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November 18, 2014

Mr. Larry Eustachy  
Head Men's Basketball Coach  
McGraw Athletic Center  
Colorado State University  
Fort Collins, CO 80523

Dear Larry:

In accordance with Section 1.(i) of your employment agreement, I am pleased to inform you that Colorado State University has elected to extend the term of your employment agreement for one additional contract year. As a result, the term of your employment agreement now will extend to June 30, 2019.

I am excited about this extension, Larry. Congratulations on the strong start to the season, and good luck the rest of the way!

Sincerely,



Dr. Anthony A. Frank  
President

## EMPLOYMENT AGREEMENT

**THIS EMPLOYMENT AGREEMENT** ("Agreement") is made as of this 1st day of July, 2013 ("Effective Date"), by and between **THE BOARD OF GOVERNORS OF THE COLORADO STATE UNIVERSITY SYSTEM** (the "Board"), acting by and through **COLORADO STATE UNIVERSITY** ("University" or "CSU") for the benefit of the **DEPARTMENT OF INTERCOLLEGIATE ATHLETICS** (the "Department"), and **LARRY EUSTACHY** ("Eustachy") on the other hand (collectively, the "Parties").

**WHEREAS**, the Board, CSU and Eustachy are parties to that certain Employment Agreement effective April 12, 2012 (the "Original Employment Agreement"); and

**WHEREAS**, the Parties mutually desire to cancel the Original Employment Agreement pursuant to Section 8.e of the Original Employment Agreement and enter into a new employment agreement that terminates, supersedes and completely replaces the Original Employment Agreement; and

**WHEREAS**, the Parties agree that this Agreement terminates, supersedes and completely replaces the Original Employment Agreement and any and all prior agreements or understandings concerning Eustachy's employment with CSU;

**WHEREAS**, CSU wishes to employ Eustachy as Head Coach of the CSU Men's Basketball program and to assure itself of the continued services of Eustachy on the terms set forth herein;

**WHEREAS**, the Board and the University have found that the term of employment set forth herein is necessary in light of prevailing market conditions and competitive employment practices in Colorado and other states; and

**WHEREAS**, Eustachy wishes to be so employed under the terms set forth herein;

**NOW, THEREFORE**, in consideration of the promises, mutual covenants, the above recitals, and the agreements herein set forth, and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties agree to the following terms and conditions of Eustachy's employment.

**1. EMPLOYMENT; TERM.** CSU hereby employs Eustachy as Head Coach of the CSU Men's basketball program ("Program") commencing on the Effective Date and continuing thereafter until June 30, 2018, unless extended in accordance with the terms set forth herein or by mutual written agreement signed by the authorized representatives of the Parties, or sooner terminated under the provisions of Section 6 herein ("Term"). Eustachy agrees to such hiring, engagement and employment, subject to the terms and conditions of this Agreement. In such capacity, Eustachy shall be under the general supervision of the President of the University (the "President") and the immediate supervision of the Director of Athletics (the "Director") of the University. The Director and Eustachy shall meet annually upon the conclusion of each basketball season to discuss the Program's status and progress, as well as Eustachy's performance under this Agreement.

Provided there has been no termination of the Agreement pursuant to Section 6 herein, CSU and Eustachy agree that the Term of this Agreement may be extended as follows:

- (i) Beginning 60 days prior to the end of the first Contract Year (6/30/14), either Eustachy or CSU shall have the right but not the obligation to extend this Agreement for one additional Contract Year to include the period 7/1/18 through 6/30/19. This right to extend the Agreement shall expire on 4/30/15.
- (ii) Beginning 60 days prior to the end of the second Contract Year (6/30/15), either Eustachy or CSU shall have the right but not the obligation to extend the Agreement as follows:
  - (a) If the option to extend this Agreement to include the 7/1/18 – 6/30/19 Contract Year was exercised per the provisions of Section 1.(i) above, then this Agreement may be extended to include the period 7/1/19 through 6/30/20.
  - (b) If the option to extend this Agreement to include the 7/1/18 – 6/30/19 Contract Year was not exercised per the provisions of Section 1.(i) above, then this Agreement may be extended to include the periods 7/1/18 – 6/30/19 and 7/1/19 – 6/30/20.

This right to extend the Agreement shall expire on 4/30/16.

- (iii) Beginning 60 days prior to the end of the third Contract Year (6/30/16), either Eustachy or CSU shall have the right but not the obligation to extend this Agreement as follows:
  - (a) If the option to extend this Agreement to include both the 7/1/18 – 6/30/19 and 7/1/19 – 6/30/20 Contract Years was exercised per the provisions Section 1.(i) or Section 1.(ii) above, then this Agreement may be extended to include the period 7/1/20 through 6/30/21.
  - (b) If the option to extend this Agreement to include the 7/1/18 – 6/30/19 and 7/1/19 – 6/30/20 Contract Years was not exercised, then this Agreement may be extended to include the periods 7/1/18 – 6/30/19, 7/1/19 – 6/30/20, and 7/1/20 – 6/30/21.

This right to extend the Agreement shall expire on 6/30/17.

In the event that neither Party extends the Term of the Agreement as provided in Section 1 herein, the Agreement shall expire under its existing terms.

**2. DUTIES.** Throughout the Term of this Agreement, Eustachy shall render exclusive, full-time services as the Head Coach of the Program at CSU. Eustachy agrees that he will at all times faithfully, industriously, and with use of his full experience, ability, skill and talent, perform all of the duties that may be required pursuant to the terms of this Agreement. Eustachy shall perform such duties as may be assigned by the President and/or the Director in connection with supervision and administration of the Program. Eustachy shall confer with the Director on all matters requiring administrative decisions. The annual schedule for the Men's Basketball program shall be developed in collaboration with and is subject to the approval of the Director, such approval not to be unreasonably withheld. If necessary, the Director and Eustachy may confer with the President if a problem cannot otherwise be resolved. The Director and Eustachy agree to meet to discuss the Program up to two times per month. Such meetings shall take place in person (unless mutually agreed otherwise) at a time and place reasonably convenient

and agreed to by the Director and Eustachy. Each year during the Term, Eustachy shall complete, and Eustachy and the Director shall review together and in-person, the Annual Performance Survey provided to Eustachy by the Director.

Eustachy's principal place of employment shall be in the facilities of the Department in Fort Collins, Colorado, and, when appropriate and as required, at any of the CSU System's various offices, branches, divisions, and venues throughout the State of Colorado, and at such other places as the Director shall deem appropriate and in the interest of CSU. Eustachy shall travel with the CSU Men's Basketball team ("Team") to all games, appearances and events involving the Team, and shall make all such travel arrangements through the Athletic Department staff assigned to such administrative duties, seeking all necessary and appropriate approvals for travel arrangements and expenses as required by University policies and procedures.

**3. OUTSIDE ACTIVITIES.** Eustachy agrees that he will engage in no business or professional activities that conflict with his duties to the University, the Department, or the CSU System. With the exception of passive investments, Eustachy understands and agrees that he must seek and receive prior written approval from the Director, such approval not to be unreasonably withheld, should he wish to engage in any such outside activities, or engage in other employment or consulting activities, in accordance with the University's conflict of interest and conflict of commitment policies, as stated in CSU's Academic Faculty and Administrative Professional Manual, and all applicable policies of the Department, as may be amended from time to time. As stipulated in Bylaw 11.2.2 of the NCAA Division I Manual, Eustachy agrees to provide a written account annually to the President for all athletically related income and benefits from sources outside the institution.

CSU agrees that Eustachy may serve as the head men's basketball coach of the Bahamian national team while also serving as Head Coach of the Program, and Eustachy agrees to comply with all NCAA rules related to this outside coaching activity. Because Eustachy's service as the head coach of the Bahamian national team also provides benefits to the Program, CSU will pay Eustachy's reasonable travel expenses associated with coaching the Bahamian national team in accordance with applicable CSU policy.

**4. SALARY, BENEFITS AND OTHER COMPENSATION.**

a. **Base Salary.** For all services rendered and to be rendered hereunder, during the Term of this Agreement, CSU agrees to pay to Eustachy, and Eustachy agrees to accept an annual base salary in the amounts set forth below ("Base Salary"), which shall be paid in monthly installments, beginning on the Effective Date and ending upon the expiration or termination of the Term. Such Base Salary shall be subject to such deductions or withholdings as CSU is required to make pursuant to law or by further agreement with Eustachy. The Director will evaluate Eustachy's performance at least annually following the end of each basketball season.

Contract Year	Base Salary
7/01/13 – 6/30/14	\$910,000
7/01/14 – 6/30/15	\$928,200
7/01/15 – 6/30/16	\$946,764
7/01/16 – 6/30/17	\$965,699
7/01/17 – 6/30/18	\$985,012

7/01/18 – 6/30/19 (if applicable)	\$1,004,712
7/01/19 – 6/30/20 (if applicable)	\$1,024,806
7/01/20 – 6/30/21 (if applicable)	\$1,045,302

In the event the Program succeeds in advancing to the Sweet 16, the Elite 8 or the Final 4 of the NCAA Division I Championship Basketball Tournament, Eustachy’s Base Salary shall increase, effective July 1 of the immediately following Contract Year, as follows:

NCAA Tournament Appearance Description	New Base Salary
Sweet 16	\$1,250,000
Elite 8	\$1,500,000
Final 4	\$2,000,000

However, if a substantial majority of the Division I institutions currently comprising the ACC, Big 10, Big 12, Pac-12 and SEC conferences are no longer participating in the NCAA Division I Championship Basketball Tournament (and did not participate during the season under review), and if CSU reasonably believes the revenue and exposure generated by the NCAA Division I Championship Basketball Tournament has significantly and materially decreased as a result of such non-participation, CSU and Eustachy agree to work together in good faith to renegotiate the specific terms above related to the increase in Base Salary resulting from a Sweet 16, Elite 8 or Final 4 appearance.

Further, if Eustachy’s Base Salary is increased based on an appearance in the Sweet 16, Elite 8 or Final 4 as described above, Eustachy’s revised Base Salary shall be indexed to increase by two percent (2%) for each Contract Year remaining in the Term. For purposes of example and clarity, the following table demonstrates the application of this provision to three separate hypotheticals:

2013-2014	No	\$910,000	No	\$910,000	No	\$910,000
2014-2015	No	\$928,200	Elite 8	\$928,200	Elite 8	\$928,200
2015-2016	Sweet 16	\$946,764	Sweet 16	\$1,500,000	Sweet 16	\$1,500,000
2016-2017	No	\$1,250,000	Final 4	\$1,530,000	Final 4	\$1,530,000
2017-2018	Elite 8	\$1,275,000	No	\$2,000,000	No	\$2,000,000
2018-2019 (if applicable)	Final 4	\$1,500,000	Elite 8	\$2,040,000	No	\$2,040,000
2019-2020 (if applicable)	No	\$2,000,000	Sweet 16	\$2,080,800	No	\$2,080,800
2020-2021 (if applicable)	Sweet 16	\$2,040,000	No	\$2,122,416	No	\$2,122,416

b. **Fringe.** Eustachy shall be eligible for all fringe benefits, including annual leave and sick leave, and such employer contributions to the cost of such benefits and/or retirement plans as apply to Administrative Professional staff within the University, as well as those specifically established for head coaching positions, if any.

c. **Media and Public Relations.** In addition to the duties described herein above, and in consideration of the Base Salary described above, Eustachy shall throughout the Term engage in all necessary and appropriate media and public relations activities reasonably related to his position, including, by way of example and not by limitation, meeting radio and television programming obligations, making personal appearances, giving speeches, carrying out public relations activities and performing other services besides coaching that promote the interests and public image of the

University. For all other activities, Eustachy may retain the net proceeds. Eustachy shall be solely responsible for payment of any and all taxes incurred in connection with such compensation. Such activities will be subject to the reasonable prior approval of the Director; shall not conflict with any current or existing agreements, contracts, sponsorships, products, vendors or entities; shall be in conformity with University policy regarding the use of its trademarks; shall be subject to the University's conflict of interest and conflict of commitment policies; and shall serve the best interests of the University. As stipulated in Section 3 of this Agreement, Eustachy agrees to provide a written account annually to the President for all athletically related income and benefits from sources outside the institution.

d. **Shoe and Apparel Contracts.** It is understood that CSU currently has apparel and shoe contractual commitments. Eustachy agrees to abide by those commitments. Subject to those commitments, Eustachy may have opportunities from time to time during the term of this Agreement to enter into one or more promotional contracts with athletic shoe and apparel providers, pursuant to which Eustachy agrees to wear particular brands, provide apparel or other items to his assistants, and make promotional statements or appearances and the like. Eustachy agrees that he shall not enter into any such contracts or commitments, nor extend or renew any future contract without the express, prior consent of the Director and that, to the extent deemed reasonable and necessary by the Director (and approved as required by University rules and procedures), the University may elect to be a party or give written consent to all such contracts. Eustachy shall provide copies of all such proposed contract documents to the Director promptly upon receiving them and shall make no oral or written promises or commitments to other parties until such consent and approval is obtained. Eustachy acknowledges that the Director may seek an all-sport arrangement with one or more such providers, and that such arrangements may be given priority over other offers. Such activities shall be subject to the University's conflict of interest and conflict of commitment policies and shall serve the best interests of the University.

e. **Camps.** During the Term, Eustachy will be permitted to conduct summer basketball camps. The camps shall be operated by the Department in accordance with University and NCAA policies and all applicable rules and regulations. The University shall make reasonable efforts to make the necessary facilities available for the camp for fourteen (14) full days in the months of June, July and August of each contract year. These dates may be adjusted from time to time by the University as necessary to meet changes in NCAA legislation and University constraints. An amount equal to the net revenue from such camps may be paid as supplemental salary to Eustachy and his assistant coaches, administrative assistants and/or basketball operations directors, as mutually determined by Eustachy and the Director with approval from the President. For purposes of this section, "net revenues" shall be the amount remaining after deduction of all normal expenses of operating the camp as permitted by applicable NCAA regulations.

f. **Tickets.** During the Term on an annual basis and for the purpose of engendering goodwill and support for the Program, Eustachy will be entitled to receive a minimum of eight (8) tickets to each CSU Men's Basketball game, including post-season games, to be requested and used at his discretion, in conformity with the laws, rules and regulations of the State of Colorado, and the regulations, policies and procedures of CSU and the CSU System, the NCAA, and the athletics conference(s) in which the University is a member, as such laws, regulations, policies and procedures may be modified, added to or eliminated from time to time. These tickets will be in a premium location, depending upon availability. Eustachy will also be entitled to receive on an annual basis at least four (4)

tickets, to be requested and used at his discretion, in conformity with the laws, rules and regulations of the State of Colorado, and the regulations, policies and procedures of CSU and the CSU System, the NCAA, and the athletics conference(s) in which the University is a member, as such laws, regulations, policies and procedures may be modified, added to or eliminated from time to time, to each CSU home football game, as well as post-season games. These tickets will be in a premium location. The University makes no representation regarding personal income tax consequences related to complimentary tickets and Eustachy shall be responsible for the payment of any tax related to such tickets, if any.

g. **Courtesy Car.** During the Term, Eustachy is expected to travel extensively in order to perform all of the duties and activities described herein. For such purposes, he shall be provided with the use of a suitable vehicle or equivalent car stipend. Such use or stipend shall be governed by the Department's applicable policies. Personal use unrelated to University business may result in the reporting of taxable income by Eustachy. The University makes no representation regarding personal income tax consequences related to same and Eustachy shall be responsible for the payment of any tax related to such courtesy cars, if any.

h. **Club Membership.** During the Term, Eustachy is expected to engage existing and potential donors and Program supporters in both social and business relationships that further the interests of the Program, the Department, and the University generally. In order to facilitate these relationships, Eustachy will be provided with a paid membership to at least one golf/country club of the Department's choice. Such membership is intended to be used for official business purposes. Personal use unrelated to University business may result in the reporting of taxable income to Eustachy. The University makes no representation regarding personal income tax consequences related to same and Eustachy shall be responsible for the payment of any tax related to such club membership, if any.

i. **Additional Compensation for Extraordinary Achievements of the Program.** Eustachy represents, and has been hired upon the belief and expectation that he has special, exceptional and unique knowledge, skill and ability in athletic coaching and administration which, in addition to future acquisitions of experience at the University, the University believes will be an important contribution to its success and excellence in its intercollegiate athletic programs. As an additional incentive to Eustachy and his coaching staff to achieve the very highest level of success for the Program and the academic success of its student athletes, the University hereby agrees to pay compensation, in addition to all other amounts set forth herein, as follows:

1. Beginning June 30, 2014, and each June 30 thereafter during the Term, Eustachy shall be eligible to receive annual Performance-Based Additional Compensation in the amounts set forth below based on the Program's performance in the immediately preceding season if: (1) the Program's APR scores for the academic years during which Eustachy has served as Head Coach at CSU (not to exceed the most recent four (4) years) meets or exceeds the NCAA's then-current minimum cut score requirement (e.g., 930 for the 2013-14 data collection year) [Note: the APR scores to be used for purposes of the Performance-Based Additional Compensation shall be limited to the officially published APR scores available at the time the compensation is due.]; and (2) there have been no findings or formal allegations by the NCAA of a major NCAA violation against the Program as of each May 15 during the applicable year under consideration (e.g., July 1, 2013

through June 30, 2014 in respect of the June 30, 2014 additional compensation payment):

Achievement	Additional Compensation
Win 20 or more games against Division I opponents	\$40,000
Win either the Mountain West Conference regular season championship or the Mountain West Conference Tournament championship (Note: If Eustachy wins both the regular season and tournament championship in the same season, a maximum of \$100,000 will be paid for this achievement.)	Additional \$100,000
Qualify for the NCAA Championship Tournament	Additional \$200,000
Advance to the Sweet 16 of the NCAA Championship Tournament	Additional \$100,000
Advance to the Elite 8 of the NCAA Championship Tournament	Additional \$100,000
Advance to the Final 4 of the NCAA Championship Tournament	Additional \$100,000
Win the NCAA Championship Tournament	Additional \$250,000

2. By way of example, for purposes of any Performance-Based Additional Compensation that may be due Eustachy for the first year of his employment under this Agreement (i.e., July 1, 2013 through June 30, 2014), the applicable APR score shall be calculated by averaging the Program's combined final, single-year APR scores for the 2011-12 and 2012-13 academic years since Eustachy has served as Head Coach for all or a portion of those two academic years, and it will exclude the 2013-14 APR score since it will not yet have been calculated and officially published when the payment is due. For purposes of any Performance-Based Additional Compensation that may be due Eustachy for the second year of his employment under this Agreement (i.e., July 1, 2014 – June 30, 2015), the applicable APR score shall be the Program's combined final APR scores for the 2011-12, 2012-13 and 2013-14 academic years since Eustachy will have served as Head Coach for all or a portion of those three academic years, and it will exclude the 2014-15 APR score since it will not yet have been calculated and officially published when the payment is due. The applicable APR score for purposes of triggering any Performance-Based Additional Compensation shall be calculated in this manner until such time as a rolling, four-year rate comprised of APR scores covering academic years during which Eustachy was the head coach at CSU is published and available for use consistent with this Agreement (i.e., available prior to June 30 of any applicable year).
3. For purposes of the APR calculation for the Performance-Based Additional Compensation, any student-athletes on the CSU men's basketball team who voluntarily or involuntarily departed CSU between Eustachy's original hiring date at CSU and the start of the Fall 2012 semester, and if that departure negatively impacted the Program's APR score, such student-athlete(s) shall be removed from



the 2011-12 APR cohort for purposes of determining whether Eustachy qualified for the Performance-Based Additional Compensation.

4. If CSU receives a Notice of Allegation from the NCAA notifying CSU of an alleged major violation or alleged repeated secondary violation(s) that rise to the level of a major violation before the Performance-Based Additional Compensation for a particular Contract Year has been paid, then the payment will be withheld until the matter is fully and finally resolved. This option to withhold payment of the Performance-Based Additional Compensation shall apply to: (i) any alleged major violation by Eustachy or series of repeated secondary violations by Eustachy that rise to the level of a major violation; and (ii) any alleged major violation or series of repeated secondary violations that rise to the level of a major violation by a member of Eustachy's coaching/operations/administrative staff, unless Eustachy can clearly and affirmatively show (as reasonably determined by CSU) that Eustachy promoted an atmosphere of compliance and monitored his staff in the specific subject matter areas (e.g., recruiting, financial aid, extra benefits, etc.) in which the violation(s) occurred and that he was neither aware of nor complicit in the commission of the violations. If a final decision rendered by the NCAA indicates that a major violation occurred, then Eustachy shall not be eligible to receive the Performance-Based Additional Compensation of that year. However, if a final decision rendered by the NCAA indicates that no major violation occurred, then CSU shall pay the Performance-Based Additional Compensation to Eustachy with interest calculated at the U.S. Treasury 1-year bond rate.
5. If Eustachy receives Performance-Based Additional Compensation in a particular Contract Year, and if a major violation is later determined through a final ruling by the NCAA to have occurred during that Contract Year, then CSU shall have the option to require Eustachy to reimburse CSU for all of the Performance-Based Additional Compensation paid to him for that Contract Year. In order to obtain such reimbursement, CSU shall have the option of withholding subsequent monthly Base Salary payments (not to exceed 20% of the gross paycheck amount paid each month as Base Salary) and any future Performance-Based Additional Compensation payments that may be due to Eustachy, up to the amount of required reimbursement. For purposes of example only, if the NCAA were to determine through a final ruling on September 1, 2016 that Eustachy had committed a major violation on April 15, 2014, CSU would have the option to require reimbursement of any Performance-Based Additional Compensation received by Eustachy for the period July 1, 2013 through June 30, 2014. However, the April 15, 2014 major violation would not impact additional compensation earned by Eustachy after those periods or Eustachy's ability to earn subsequent additional compensation after those periods.
6. Any Performance-Based Additional Compensation payments shall be payable on or before June 30 of each year.

Any Performance-Based Additional Compensation contemplated by this Agreement shall be subject to applicable law and NCAA regulations. The Parties agree to negotiate in good faith comparable, alternative additional compensation metrics if such payments are contrary to applicable law or regulation.

k. Eustachy shall have the right to select and retain a coaching staff, operations director(s) and such other staff deemed necessary by Eustachy, subject to the financial constraints of the University and the approval of the Director. The Director shall make specific recommendations to the President concerning such personnel, who shall have the ultimate right of approval pursuant to delegated power from the Board.

**5. POLICIES AND PROCEDURES.** Eustachy agrees that he is subject to and will at all times have knowledge of, observe and comply with and shall take reasonable measures to assure that the following individuals under his direct supervision and control: assistant coaches, other staff members, operations director(s) and student athletes, shall observe and comply with the laws, rules and regulations of the State of Colorado, and the regulations, policies and procedures of CSU and the CSU System, the NCAA, and the athletic conference(s) in which the University is a member, as such laws, regulations, policies and procedures may be modified, added to or eliminated from time to time. As stipulated in Bylaw 11.2.1 of the NCAA Division I Manual, a coach who is found in violation of NCAA regulations shall be subject to disciplinary or corrective action as set forth in the provisions of the NCAA enforcement procedures, including suspension without pay or termination of employment for significant or repetitive violations.

**6. TERMINATION.** This Agreement shall expire on June 30, 2018, if not extended as set forth in Section 1 herein or terminated as set forth in this Section 6:

a. **Termination by Death or Disability.** Subject to applicable state or federal law, in the event Eustachy shall die during the period of his employment hereunder or become disabled such that Eustachy is unable to carry out his job responsibilities for a period of three months or more, Eustachy's employment and CSU's obligation to make payments hereunder shall terminate on the date of his death, or the date upon which, in the sole determination of the President, Eustachy has failed to carry out his job responsibilities for three months because of a disability.

b. **Termination for Cause.** The University shall have the right to terminate this Agreement during the Term, upon written notice pursuant to Section 8(i) herein, for "Just Cause," which shall include:

(i) Determination by the Director, the athletic conference(s) in which the University is a member, or the NCAA that Eustachy (regardless of whether or not a final determination has been made by the NCAA with respect to the conduct constituting such violation) has committed a major violation, or repeated secondary violations, of NCAA rules and regulations (as defined in Bylaw 19.02.2 of the NCAA Division I Manual, or such other Bylaw(s) as may be adopted or amended during the Term hereof); (ii) Determination by the Director, the athletic conference(s) in which the University is a member, or the NCAA that a member of Eustachy's coaching staff or administration staff acting under Eustachy's supervision, direction or control (regardless of whether or not a final determination has been made by the NCAA with respect to the conduct constituting such violation) has committed a major violation, or repeated secondary violations, of NCAA rules and regulations (as defined in Bylaw 19.02.2

of the NCAA Division 1 Manual, or such other Bylaw(s) as may be adopted or amended during the Term hereof), unless Eustachy can clearly and affirmatively demonstrate (as reasonably interpreted by CSU) that he promoted an atmosphere of compliance and monitored his staff in the specific subject matter areas (e.g., recruiting, financial aid, extra benefits, etc.) in which the violation(s) occurred and that he was neither aware nor complicit in the commission of the violation(s); (iii) Determination by the Director that Eustachy's conduct could reasonably result in conviction for, or a plea of *nolo contendere* to, a felony or misdemeanor resulting in a jail sentence or any crime involving moral turpitude; (iv) Determination by the Director that Eustachy failed or refused in a material or significant manner to follow the directions of the Director after being given written notice and an opportunity to cure; (v) Determination by the Director that Eustachy engaged in dishonest, fraudulent or unethical conduct that results, directly or indirectly, in demonstrable harm to the interests of CSU (including, but not limited to, providing information to a bookie, betting money or anything of value on the outcome or score of any athletic contest, intercollegiate, amateur or professional, in a sport in which the NCAA conducts championship competition); (vi) Determination by the Director that Eustachy is unwilling or unable to perform the duties of Head Basketball coach after being given written notice and an opportunity to cure, as specified in writing herein by the Director; (vii) Determination by the Director that Eustachy used illegal drugs or controlled substances without a valid prescription; (viii) Determination by the Director that Eustachy consumed alcohol in an amount and in such a manner as to seriously impair his ability to perform his duties as Head Basketball Coach; (ix) Determination by the Director that Eustachy engaged in conduct seriously prejudicial to the best interests of CSU or the Program that casts CSU or the Program in an unreasonably negative public light and which constitutes a material violation of university policy; and (x) Determination by the Director, the University's Office of Equal Opportunity, an external administrative agency, or a court of law that Eustachy violated the University's anti-discrimination policies, including the sexual harassment policy, or state or federal civil rights laws. If Eustachy's employment as Head Coach is terminated for Cause, he shall not be entitled to any other or further compensation of any kind, other than amounts earned under Section 4(a) herein but not yet paid, whether or not such compensation might have been earned, but was not yet earned by the date on which such termination is effective according to the notice, as a result of, or in connection with, any of the achievements enumerated in Section 4.i herein.

c. **Termination without Cause.** The University shall have the right at all times to terminate this Agreement, without Cause. If in the judgment of the Director, with the concurrence of the President, the best interests of the University would be served by terminating Eustachy's employment under the Agreement, such termination may be effected immediately upon notice from the Director and the President, under the terms and conditions stated in this Section 6(c). In the event that Eustachy's employment is terminated without Cause, he will be entitled to receive all compensation actually earned and due and owing as of the effective date of such termination. Also, Eustachy shall be eligible for payment of any accrued but unused vacation as of the date of termination and in accordance with the terms and conditions of the Academic Faculty and Administrative Professional Manual. However, upon such termination Eustachy shall not be eligible for any additional compensation under Section 4.i above.

In addition, as consideration for the option and flexibility to terminate this Agreement without Cause, in the event that Eustachy's employment is terminated under this Section 6(c) before June 30, 2018, Eustachy will receive the following amount (the "Best Interest Flexibility Amount"), subject to the limitations stated in this Agreement:

Termination Date	Amount Due Eustachy
7/01/13-6/30/14	The remaining Base Salary for the Contract Year during which the termination occurred, if any, plus the Base Salary that would be in force as of 07/01/14 multiplied by 7.
7/01/14-6/30/15	The remaining Base Salary for the Contract Year during which the termination occurred, if any, plus the Base Salary that would be in force as of 07/01/15 multiplied by 6.
7/01/15-6/30/16	The remaining Base Salary for the Contract Year during which the termination occurred, if any, plus the Base Salary that would be in force as of 07/01/16 multiplied by 5.
7/01/16-6/30/17	The remaining Base Salary for the Contract Year during which the termination occurred, if any, plus the Base Salary that would be in force as of 07/01/17 multiplied by 4.
7/01/17-6/30/18	The remaining Base Salary for the Contract Year during which the termination occurred, if any, plus the Base Salary that would be in force as of 07/01/18 multiplied by 3.
7/01/18-6/30/19 (if applicable)	The remaining Base Salary for the Contract Year during which the termination occurred, if any, plus the Base Salary that would be in force as of 07/01/19 multiplied by 2.
7/01/19-6/30/20 (if applicable)	The remaining Base Salary for the Contract Year during which the termination occurred, if any, plus the Base Salary that would be in force at 07/01/20.
7/01/20-6/30/21 (if applicable)	The remaining Base Salary for the Contract Year during which the termination occurred, if any.

At the University's discretion, any Best Interest Flexibility Amount would be prorated monthly and paid in arrears. After any termination under Section 6(c) of the Agreement, Eustachy agrees to use his best efforts to secure comparable employment as a basketball coach from another employer. If Eustachy accepts any such employment after the termination date and until June 30, 2018, any Best Interest Flexibility Amount owed by the University shall be reduced by the amount of any such compensation earned by Eustachy. Thus, the Best Interest Flexibility payment would be limited to the difference between any remaining Best Interest Flexibility Amount owed and any compensation earned through Eustachy's subsequent employment. If Eustachy's new employment provides compensation equal to or greater than any Best Interest Flexibility Amount owed by the University, the University's obligation to pay any Best Interest Flexibility Amount shall cease immediately and permanently upon the date Eustachy begins such new employment or his receipt of such compensation. This Section 6(c) states the entire liability of the University for any damages in the event of a termination for convenience or erroneous termination for cause under this Agreement.

d. **Termination by Eustachy.** At all times during the Term, Eustachy shall have the right to terminate this Agreement, without cause, at any time upon prior written notice to the University, except that Eustachy shall not, without good cause (such as would be cause for termination for breach by the University), give his notice of termination that is to take effect between September 1 and the last regular season game of the then-current CSU men's basketball season. If such notice is given during the foregoing time frame, the termination effective date shall be determined at the sole discretion of the Director, but in no event later than the final game (to include any post-season tournament game) of that season.

In the event that Eustachy so terminates this Agreement during the Term to accept a head coaching position at another university or in the National Basketball Association, Eustachy shall pay to the University, as liquidated damages because the Parties agree that the harm to the University cannot otherwise be reasonably calculated, the following amount based on the date of such termination:

Contract Year	Liquidated Damages
7/01/13 – 6/30/14	\$4,500,000
7/01/14 – 6/30/15	\$4,500,000
7/01/15 – 6/30/16	\$4,500,000
7/01/16 – 6/30/17	\$4,500,000

7/01/17 – 6/30/18	\$4,500,000
7/01/18 – 6/30/19 (if applicable)	\$2,250,000
7/01/19 – 6/30/20 (if applicable)	\$1,125,000
7/01/20 – 6/30/21 (if applicable)	\$562,500 (if before final game)

These amounts shall be payable in full on a lump-sum basis within ninety (90) days of the effective date of Eustachy's termination.

**7. ASSISTANT COACHES and other KEY STAFF MEMBERS.**

a. **Base Pay.** Eustachy is permitted to employ three full-time assistant coaches, one full-time director of operations and one full-time videographer for a total annual compensation amount of \$721,000. The specific amounts to be paid to each of these employees shall be approved by the Director, such approval not to be unreasonably withheld.

b. **Additional Compensation for Extraordinary Achievements.** As an additional incentive to achieve the very highest level of academic and athletic success for the Program, CSU will pay compensation, in addition to all other amounts set forth herein, as follows:

- i. As a one-time payment, CSU shall pay assistant coaches Leonard Perry and Ross Hodge additional compensation in the amount of \$10,000 each in recognition for extraordinary achievements in the Program during the 2012-13 season. Such additional compensation shall be paid out of privately-funded men's basketball discretionary funds as soon as possible after the full execution of this Agreement by CSU and Eustachy.
- ii. Beginning with the 2013-14 season, if the Program qualifies to participate in the NCAA Division I National Championship Tournament, the three assistant coaches and the director of operations shall be paid additional compensation equal to 1/12<sup>th</sup> of their annual base pay. Any such additional compensation must be recommended by Eustachy and approved by the Director on an annual basis, such approval not to be unreasonably withheld.
- iii. Beginning with the 2013-14 season, if the Program wins 20 or more games against NCAA Division I opponents in a single season, the three assistant coaches and the director of operations shall be paid additional compensation in the amount of \$3,500 each. Any such additional compensation must be recommended by Eustachy and approved by the Director on an annual basis, such approval not to be unreasonably withheld.
- iv. All additional compensation contemplated in this section is subject to the same conditions regarding APR that apply to Eustachy in Section 4.i herein. Furthermore, all additional compensation contemplated in this Section 7.b is also subject to the same delay, recapture and clawback provisions related to NCAA violations that apply to Eustachy in Section 4.i herein.
- v. All additional compensation contemplated in Section 7.b.ii and Section

7.b.iii shall be payable on or before June 30 of the year in which the achievement occurred.

c. **Courtesy Cars.** During the Term, Eustachy's full-time assistant coaches are expected to travel extensively in order to perform all of the duties and activities described herein. For such purposes, they shall be provided with the use of a suitable vehicle or a car stipend. Such use or stipend shall be governed by the Department's applicable policies. Personal use unrelated to University business may result in the reporting of taxable income by the assistant coaches. The University makes no representation regarding personal income tax consequences related to same and the assistant coaches shall be responsible for the payment of any tax related to such courtesy car, if any.

d. **Transition/Relocation Expenses.** In consideration of the expenses that Eustachy's coaching staff and related personnel will incur in relocating their household to Fort Collins, Colorado, each coach and related personnel will be entitled to reimbursement of his reasonable and necessary expenses. The aggregate cost of such relocation expenses shall not exceed an amount equal to \$15,000 times the number of such personnel who relocate to Fort Collins. Such expenses and payment shall be subject to and approved in accordance with applicable University policy, including the University's policy on moving expenses.

e. **Fringe.** Each full-time assistant shall be eligible for all fringe benefits and such employer contributions to the cost of such benefits and/or retirement plans as apply to Administrative Professional staff within the University.

f. **Tickets.** During the Term on an annual basis, each assistant coach will receive men's basketball season tickets for his immediate family members (spouse and dependent children under the age of 18), plus four additional tickets as requested on a game-by-game basis, to be used at his discretion, in conformity with the laws, rules and regulations of the State of Colorado, and the regulations, policies and procedures of CSU and the CSU System, the NCAA, and the athletics conference(s) in which the University is a member, as such laws, regulations, policies and procedures may be modified, added to or eliminated from time to time, to each CSU home men's basketball game, including post-season games, to be used for his invited guests for purposes of engendering goodwill and support of the Program, the Department and the University. Any tickets received in excess of these amounts shall be the financial responsibility of the individual(s). The University makes no representation regarding personal income tax consequences related to complimentary tickets and the individual(s) shall be responsible for the payment of any tax related to such tickets, if any.

g. **Financial Constraints.** Each of the payments authorized in Section 7 shall be subject to financial constraints of the University, and the approval of the Director.

h. **Termination.** The members of Eustachy's coaching staff shall be deemed administrative professionals and shall be employed on an at-will basis. In the event of termination of Eustachy, current Colorado law would allow the University to pay up to three months' severance (salary and benefits) to Eustachy's assistant coaches provided they are otherwise eligible. For those assistant coaches who would not be eligible for the severance payment, the University will seek to work out other reasonable and fair arrangements that are permitted by law.

## 8. GENERAL PROVISIONS.

a. All services performed by Eustachy under this Agreement are personal and may not be assigned, subdelegated or subcontracted in any way except upon the prior, written approval of the Director and such other University officials as required by applicable laws, rules and policies of the University.

b. This Agreement is subject to all provisions of law applicable to the University; all rules and regulations of the University, including, but not limited to its Academic Faculty and Administrative Professional Manual and the Athletic Department Staff Manual, as such policies may be amended from time to time in the sole discretion of the University; and the System and the University's fiscal rules and similar rules and regulations promulgated pursuant to laws applicable to the University, which laws, rules and regulations shall control in the event of any conflict.

c. Under C.R.S. § 24-19-104, the following provisions are required by law to be contained in this Agreement and are hereby incorporated and made a part hereof. This section is subject to such modifications as may be required by changes in applicable federal or state law, or federal or state implementing rules, regulations, or procedures of that federal or state law. Any such required modification shall be automatically incorporated into, and be made a part of, this Agreement as of the effective date of such change as if that change was fully set forth herein.

**[24-19-104(1)(b)]: No compensation, whether as a buy-out of the remaining term of the contract, as liquidated damages, or as any other form of remuneration, shall be owed or paid to [Eustachy] ... upon or after the termination of [this] contract except for compensation that was earned prior to termination prorated to the date of termination; and**

**[24-19-104(1)(c)]: If [this] contract is not substantially in compliance with the prohibition against payment of post-employment compensation, the contract is null and void.**

**[24-19-104(1.5)(a)(II)]: ... [T]he institution remains free to terminate the contract or extension without penalty if sufficient funds are not appropriated.**

d. **Taxes.** Eustachy agrees to be responsible for the payment of any taxes due on any and all compensation, or benefits provided by CSU. Eustachy agrees to defend, indemnify and hold harmless CSU, its governing board, officials, employees, insurers, and agents, from any and all claims or penalties asserted against them, for any failure to pay taxes due on any salary, compensation, or benefit provided by CSU pursuant to this Agreement or otherwise in connection with his employment. Eustachy expressly acknowledges that CSU has not made, nor herein makes, any representation about the tax consequences of any consideration provided by CSU to Eustachy or his attorneys, agents or representatives in connection with this Agreement.

e. **Modifications and Amendments.** This Agreement may not be amended, modified, superseded, canceled, renewed or expanded, or any terms or covenants hereof waived, except by a writing executed by each of the Parties.

f. **Waiver.** Failure of any party at any time or times to require performance of any provision hereof shall in no manner affect his or its right at a later time to enforce the same. No waiver by a party of a breach of any term or covenant contained in this Agreement, whether by conduct or otherwise, in any one or more instances shall be deemed to be or construed as a further or continuing waiver of any provision in this Agreement. Any express waiver of any provision hereof must be made in writing and signed by the authorized representatives of the Parties, which in the case of CSU, shall be the Athletic Director with approval of the President.

g. **Representation and Warranty.** Eustachy warrants and represents that he may freely enter into this Agreement and that he is subject to no other contract, claim, obligation, or restriction, including, but not limited to any existing arrangements with his current employer or past employer, which would be breached or violated by execution of this Agreement. Further, Eustachy explicitly represents and warrants that the University will not incur any “buy out” liability as a result of Eustachy entering into this Agreement.

h. **Assignment.** This Agreement involves the provision of personal services and shall not be assignable. Any purported assignment in contravention of this section shall be null and void.

i. **Notices.** All notices given hereunder shall be given by certified mail, or delivered by hand, to the other party at his or its last known home or business address, or at any other address hereafter furnished by notice given in like manner. Eustachy promptly shall notify CSU of any change in his address. Each notice shall be effective as of the date it is hand delivered, or if sent by certified mail, three days after the date of mailing.

j. **Governing Law; Personal Jurisdiction and Venue.** This Agreement and all disputes relating to this Agreement shall be governed in all respects by the laws of the State of Colorado as such laws are applied to agreements between Colorado residents entered into and performed entirely in Colorado. The Parties acknowledge that this Agreement constitutes the minimum contacts to establish personal jurisdiction in Colorado and agree to the exercise of personal jurisdiction by Colorado courts. The Parties further agree that any disputes relating to this Agreement shall be brought in courts located in the County of Larimer, State of Colorado.

k. **Entire Agreement.** This Agreement sets forth the entire agreement and understanding of the Parties hereto with regard to the employment of Eustachy by CSU as of the Effective Date, and shall supersede any and all prior offer letters, agreements, arrangements and understandings, written or oral, pertaining to the subject matter hereof. No representation, promise or inducement relating to the subject matter hereof has been made to Eustachy that is not embodied in this Agreement, and neither CSU nor Eustachy shall be bound by or liable for any alleged representation, promise or inducement not so set forth.

l. **Severability.** In the event that any provision of this Agreement is held unenforceable for any reason, the remaining provisions of this Agreement shall remain in full force and effect.

m. **Contract a Public Record.** The University shall make the terms of this contract available to the public for inspection and copying during regular business hours.




n. **Indemnification.** Eustachy agrees to indemnify and hold harmless the University, its governing board, officials, employees, insurers and agents from any and all claims or penalties asserted against them as a result of serious or intentional NCAA rules violation(s) by Eustachy or by those who have committed such serious or intentional rules violation by following Eustachy's specific and direct instructions.

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IN WITNESS WHEREOF, THE PARTIES HAVE EXECUTED THIS AGREEMENT AS OF THE DAY AND YEAR SET FORTH FIRST ABOVE.

LARRY EUSTACHY

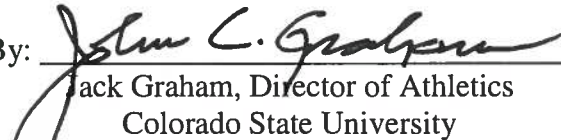
Signed:   
Larry Eustachy

Date: 7/15/13

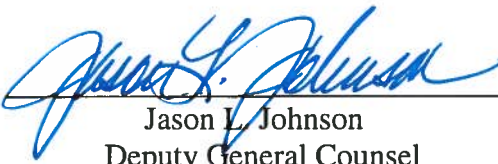
THE BOARD OF GOVERNORS OF THE COLORADO STATE UNIVERSITY SYSTEM, acting by and through Colorado State University

By:   
Dr. Anthony A. Frank, President  
Colorado State University

APPROVED:

By:   
Jack Graham, Director of Athletics  
Colorado State University

LEGAL SUFFICIENCY:

By:   
Jason L. Johnson  
Deputy General Counsel  
Colorado State University System

**ALL CONTRACTS REQUIRE APPROVAL BY THE COLORADO STATE UNIVERSITY CONTROLLER**

C.R.S. § 24-30-202 and University policy require the Colorado State University Controller to approve all Contracts. This Contract is not valid until signed and dated below by the University Controller or delegate. Eustachy is not authorized to begin performance until such time. If Eustachy begins performing prior thereto, the University is not obligated to pay Eustachy for such performance or for any good and/or services provided hereunder.

**COLORADO STATE UNIVERSITY CONTROLLER:**

By: 

Date: 8/1/13