11 shall not be deemed a termination without cause under Paragraph 12 below.

12. **TERMINATION BY UNIVERSITY WITHOUT CAUSE.** In addition to and exclusive of the foregoing provisions, University reserves the right to terminate this Contract (and Coach's employment hereunder) without cause at any time by giving written notice to Coach of such decision. Except as set forth below, in the event University terminates this Contract (and Coach's employment hereunder) without cause pursuant to this Paragraph 12, University shall pay to Coach as liquidated damages, in lieu of any and all other legal remedies, equitable relief or any form of compensation due hereunder, the following sum(s) (collectively, "Liquidated Damages"):

If the University terminates the Contract at any time during Contract Year 1 through Contract Year 4, the value of such Liquidated Damages will be nine million dollars (\$9,000,000) in total, paid in substantially equal monthly installments over a one-year period from the termination date.

Each payment will be reduced by tax withholding at the time of payment or by the amount of tax withholding attributable to such payment that was included in the calculation of any Tax Distribution (as defined below). Any Tax Distribution shall be remitted to the applicable taxing authorities within the time required by applicable law and shall be treated as a partial payment of the Liquidated Damages in satisfaction of the obligations of this Paragraph 12. For purposes of this Paragraph 12, the "Tax Distribution" means an amount equal to the total tax withholding, if any, due as a result of the Liquidated Damages being subject to taxation under Sections 457(f) or 3121(v) of the Internal Revenue Code, as amended, (the "Code") elected to be paid by University, if at all, in its sole discretion.

University shall also pay to Coach any Final Compensation, together with any performance-based compensation for which the relevant performance metrics have been achieved prior to the date of termination (payable in accordance with, and subject to the terms of, the Contract Addendum). University shall not be liable to Coach for any University benefits which are not vested at the time of termination, nor for any collateral business opportunities or other benefits associated with Coach's position as Coach.

The parties recognize that a termination of this Contract by University prior to its natural expiration may cause Coach to lose certain benefits, supplemental compensation, or outside compensation relating to Coach's employment at University, which damages are difficult to determine with certainty. Accordingly, the parties agree that this Liquidated Damages provision is a fair measure of Coach's losses and is not a penalty.

Coach's right to Liquidated Damages under this Paragraph 12 is subject to Coach's timely execution, return and non-revocation of a waiver and release of claims at the time of employment termination by the time period set forth therein (all of which, including the expiration of the period for revocation, must occur no later than sixty (60) days following the date of termination), in the form provided by University. The first payment of any Liquidated Damages will be made on the next regular University payday following the effective date of the Release (as defined below), but will be retroactive to the day immediately following the date of termination. Notwithstanding the foregoing, if the period to consider, return and revoke the Release crosses two calendar years, payment of the Liquidated Damages will not commence before the first regular University payday in the second calendar year.

In the event that Coach brings a claim in violation of the Release (other than any claim challenging the validity of the Release under the Age Discrimination in Employment Act), all obligations of University hereunder shall cease, and Coach shall repay forthwith and in full any and all Liquidated Damages received by Coach from University under this Paragraph 12.

13. [Paragraph Intentionally Omitted]

14. TERMINATION BY COACH. Coach recognizes that Coach's promise to work for University for the entire Term of this Contract is of critical importance to University. Coach also recognizes that University is making a highly valuable investment in Coach's continued employment by entering into this Contract and its investment would be lost were Coach to resign or otherwise terminate Coach's employment with University prior to the expiration of the Term, the loss of which University cannot be reasonably or adequately compensated in damages in an action at law. Moreover, Coach recognizes that during Coach's employment, Coach shall gain confidential information concerning University's athletic program and that use of this confidential information by another athletic program, and at a Pac-12 Conference athletic program in particular, would place University at a serious competitive disadvantage. Additionally, Coach acknowledges that University would incur significant and substantial administrative, recruiting, and resettlement costs and loss of ticket revenue were Coach to leave University employment

before the expiration of the Term and that such costs and losses are difficult to ascertain with certainty.

If such termination occurs at any time during Contract Year 1 through the end of Contract Year 4, the value of such Liquidated Damages will be nine million dollars (\$9,000,000) in total, and sum shall be paid to University within a one-year period after termination by Coach.

Coach understands that this Paragraph 14 is a material term of this Contract and that any breach of this paragraph will substantially harm University. Coach therefore agrees that, in the event Coach or Coach's designee (if permitted by University) fails to pay the liquidated damages specified herein, University shall be entitled to seek and enforce its full rights and remedies hereunder, including an action for full payment and damages.

The parties agree that Coach's payment of the liquidated damages set forth in this Paragraph 14 is a fair measure of University's costs and losses and is not a penalty.

Except as may be otherwise agreed to between the parties, in the event the right to terminate pursuant to this Paragraph 14 is exercised, all future obligations between the parties cease effective the date of termination.

15. **CONFIDENTIALITY.** Coach understands and agrees that Coach will receive confidential information about University, the Football program, the student athletes, other University athletic programs, and employment decisions concerning other coaches and staff in the course of employment under this Contract. Coach agrees that Coach will not voluntarily release confidential information to third parties, use such confidential information (other than in the course of properly performing Coach's duties hereunder) or to otherwise disclose its contents publicly except under the following circumstances (following written notice to University and a reasonable opportunity for University to seek a protective order): (a) Coach is required by law to disclose the information to the person or entity submitting the request; (b) Coach is required to disclose the information either pursuant to a subpoena issued by a competent authority or an order issued by a court or tribunal of competent jurisdiction; or (c) disclosure is necessary in a judicial action or administrative proceeding (either internal or external). Any material breach of this provision by Coach will subject Coach to discipline in accordance with the provisions set forth in Paragraph 10, above. Nothing in this Contract limits, restricts or in any other way affects Coach communicating with any governmental agency or entity, or communicating with any official or staff person of a governmental agency or entity, concerning matters relevant to the governmental agency or entity. Having consulted with legal counsel, Coach understands that Coach cannot be held criminally or civilly liable under any federal or state trade secret law for disclosing a trade secret (a) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law, or (b) in a complaint or other document filed under seal in a lawsuit or other proceeding; provided, however, that notwithstanding this immunity from liability, Coach understands that Coach may be held liable if Coach unlawfully accesses trade secrets by unauthorized means.

16. **ASSIGNMENT OF INTELLECTUAL PROPERTY RIGHTS.** Coach agrees to promptly and fully disclose all Intellectual Property (as defined below) to University. Coach hereby assigns and agrees to assign to University (or as otherwise directed by University) Coach's full right, title and interest in and to all Intellectual Property. Coach agrees to execute any and all applications for domestic and foreign patents, copyrights or other proprietary rights and to do such other acts (including the execution and delivery of further instruments of assignment or confirmation and the provision of good faith testimony by declaration, affidavit or in-person) requested by University to assign the Intellectual Property to University (or as otherwise directed by University) and to permit University to secure, prosecute and enforce any patents, copyrights or other proprietary rights to the Intellectual Property. Coach will not charge University for time spent in complying with these obligations. All copyrightable works that Coach creates during Coach's employment will be considered "work made for hire" and shall, upon creation, be owned exclusively by University. Coach acknowledges that this Paragraph 16 shall not apply to any Invention (as defined below) that fully qualifies for exclusion under the provisions of California Labor Code Section 2870, the terms of which are set forth in Appendix A, which is attached and incorporated into this Contract as though fully set forth herein. For purposes of this Contract, "Intellectual Property" means inventions, discoveries, designs, developments, improvements, methods, processes, procedures, plans, projects, systems, techniques, strategies, information, compositions, know-how, works, concepts and ideas, or modifications or derivatives of any of the foregoing (whether or not patentable or copyrightable or constituting trade secrets) (collectively, "Inventions") conceived, made, created, developed or reduced to practice by Coach (whether alone or with others, whether or not during normal business hours or on or off University premises) during Coach's employment that relate either to the business of University or any of its affiliates or to any prospective activity of University or any of its affiliates or that result from any work performed by Coach for the Company or any of its affiliates or that make use of Confidential Information or any of the equipment or facilities of University or any of its affiliates.

17. **TAXES; WITHHOLDING; SECTION 457; SECTION 409A.**

- (a) All payments made by University under this Contract shall be reduced by any tax or other amounts required to be withheld by University under applicable law.
- (b) In the event that any portion of a payment or benefit is deemed to be taxable prior to the time it is paid to Coach, University may require, as a condition to receipt by Coach of such payment or benefit, that Coach pay to University the Withholding Amount. University will notify Coach in writing of the date on which the Withholding Amount is due to University. If Coach fails to pay the Withholding Amount to University on or prior to such date, that portion of payment or benefit to which the Withholding Amount relates will be forfeited. University may, but is not obligated to, satisfy the additional required withholding from the undistributed portion of a payment or benefit and treat such undistributed portion of a payment or benefit as if such amount had been paid to Coach as wages (in a manner consistent with Section 409A of the Code). Any amount remitted or paid will be subtracted from the balance of the payment or benefit. The "Withholding

Amount" shall mean the amount by which the portion of a payment or benefit that is payable is insufficient to cover all applicable withholding requirements, as determined by University.

- (c) To the extent any deferred amount under this Contract results in current "wages" for FICA purposes under Section 3121(v) of the Code, University may, but is not obligated to, satisfy the additional required withholding from the undistributed portion of a payment or benefit and treat such undistributed portion of a payment or benefit as if such amount had been paid to Coach as wages (in a manner consistent with Section 409A of the Code).
 - (d) For purposes of this Contract, all references to "termination of employment" and correlative phrases shall be construed to require a "separation from service" (as defined in Section 1.409A-1(h) of the Treasury regulations after giving effect to the presumptions contained therein). Each payment made under this Contract shall be treated as a separate payment and the right to a series of installment payments under this Contract is to be treated as a right to a series of separate payments. Any payment or reimbursement for expenses that would constitute nonqualified deferred compensation subject to Section 409A of the Code shall be subject to the following additional rules: (i) no payment or reimbursement of any such expense shall affect Coach's right to payment or reimbursement of any such expense in any other calendar year; (ii) payment or reimbursement of the expense shall be made, if at all, promptly, but not later than the end of the calendar year following the calendar year in which the expense was incurred; and (iii) the right to payment or reimbursement shall not be subject to liquidation or exchange for any other benefit.
18. **ENTIRE AGREEMENT.** It is mutually understood that this Contract (together with the Contract Addendum) contains all of the terms and conditions to which the parties have agreed and that no other understandings or representations, either oral or written, unless expressly referenced herein, regarding the subject matter of this Contract shall be deemed to exist or to bind the parties hereto and that any modification, amendment, or addendum to this Contract shall only be by written instrument signed by each party hereto.
19. **INTERPRETATION.** No provision or part of this Contract which shall prove to be invalid, void or illegal shall in any way affect, impair or invalidate any other provision or part, and such other provisions and part shall remain in full force and effect.
20. **APPLICABLE LAW.** This Contract is made and entered into in the State of California, and the laws of California shall govern its validity and interpretation and the performance by the parties of their respective duties and obligations under this Contract.
21. **NOTICES.** All required notices and statements in connection with this Contract shall be in writing given to the parties at the addresses designated below, or such other addresses as either party may later designate in writing to the other.

If to Coach:

Charles Edward "Chip" Kelly,



AND

David Dunn




If to University:

Dan Guerrero
Director of Intercollegiate Athletics
University of California Los Angeles
J.D. Morgan Center
325 Westwood Plaza
Los Angeles, CA 90095

IN WITNESS WHEREOF, the parties hereto shall consider this Contract to be effective upon obtaining signatures as identified below, Coach's successful completion of University background check process, as determined by University in its sole discretion, and signature of the Oath of Allegiance and other documents as necessary.

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA:

By: 
Dan Guerrero
Director of Intercollegiate Athletics

12/22/17
Date

COACH:

By: 
Charles Edward "Chip" Kelly
Head Coach, Football

12/22/17
Date

HEAD COACH OF FOOTBALL

Employment Contract Addendum

This Contract Addendum, effective as of November 25, 2017, hereby defines certain terms for the Contract entered into on **December 21, 2017**, between The Regents of the University of California (hereinafter "University") and **Charles Edward "Chip" Kelly** (hereinafter "Coach"). All of the terms of the Contract remain as first written unless modified in this Contract Addendum.

1. **TERM:** The term of the Contract begins on November 25, 2017, and expires on January 15, 2023 subject to the early termination provisions set forth in the Contract. Notwithstanding the foregoing, by providing Coach written notice at least ten (10) days in advance of the termination date set forth above, University may extend the term of the Contract in the event that Coach and University are negotiating a new contract but have not reached final agreement. If extended pursuant to this provision, the Contract will terminate on the earlier to occur of: (a) the effective date of the new contract executed by both University and Coach; or (b) the date Coach or University provides written notice to the other party that such party is terminating further negotiations. Within the Term are the following Contract Years:

- A. Contract Year 1: 11/25/2017 – 1/15/2019
- B. Contract Year 2: 1/16/2019 – 1/15/2020
- C. Contract Year 3: 1/16/2020 – 1/15/2021
- D. Contract Year 4: 1/16/2021 – 1/15/2022
- E. Contract Year 5: 1/16/2022 – 1/15/2023

2. **COMPENSATION:**

- A. **Base Salary.** The annual base salary prorated monthly for this position shall be as follows:

<u>Contract Year</u>	<u>Annual Base Salary</u>
1. 11/25/2017 – 1/15/2019	\$300,000
2. 1/16/2019 – 1/15/2020	\$300,000
3. 1/16/2020 – 1/15/2021	\$300,000
4. 1/16/2021 – 1/15/2022	\$300,000
5. 1/16/2022 – 1/15/2023	\$300,000

The base salary shall be the sole amount of compensation considered by the University when determining the level of Coach's benefits under any employee benefit programs offered by the University.

- B. **Talent Fee.** At the sole discretion of the Director of Intercollegiate Athletics, Coach may be reasonably directed to speak at booster gatherings and related University and Alumni functions, appear on television and radio broadcasts of University sports games and sports shows dedicated to University sports as may

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be developed, and make other appearances as reasonably directed by the Director of Intercollegiate Athletics or Sport Supervisor. Such appearances shall include, without limitation, pre-game and post-game shows connected with game broadcasts. In consideration for his participation in any such activities, Coach shall receive an annual talent fee for each Contract Year in accordance with the schedule described below. Payment shall be prorated monthly and shall be paid in accordance with a pay schedule established by University.

<u>Contract Year</u>	<u>Annual Talent Fee</u>
1. 11/25/2017 – 1/15/2019	\$3,000,000
2. 1/16/2019 – 1/15/2020	\$3,200,000
3. 1/16/2020 – 1/15/2021	\$4,000,000
4. 1/16/2021 – 1/15/2022	\$4,300,000
5. 1/16/2022 – 1/15/2023	\$4,300,000

C. Performance Based Bonus. In the event University's Football team or Coach achieves any of the following accomplishments, Coach will receive the following enumerated performance/academic bonuses for each Contract Year in which such performance is achieved, provided

(a) Coach is and has been in compliance with the obligations set forth in the Contract, including Paragraphs 2, 6, 7, 8 and 15 thereof,

(b) Team is not on NCAA probation during the relevant Contract Year, and

(c) Team's Academic Progress Rate is ≥ 930 (or such other minimum academic performance threshold that allows for participation in the NCAA Championship)

(Collectively, (a), (b) and (c) above are referred to as the "Threshold Requirements").

<u>Accomplishment:</u>	<u>Bonus Amount</u>
REGULAR SEASON:	
Team Win 6	\$10,000
Team Win 7	\$10,000
Team Win 8	\$10,000
Team Win 9	\$25,000
Team Win 10	\$25,000
Team Win 11	\$50,000
Team Win 12	\$50,000
POSTSEASON CONFERENCE:	
Conference Championship Game Appearance	\$50,000
Conference Championship Game Victory	\$50,000
BOWL SCENARIOS:	
Non-New Year's Six / Non-Playoff Bowl Game Appearance	\$40,000

OR

New Year's Six Game / Non-Playoff Game Appearance	\$100,000
New Year's Six Game / Non-Playoff Game Victory	\$100,000

OR

College Football Playoff Semifinal Appearance	\$100,000
College Football Playoff Championship Game Appearance	\$150,000
College Football Playoff National Champion	\$200,000

FINAL RANKINGS as voted by the final Associated Press (AP) Poll:

Top 10 Finish (including ties)	\$25,000
Top 5 Finish (including ties)	\$25,000

COACHING ACCOLADES as voted by the Pac-12 Conference, Associated Press, or American Football Coaches Association:

Conference Coach of the Year	\$50,000
National Coach of the Year	\$100,000

The parties agree that these postseason bonus provisions will be reconsidered in good faith and revised, if appropriate, should the current NCAA and College Football Playoff structure be substantially modified.

Academic Performance Bonus. In the event University's Football team or Coach achieves any of the following accomplishments, Coach may receive the following enumerated performance bonuses for each Contract Year in which such performance is achieved, provided Coach satisfies the Threshold Requirements. Annual academic performance bonuses shall be paid no later than thirty (30) days following the end of the period in which such performance bonuses are earned (applicable statistics made public and confirmed by the NCAA) subject to Coach's continued employment by the University as Head Coach through such date. Academic Progress Rate (APR) value will be noted on the Football team's single year calculation. All achievements in this section are cumulative.

<u>Academic Achievement</u>	<u>Bonus Amount</u>
Graduation Success Rate (> 70%)	\$45,000
APR > 930	\$25,000
APR > 940	\$10,000
APR > 950	\$10,000
APR > 960	\$10,000
APR > 970	\$15,000
APR > 980	\$15,000
APR > 990	\$25,000

Coach is eligible to receive the above-identified bonuses for all levels of accomplishment achieved in a Contract Year. No bonus will be earned until the

date that is two (2) years following the conclusion of the Contract Year to which the bonus relates, provided that the Team has not been sanctioned by the NCAA for Level I or Level II violation(s), or multiple Level III violations, (or, in either case, the equivalent in the event the NCAA modifies its infraction structure) that occurred during the relevant Contract Year and in which Coach was directly involved, that Coach facilitated, or condoned, or about which Coach knew or should have known. Notwithstanding the foregoing, annual performance bonuses shall be advanced to Coach no later than sixty (60) days following the end of the season in which the relevant performance metric is achieved, subject to Coach's continued employment by University through the date of payment.

Coach shall not receive bonuses in excess of \$1,085,000 (cumulative) in the aggregate in any Contract Year.

D. Camps/Clinics. If, during the Term of this Contract, the Director of Intercollegiate Athletics opts to conduct a holiday and/or summer Football Camp/Clinic or camps/clinics, Coach shall be directly responsible to the Director of Intercollegiate Athletics. The dates, times and locations of said camps shall be determined by University. Final payment will be paid after the conclusion of the last camp session of each year any such camp is held (and, in all events, no later than December 31 of the calendar year in which such camp is held). The annual compensation to be provided to Coach under this Section 2(D) is not to exceed \$100,000 per Contract Year.

E. [Paragraph Intentionally Omitted]

F. Retention Bonus. If Coach is employed by University as Head Football Coach continuously for the period from November 25, 2017 through February 15, 2021, Coach shall receive a bonus payment of \$1,000,000. The bonus shall be payable on the next regular University payday following February 15, 2021.

If Coach is employed by University as Head Football Coach continuously for the period from February 16, 2021 through February 15, 2022, Coach shall receive a bonus payment of \$1,000,000. The bonus shall be payable on the next regular University payday following February 15, 2022.

If Coach is employed by University as Head Football Coach continuously for the period from February 16, 2022 through January 1, 2023, Coach shall receive a bonus payment of \$1,000,000. The bonus shall be payable on the next regular University payday following January 1, 2023.


3. OTHER COMPENSATION: Any or all of the following perquisites and benefits may be withdrawn by the Director of Intercollegiate Athletics at any time and shall be subject to any University policies as may be in effect, which policies may be updated from time to time.

Tickets. Coach is entitled to receive a suite at all UCLA home football games as available and complimentary tickets to UCLA events based on the applicable Department and University of California policy.

4. **MOVING EXPENSES:** All reimbursements and payments for moving expenses shall be in compliance with University policy and procedure. All relocation costs must be approved in advance by University, in writing.
5. **HEALTH AND WELFARE BENEFITS:** Coach is appointed for 100% of full-time and is eligible for all University health, welfare, retirement, and other benefits commensurate with the percent time appointment, subject to plan terms and generally applicable University policies.
6. **REPORTING LINE:** Coach shall report directly to the Director of Intercollegiate Athletics and work with the assigned Sport Supervisor.
7. **ASSISTANT COACHES AND SUPPORT STAFF:** Coach shall have the right to select assistant coaches and support staff, subject to the approval of the Director of Intercollegiate Athletics and University policies.

This Contract Addendum shall be effective upon obtaining signatures as identified below and signature of other employment documents as necessary.

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA:

By:  12/22/17
Dan Guerrero
Director of Intercollegiate Athletics
Date

COACH:

By:  12/22/17
Charles Edward "Chip" Kelly
Head Coach, Football
Date

APPENDIX A

INVENTION ASSIGNMENT NOTICE

You are hereby notified that the Restrictive Covenant Agreement between you and The Regents of the University of California, on behalf of the University of California, Los Angeles, dated as December 21, 2017 does not apply to any invention which qualifies fully for exclusion under the provisions of Section 2870 of the California Labor Code. Following is the text of California Labor Code § 2870:

CALIFORNIA LABOR CODE SECTION 2870

(a) Any provision in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities, or trade secret information except for those inventions that either:

- (1) Relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer; or
- (2) Result from any work performed by the employee for the employer.

(b) To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable.

THE REGENTS OF THE UNIVERSITY OF
CALIFORNIA:

By:



Dan Guerrero
Director of Intercollegiate Athletics

I acknowledge receiving a copy of this Invention Assignment Notice:



Charles Edward "Chip" Kelly

Date: 12/22/17

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