Ed Orgeron/LSU: An Interesting Termination Agreement By Martin J. Greenberg and Justin Altman

I. <u>Introduction</u>

Ed Orgeron (Orgeron) has had an illustrious career as a college football coach. It all started in 1988 with Miami University and continued at Nicholas State, Syracuse, USC, Ole Miss, New Orleans Saints, Tennessee, USC, and finally a head coaching position at Louisiana State University (LSU) in 2016.¹ Orgeron's overall record at LSU was 49 wins and 19 losses, which included a National Championship in 2019, SEC Championship in 2019, and an SEC Western Division Championship in 2019.² In 2019, Orgeron led LSU to an overall record of 15 and 0 in games played and a conference record of 8 and 0.³ As a result of the 2019 season, Orgeron was awarded in 2019 the Associated Press Coach of the Year, Home Depot Coach of the Year, Eddie Robinson Coach of the Year, George Munger Award, Paul "Bear" Bryant Coach of the Year Award, and the SEC Coach of the Year.⁴ On January 13, 2020, Orgeron won his first National Championship as a head coach with a win over the unbeaten National Champion Clemson University Tigers with a score of 42 to 25.⁵ The 2020 and 2021 seasons were not as good for LSU having an overall record in 2020 of 5 and 5, and an overall record in 2021 of 4 and 5.⁶ Despite high expectations and a favorable schedule, LSU began the 2021 season with a 3-3 start, losing many games in which they

¹ Ed Orgeron Biograph, Louisiana State University, <u>https://lsusports.net/sports/fb/roster/coach/ed-orgeron/</u>. ² *Id.*

³ Id.

⁴ Id.

⁵ Id.

⁶ Al-Khateeb, Zac, *Why did LSU fire Ed Orgeron? Tigers make surprising coaching change two years after championship*, SPORTINGNEWS.COM, Oct. 19, 2021, <u>https://www.sportingnews.com/us/ncaa-football/news/ed-orgeron-fired-lsu-coach-championship/ggwtgc5650tg1ow4wb4motgji</u>.

were favored to win.⁷ However, even though Orgeron upended the Florida Gators, LSU administrators announced the following day, October 17, 2021, that they had reached a mutual agreement for Orgeron to leave the program at the end of the 2021 season.⁸

II. <u>A New Contract</u>

Orgeron, on January 24, 2020, received a new six-year, \$42 million contract extension that paid an average of \$7 million a year.⁹ The move came just 11 days following LSU's National Championship defeat of Clemson in the 2020 College Football Playoff championship game.¹⁰

III. <u>Binding Term Sheet Between Louisiana State University and Ed Orgeron, dated</u> January 14, 2020

<u>Position</u>: Head Football Coach at Louisiana State University ("LSU")

<u>Reporting</u>: Coach shall report directly to the Director of Athletics

Term: Effective as of January 14, 2020 and ending December 31, 2025

<u>Compensation</u>: For purposes of this Term Sheet, compensation will be as follows and may be payable in part from affiliated foundation funds:

• Salary (annual rate; pro-rated for partial years): \$6,000,000 (consisting of base salary and supplemental compensation), some of which may be payable to an entity controlled by Coach

• Supplemental Benefit Plans: LSU and Tiger Athletic Foundation (collectively referred to as "University" for purposes of this provision) will finance premiums for a life insurance policy for coach in the amount(s) and in accordance with the schedule below:

2020: \$2,500,000 Payable promptly following execution of the Supplemental Death Benefits Documents (defined below)

2021: \$2,500,000 Payable on or before January 15, 2021 (each, a "Premium Loan," collectively "Premium Loans")

⁷ Id.

⁸ Id.

⁹ Kubena, Brooks, *Ed Orgeron gets raise, contract extension after LSU national title; see contract details*, THE ADVOCATE, Jan. 24, 2020, <u>https://www.theadvocate.com/baton_rouge/sports/lsu/article_d8701f54-374d-11ea-aff0-4b94bf445edb.html</u>.

Subject to and in accordance with a separate agreement, and collateral assignment to be entered into between the Parties ("the Supplemental Death Benefit Plan Documents"), Coach will select the life insurance policy, subject to University approval not to be unreasonably withheld or delayed, whereas Coach will be the owner of the life insurance policies utilized in the arrangement, and University shall be entitled to repayment of all Premium Loans, plus accrued interest at the lowest applicable federal rate, from the policy death benefit due upon his death.

Pursuant to the Supplemental Death Benefit Plan Documents, Coach shall agree to limit his withdrawals from the life insurance policy in such a manner and to such amounts that the Premium Loan amounts shall be repaid to the University, including applicable interest, upon Coach's death. The terms and conditions of the Supplemental Death Benefit Plan Documents shall control unless inconsistent with the Employment Agreement, in which case the Employment Agreement will control.

The University's obligation to make the Premium Loans shall survive termination of the Employment Agreement for any reason except a final determination that Cause (as that term is defined in the current Employment Agreement) exists for terminating the Employment Agreement; provided, however, that the obligations of the University and the Coach under the Supplemental Death Benefit Plan Documents shall survive the termination of the Employment Agreement. It is intended by the Parties that the Supplemental Death Benefit Plan Documents will satisfy the requirements of federal tax law and all reporting of income, benefits, or other amounts shall be made by University in a manner that is in accordance with applicable Internal Revenue Service rules and regulations and acceptable to University.

• Incentive Compensation: Consistent with current Employment Agreement dated March 17, 2017, as amended March 1, 2019, Except Sections 7.D.I-III, where GPA incentive is eliminated and complete amount (\$200,000) can be achieved with a single year APR of 960 or higher.

• Additional Compensation: \$187,500 per year provided to Coach to use for personal air travel and compensation for legal fees not to exceed \$20,0000 related to split dollar life insurance policy.

<u>Termination by Coach</u>: If Coach terminates the employment at any time, Coach will pay to LSU as liquidated damages an amount as follows, payable either in a lump sum or in equal installments over the remaining Term:

- Year 1 of contract 100% of one-year Salary
- Year 2 of contract 75% of one-year Salary
- Year 3 of contract 50% of one-year Salary
- Year 4 of contract 25% of one-year Salary
- Year 5 of contract 10% of one-year Salary

- Year 6 of contract no payment due
- Or, for the first four years of the new Term, 100% of amount equal to [of] one-year base salary for any SEC coaching position.

<u>Termination by LSU</u>: LSU may terminate the employment at any time for convenience, and in such event will pay to the Coach as liquidated damages an amount equal to 70% of Salary remaining in the Term at the time of termination and expressly waive any offset or mitigation obligation of Coach and related contracting entity regarding this sum. LSU may also terminate the employment for cause without further payment obligation pursuant to a mutually-agreed clause (as that term is defined in the current Employment Agreement) in the long-form Employment Agreement. Any payments due to Coach will be paid in equal monthly installments over the course of the remaining Term.

<u>Miscellaneous</u>: This is a legally binding Term Sheet and shall be enforced and construed in accordance with the laws of Louisiana, subject to approval by the LSU Board of Supervisors. Any civil action to enforce this Term Sheet shall be brought in a state or federal court having subject matter and personal jurisdiction over the parties in East Baton Rouge Parish, Louisiana. The parties agree and acknowledge that they will negotiate in good faith and to finalize a formal long-form Employment Agreement that includes the terms set forth above, all non-conflicting terms of Coach's existing Employment Agreement, and other terms which are customary in Division I-A head coach contracts within 90 days of this Term Sheet unless such period is extended by mutual agreement of the Parties, and that the successful negotiation and execution of such long-form Employment Agreement is a condition of this Term Sheet and continued employment. Upon execution and approval by the LSU Board of Supervisors, the long-form Employment Agreement will supersede the terms of this Term Sheet, but util that occurs, this Term Sheet remains in full force and effect.¹¹

IV. <u>Why Termination</u>

Orgeron [was] 49-17 at #LSU but is 9-8 since the championship. However, this goes beyond on-field results.

A strained relationship between coach & administration – rooted in team management & public/private behavior – has warped into an untenable situation, distrust & outbursts.

-Ross Dellenger (@RossDellenger) October 17, 2021.¹²

¹¹ Binding Term Sheet between Louisiana State University and Ed Orgeron dated January 14, 2020, on file with author.

¹² https://twitter.com/RossDellenger/status/1449783867762675723

A source familiar with the situation at LSU: "It's one of those things where no one wanted to be there anymore. The players didn't want to play for him, the coaches didn't want to coach for him."

– Pete Thamel (@PeteThamel) October 17, 2021.¹³

The Athletic provided an in-depth investigation on the situation at LSU, reporting that a myriad of issues resulted in LSU's decision to part ways with Orgeron. According to a source close to the situation, Orgeron "lost track of who he was" following his team's 2019 championship season.¹⁴ He also reportedly became a distraction after divorcing his wife, Kelly, to whom he had been married for 23 years.¹⁵ For example, photos of Orgeron in bed with a woman went viral in 2020; per The Athletic, there were no moral objections to his single lifestyle, though it did take away from him preparing for games.¹⁶

The Athletic also reported Orgeron made advances on a woman at a gas station, who then told him she was married and pregnant.¹⁷ He then responded, "Why does that matter?"¹⁸ The woman ended up being the wife of a high-ranking LSU official.¹⁹

In 2021, a woman named Ashlyn Robertson testified in front of the Louisiana State Legislature and alleged she was raped by Derrius Guice ("Guice"), an LSU running back.²⁰ It was claimed that Robertson had reported the offense by LSU running back Guice to Orgeron, but that

¹³ https://twitter.com/PeteThamel/status/1449783611272704000

¹⁴ Miller, Brody, *'He lost track of who he was': Inside Ed Orgeron's fall from celebrated son of Louisiana to LSU coaching pariah*, THE ATHLETIC, Oct. 17, 2021, <u>https://theathletic.com/2891847/2021/10/17/he-lost-track-of-who-he-was-inside-ed-orgerons-fall-from-celebrated-son-of-louisiana-to-lsu-coaching-pariah/</u>.

¹⁵ Id.

¹⁶ Id. ¹⁷ Id.

¹⁸ Id.

¹⁹ Id.

²⁰ Hunsucker, Adam, *Ed Orgeron's separation agreement requires him to cooperate in LSU's Title IX litigation,* USA TODAY, Oct. 18, 2021, <u>https://www.usatoday.com/story/sports/ncaaf/sec/2021/10/18/ed-orgeron-separation-agreement-cooperate-lsu-title-ix-litigation/8511254002/</u>.

the Coach had taken no action against Guice.²¹ Orgeron has also been accused of failing to follow through on a harassment allegation brought by a 74 year old employee of the Superdome against Guice in which he called the woman and asked her to forgive Guice.²² In June of 2021, Orgeron was added as a defendant in a Title IX lawsuit against LSU that alleges that Orgeron was told that Guice raped a student and didn't report the allegation.²³ Orgeron has denied being told of the alleged rape.²⁴

Orgeron's comments of support for former President Donald Trump – whom his Black players believed espoused racist ideologies and theories – contributed to him losing his team.²⁵ So too did his lack of support for players' demonstrations against racial inequality and injustice prior to the start of the 2020 season.²⁶

On the football field, the team's lack of success – made worse by Orgeron's admission he didn't formally interview defensive coordinator Bo Pelini or offensive coordinator Scott Linehan – made it impossible for LSU athletic director Scott Woodward, who did not hire Orgeron and had no loyalty to him, to overlook the off-field issues.²⁷ What follows is a portion of a letter sent from Scott Woodard, LSU's Athletic Director, to the LSU Community:

Ultimately, we have very high standards for all of our sports programs at LSU and we will stand proudly behind our expectations of competing for SEC and the National Championships year in and year out. Our last two seasons have simply not

²¹ Id.

²² Coleman, Madeline, *Woman Testifies Ed Orgeron Knew Derrius Guice Sexually Harassed Her,* SI.COM, Mar. 26, 2021, <u>https://www.si.com/college/2021/03/26/woman-testifies-ed-orgeron-knew-derrius-guice-sexual-harassment.</u>

²³ Hunsucker, Adam, *Ed Orgeron's separation agreement requires him to cooperate in LSU's Title IX litigation*, USA TODAY, Oct. 18, 2021, <u>https://www.usatoday.com/story/sports/ncaaf/sec/2021/10/18/ed-orgeron-separation-agreement-cooperate-lsu-title-ix-litigation/8511254002/</u>.

²⁴ Id.

 ²⁵ Dellinger, Ross, *The Swift Fall of Ed Orgeron at LSU: Inside a Stunning Post-Title Collapse*, SI.com, Oct. 17, 2021, https://www.si.com/college/2021/10/17/ed-orgeron-lsu-football-inside-program-collapse.
²⁶ Id.

²⁰ Id.

²⁷ Id.

met those standards and based on our on-field results and our evaluation of potential for the future immediate success. It is time for a new direction. The search for a new LSU Football next Championship Head Football Coach begins now.²⁸

LSU (6/7) lost to Kansas (8/5) with a score of 42-20 in the Texas Bowl game in which

Orgeron elected not to coach, finishing the season with LSU's first losing season since 1999.²⁹ It

was estimated that LSU owed Orgeron's staff a combined \$9.5 million in buyouts based upon the

current contracts of those coaches.³⁰

V. <u>Termination Agreement between Ed Orgeron, Jr. and LSU, effective October 18, 2021</u>

This Termination Agreement ("Agreement"), effective October 18, 2021 ("Effective Date"), is between the Board of Supervisors for Louisiana State University and Agricultural and Mechanical College ("LSU" or "University"), Edward J. Orgeron, Jr. ("Employee") and My 3 Tiger Boys LLC ("Company") (collectively, the "Parties"),

WHEREAS, the Parties entered into an Employment Agreement dated April 23, 2020 ("2020 Employment Agreement"), which provides the terms of the Employee's employment and Company's engagement through December 31, 2025;

WHEREAS, the University intends to terminate the 2020 Employment Agreement without cause pursuant to the terms herein;

WHEREAS, the University will continue to employ Employee in a limited capacity for the remainder of the 2021 LSU Football Season, which employment will be provided for in a separate agreement;

NOW, THEREFORE, exclusively in lieu of payments or wages for future coaching services for the University, and in consideration of the mutual promises and covenants contained herein, the parties agree as follows:

1. <u>Term</u>. The term ("Term") of this Agreement shall be from the Effective Date through December 31, 2025.

²⁸ https://twitter.com/LSUfootball/status/1449875369880965124/photo/1

²⁹ Riley, Koki, *LSU finishes below .500 for first time since 1999 after getting blown out by Kansas State in bizarre Texas Bowl,* LAFAYETTE DAILY ADVERTISER, Jan. 5, 2022,

https://www.usatoday.com/story/sports/ncaaf/2022/01/04/lsu-losing-record-kansas-state-texasbowl/9100267002/.

³⁰ Hunsucker, Adam, *Here's how much LSU will owe Ed Ogeron's football staff in buyouts,* THE DAILY ADVERTISER, Oct. 19, 2021, https://www.theadvertiser.com/story/sports/college/lsu/2021/10/19/how-much-lsu-owe-ed-orgerons-staff-buyouts/8520069002/

2. <u>Termination of Employment</u>. Employee's employment and Company's engagement under the 2020 Employment Agreement shall terminate on the Effective Date. Employee will be compensated for the current month under the 2020 Employment Agreement prorated to the Effective Date.

3. <u>Termination Payments</u>. In exchange for the execution of this Agreement and acceptance of all terms, and in lieu of payments for his future personal services as head football coach for the University, LSU agrees to the payments in the amounts and on or before the dates designated below in full and final settlement of any and all obligations between the Parties under the 2020 Employment Agreement. Payments directly to Employee are subject to all applicable payroll taxes and deductions.

A. Payments to Employee:

Β.

December 15, 2021:			\$5,000,000
June 15, 2022:			\$1,000,000
December 15, 2022			\$1,000,000
June 15, 2023			\$750,000
December 15, 2023			\$750,000
June 15, 2024			\$500,000
December 15, 2024			\$500,000
June 15, 2025			\$426,000
December 15, 2025			\$426,000
Payments to Company:			
January	15, 2022		\$667,000
July 15, 2022			\$750,000
January 15, 2023			\$750,000
July 15, 2023			\$750,000
January 15, 2024			\$750,000
July 15, 2024			\$750,000
January 15, 2025			\$750,000
July 15,	2025		\$750,000

C. Payments to UbieKauf, LLC:

December 15, 2021 \$680,000³¹

With respect to the payments to be made, the Termination Agreement and 2020 Contract do not require an effort on Orgeron's part to mitigate damages.

However, the Termination Agreement provides for a Tax Liability and Indemnification clause:

8. <u>Tax Liability and Indemnification.</u> Employee and Company agree that they shall be solely liable for any and all extraordinary taxes which may be due on any payments made under this Termination Agreement. Employee and Company, both individually and collectively, agree that they shall fully indemnify and hold LSU harmless from any tax liability assessed to LSU arising from or related to the timing of the payments made under this Termination Agreement only, including, but not limited to, any taxes, penalties, fines, and/or interest assessed by any tax authority, as well as any attorneys' fees and costs incurred by LSU to enforce this provision. For the avoidance of doubt, the parties acknowledge and agree that LSU shall remain responsible for any and all ordinary and necessary employer taxes or withholdings arising from this Agreement.³²

As previously mentioned the Term of the Agreement ends December 31, 2025.³³ As

additional consideration for the termination payments, Orgeron agreed to do the following:

4. <u>Additional Consideration</u>. As further consideration for this Agreement, Employee agrees to the following:

a. Personal Appearances. During the Term and subject to his personal and professional availability, Employee will make at least one local public appearance on behalf [of] the LSU athletics program per year (beginning in calendar year 2022) upon the request of the University, which shall not exceed two (2) hours in duration unless otherwise agreed in writing between the parties. The obligation is for a total of four appearances. If Employee is unable to complete an

³¹ Termination Agreement, October 18, 2021, on file with Author.

³² Id.

³³ Id.

appearance within a calendar year, the obligation shall accrue to the following calendar year.

b. License of Name and Likeness. During the Term, Employee hereby grants University an irrevocable, non-exclusive, non-assignable, non-transferrable worldwide limited license to use Employee's name and approval likeness in media, advertising and promotional materials in support of the LSU athletics program in a non-commercial capacity. Any media, advertising or promotional materials depicting the image of Employee shall require approval of Employee, which approval shall be in his sole discretion.

c. Restrictive Covenant. For a period of 18 months from the Effective Date, Employee agrees that he will not become employed as or serve in a head coach capacity for any collegiate football team or program in the Southeastern Conference as constituted as [of the] Effective Date. The geographic boundaries of the restriction contemplated by this Section include all municipalities, counties and parishes of each institution affiliated with the Southeastern Conference with a collegiate football program.

d. Continued Employment by Employee. On October 19, 2021, Employee will commence employment with LSU under a new employment agreement to be executed contemporaneously with this Agreement. It is the intention of the parties that there be no interruption of service.³⁴

Supposedly Orgeron will receive a monthly base salary of \$500,000 and a \$150,000 option

to finish the season.³⁵ The revised Employment Agreement expired November 30, 2021.³⁶

Further, Orgeron is required to cooperate with respect to any investigations as conducted

by the University or the NCAA.

6. <u>Duty to Cooperate/Indemnification of Employee</u>. After the Effective Date, Employee agrees, without additional compensation (other than reimbursement for reasonable associated expenses), to cooperate with LSU in any investigation, internal or otherwise, of any possible violation of law (including Title IX) or violation of any rule, policy or regulation of LSU (including PM-73), the Southeastern Conference or the National Collegiate Athletics Association.

³⁴ Id.

 ³⁵ Hunsucker, Adam, *Ed Orgeron's separation agreement requires him to cooperate in LSU's Title IX litigation*, USA TODAY, Oct. 18, 2021, <u>https://www.usatoday.com/story/sports/ncaaf/sec/2021/10/18/ed-orgeron-separation-agreement-cooperate-lsu-title-ix-litigation/8511254002/</u>.
³⁶ Id.

Employee further agrees (a) to be reasonably available to answer questions regarding any matter with which Employee was involved while employed by LSU, (b) to cooperate with LSU during the course of any proceedings arising out of any matter with which Employee has knowledge or information, (c) to cooperate in the defense of any litigation in which Employee is named as a defendant or identified as a witness as a result of Employee's employment with LSU, including the matter of *Abby Owens, e al. v. Louisiana State University, et al.* Further, LSU acknowledges and agrees that nothing in this Agreement shall relieve it of its obligations to indemnify Employee for claims brought against Employee and arising within the course and scope of his employment, at any and all times, with LSU, to the extent allowed by law.³⁷

Finally, the Termination Agreement contained, at Paragraphs 5A and B, mutual releases

between the parties:

5. <u>Mutual Release</u>

Except for obligations arising out of this Agreement, the Employee, himself a. and on behalf of his agents, heirs, beneficiaries, successors and assigns, past or present, and the Company (collectively the "Employee Parties") do hereby release, acquit, satisfy and forever discharge LSU, its agents, board members, employees, successors and assigns (collectively, the "Employer Parties"), from any and all actions, causes of action, claims, rights, debts, sums of monies, costs, expenses, attorneys' fees, judgments, orders and liabilities, accounts, covenants, controversies, promises, damages, of whatever kind and nature in law or equity or otherwise whether now known or unknown (collectively, the "Claims"), which the Employee Parties ever had, now have, or may have had against any of the Employer Parties, for any reason (including, but not limited to, all Claims relating to the 2020 Employment Agreement) from the beginning of time up through and including this date. In furtherance of the foregoing, each of the releasing parties irrevocably covenants to refrain from, directly or indirectly, asserting any Claims, or commencing, instituting or causing to be commenced, any proceeding of any kind against any of the Employer Parties with respect to any of the matters within the scope of the foregoing release.

b. Except for the obligations arising out of this Agreement, the Employer Parties do hereby release, acquit, satisfy and forever discharge, the Employee Parties, from any and all actions, causes of action, claims, rights, debts, sums of monies, costs, expenses, attorneys' fees, judgments, orders and liabilities, accounts, covenants, controversies, promises, damages, of whatever kind and nature in law

³⁷ Termination Agreement, October 18, 2021, on file with Author.

or equity or otherwise (collectively, the "Claims"), which the Employer Parties ever had, now have, or may have had against any of the Employee Parties, for any reason (including, but not limited to, all Claims relating to the 2020 Employment Agreement) from the beginning of time through and including this date. In furtherance of the foregoing, each of the releasing parties irrevocably covenants to refrain from, directly or indirectly, asserting any Claims, or commencing, instating or causing to be commenced, any proceeding of any kind against any of the Employee Parties with respect to any of the matters within the scope of the foregoing release.³⁸

In December of 2021, Brian Kelly was introduced as the 34th head coach of the LSU Football Program.³⁹ It has been reported that it took a 10 year, \$95 million contract to lure Kelly from Notre Dame to LSU.⁴⁰

VI. Some Thoughts

The Orgeron Termination Agreement has some interesting provisions and differs from most:

- Orgeron has no obligation to mitigate or offset the damages under the Termination Agreement.
- 2. In most termination agreements the relationship terminates upon the execution of the termination agreement, although the termination payments may continue.
- In this particular case, the Termination Agreement lists the termination date as December 31, 2025, and requires Orgeron to perform additional services, including personal appearances, licensing likeness, restrictive covenants, continuing employment.
- 4. Also, this particular Termination Agreement, instead of terminating upon execution, requires Orgeron to continue to coach the remainder of the 2021 season.

³⁸ Id.

 ³⁹ Saltzman, Brian Kelly introduced as 34th LSU Tiger Head Coach, SB NATION, Dec. 2, 2021, <u>https://www.andthevalleyshook.com/2021/12/2/22810001/brian-kelly-introduced-as-34th-lsu-tiger-head-coach</u>.
⁴⁰ Id.

- 5. The Termination Agreement requires him to cooperate in any way with any investigations that are being conducted with the NCAA or any other authority, but his indemnification agreements remain intact.
- 6. There were allegations made that could certainly have resulted in a For Cause Termination that would have probably ended in a lawsuit. The Termination Agreement was probably the easiest and most expeditious way out.
- 7. The Termination Agreement contains an 18-month Restrictive Covenant not to serve as a head coach for any collegiate football team or program in the Southeastern Conference. Certainly unusual, but necessary in this particular circumstance.
- 8. The tradition continues wherein universities would rather pay a large buyout rather than terminate their coaches and hang out their dirty laundry in the courtroom or in front of the general public.
- 9. The buyouts continue to be extraordinary, especially where the coach has leverage and there is no obligation to mitigate damages for purposes of offsetting the university's responsibility.

Justin Altman is a research intern for the Law Offices of Martin J. Greenberg, LLC who assisted in the research and writing of this article. He is a sophomore at the University School of Milwaukee and is interested in pursuing a career in sports management and sports law.