

April 18, 2013

Board of Governors
c/o Special Assistant to the Board of Governors
West Virginia University
P.O. Box 6201
Morgantown, WV 26506-6201

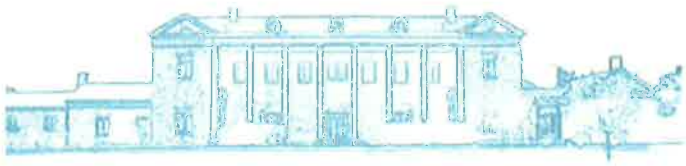
Re: Proposal Number 9002782X
Athletic Sponsorship and Media Rights

Dear Board of Governors:

I am in receipt of the Attorney General's Report on West Virginia University's Multimedia Rights (the "Report") dated April 15, 2013 and would like to share some of my thoughts with you regarding some of the findings therein. As we know, Mr. Morrissey, Attorney General, is acting as counsel to WVU in the review/investigation of the Media Rights Bid Proposal. In that capacity and in his Preliminary Comments in the Report, he states WVU is his client, and as his client, WVU has the ultimate authority to release information protected by the Attorney-Client Privilege. He goes on to say that WVU, by and through its President, Mr. Clements, has granted only a limited waiver of privilege to allow for the public release of the Report, its conclusions, and its recommendations.

I don't know about you, but I find this language very troubling. We have now gone almost two months, and Mr. Morrissey has only been authorized to disclose limited information by Mr. Clements. Although we are glad to hear from Mr. Clements after two months, we were hoping for something more than a limited disclosure. Why not provide complete and total transparency to the process which we have been requesting for weeks? What other facts have been withheld from the public? Why must WVU continue to operate under a veil of secrecy? Moreover, it has been reported to me that Mr. Morrissey did not include numerous e-mails by Bray Cary, Luck, and Payne in his Report.

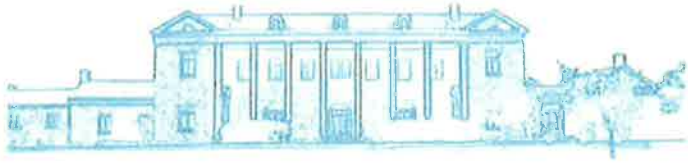
Something is not right here, and this only tells us we need to continue our quest for the truth. After all, if we had not forwarded letters to you and Mr. Clements, there would be no Report in the first place. There would also be no admission by Mr. Luck that his conduct was "inappropriate and improper." There would be no finding that the Chairman of the Board of Governors, Mr. Payne, acted improperly and unethically with regard to the Board of Governors' Operating Procedures, the WVU Procurement Manual and the State Ethics Act (the law of West Virginia).



With respect to all this, Mr. Payne made the following proclamation: “I’m committed to fine-tuning our Board processes so we can do a better job of identifying possible conflicts or problems going forward” Are you kidding? The only Board process that Mr. Payne needs to work on going forward is a process that would remove him as Chairman and as Board member. I would like to ask each of you, are you going to put up with this nonsense? We are talking about WVU here, the flagship university for the State of West Virginia. The same goes for Mr. Alvarez, Mr. Payne’s co-investor in West Virginia Media. Each of you has an obligation to go to the Governor and ask the Governor to make a big positive step forward by removing these people from any affiliation with WVU.

Mr. Luck’s proclamation was that he acknowledged that his communication with Mr. Payne was “inappropriate” and should not have occurred. He stated, “I concur with the Attorney General’s findings that these communications were improper, but agree that they did not impact the evaluation or selection process. The department looks forward to the re-bid.” This is hogwash. Mr. Luck either has a selective memory, or as he has said before with regard to the Evaluation Committee’s makeup, he just can’t remember at all. You will note in Mr. Luck’s quotes he only mentions communications with Payne as either “improper” or “inappropriate.” Mr. Luck doesn’t say anything about his intentional act of reconstituting the Evaluation Committee half way through the bid process or his failure to retain weighted scoring when RFP Addendum No. 1 required it. Even Mr. Morrissey found that when Luck altered the make up of the Evaluation Committee during the pendency of the evaluation process, such action may have materially affected the outcome of the decision. Any purchasing professional can tell you that these are not acceptable purchasing practices—altering the makeup of the Evaluation Committee during the pendency of the evaluation process or trashing weighted scoring during the process—in that they can lead to much bigger problems such as bid rigging. I am not suggesting this has occurred here, but I am curious as to why the Attorney General gave no reason in his report as to why this occurred. In any event, under Mr. Luck’s management, WVU has been exposed to the biggest, most embarrassing procurement mess in the school’s history, and his answer is that he can’t wait to get on to the re-bid process. This is phenomenal logic at its best. For your review, I attach to this letter as Exhibit “A” Mr. Luck’s dossier.

In our February 21, 2013 letter to President Clements, I announced that our company, West Virginia Radio Corporation, in an effort to get to the bottom of this, would not submit a bid if you decided to re-bid the Media Rights as a result of matters that I brought to your attention. Part of my thought process at the time was that if Mr. Luck was in charge of the re-bid process, given our involvement in bringing these matters to light, that the fairness of that process would be something akin to a kangaroo court. We felt, and still feel, that with the same characters involved, i.e., Mr. Payne and Mr. Luck, that WVU should re-label this as a “re-selection process of IMG College” and not as a “re-bid process.”

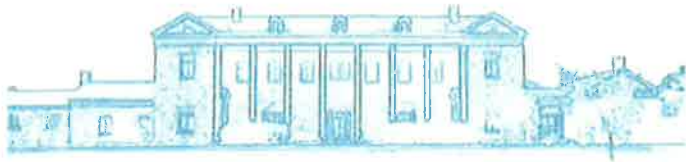


True to our word, because our word means something to us, we will not be re-bidding in the “re-selection process of IMG College.” However, we will protest through your procurement rules the current bid process. Notably, Mr. Morrissey found no proposers, including our company, have done anything to affect that process. We do not understand why we should be penalized for the acts of Mr. Payne and Mr. Luck. We acted in good faith in submitting our proposal, and we should have every right to see if our proposal was the best one offered. To say differently would be an injustice to our company and the other proposers, except for IMG College, whose bid in our opinion was tainted by the findings of the Attorney General. That bid we believe should be disqualified. We would ask for your consideration in this matter.

With respect to Mr. Morrissey’s Report, he makes findings of fact that we have been reporting to you for weeks. I disagree with some of his conclusions and recommendations. To me, the Report demonstrates a lack of experience in corporate governance. I will try to set forth some examples for you. Mr. Morrissey’s first finding is that WVU was not required to bid its media rights. This is an absurd conclusion when you weigh it against the Board’s fiduciary responsibility with regard to their duty of care. For example, under the Attorney General’s analysis, if WVU wanted to sell property, they would not have to take bids. How could they not take bids and meet their fiduciary duty of care? Do they not have any obligation to exercise good business judgment under what is known as the Good Business Judgment Rule for institutions like WVU. Another example might be leasing the Coliseum for a period of twelve years. Would you not take bids for that?

In addition, Mr. Morrissey throughout his Report makes findings of the appearance of impropriety. Yet, he goes on to say he could find no intentional acts or acts of wrongdoing in the process. You will note above, I have pointed out some intentional acts that Mr. Morrissey did not follow up on in his Report. Would it be reasonable here to use the old saying that if it looks like a duck, walks like a duck, quacks like a duck, it’s a duck? Mr. Morrissey certainly could not have taken into consideration the comments from the Ballard brothers that we forwarded to you on April 11, 2013. He also could not have taken into consideration facts reported in the Dominion Post, Thursday edition, April 18, 2013.

Mr. Morrissey, also as an attachment to his Report, includes the Resolution for the delegation of authority by the Board to the President to conduct the day-to-day business affairs of the University, which includes the President’s right to delegate authority to others. I assume Mr. Morrissey includes this to stand for the proposition that the Board of Governors did not need to review the Media Rights Bid Proposal. The delegation in this resolution does not stand for this at all. The Media Rights Bid Proposal is not in the ordinary course of business and is a matter of policy for the Board’s consideration, which is outside the delegation in the Resolution and must be acted upon by the Board. I know that you have business lawyers on the Board of Governors who would agree with my position. Ask them.

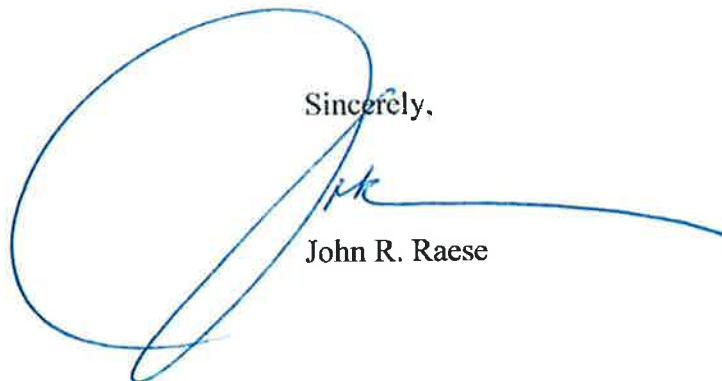


What does all of this mean? This means that these matters need to be investigated by an independent third party. Someone like a Mike Carey, former U.S. Federal Prosecuting Attorney who successfully prosecuted former Governor Arch Moore and has experience investigating matters like this. I mean, after all, wouldn't most people like to have their lawyer (Mr. Morrissey) investigate them if they were involved in something like this?

Moreover, as we know, Mr. Morrissey in his Report commented on the propriety of WVU accepting the IMG College bid. With no disrespect to Mr. Morrissey, he is not a business man—he is a politician and government lawyer. In his Report, he makes no mention of the fact that the Pac 12 and the SEC have recently repurchased certain third tier rights that WVU is now trying to license to IMG College for a period of twelve years. A proposal of this type has substantial value, particularly when the term is for a number of years (twelve in this case). The reason for this is that if the Big 12 would require WVU in the near future to repurchase these rights as the Pac 12 and the SEC have done, the party holding these rights would be in for a big windfall. In this case, it would be IMG College and its subcontractor, West Virginia Media, who would stand to make millions if this scenario unraveled. This would be a bill left for you and me, the citizens of the State of West Virginia.

We are also continuing our review of the scoreboard issues. Our preliminary review is raising serious concerns in this area. I will be advising you of our findings in the near future.

Sincerely,



John R. Raese

cc: Governor Earl Ray Tomblin

Exhibit A

Oliver Luck's Dossier

1. While running for office in the early 90's, Mr. Luck induced two WVU athletic department employees to provide him with an athletic department donor list containing approximately 4,000 names for his campaign. The two athletic department employees did so and were sanctioned by the Ethics Commission in what I believe was the first ever Ethics Commission sanction under the Ethics Act. Mr. Luck initially, when confronted, denied his involvement and blamed it on his adversary's campaign. He later apologized for his role in this matter. Subsequently, he left the state for other employment opportunities.
2. Mr. Luck is the same person who could not remember how the media rights selection committee was formed when he in fact formed it.
3. Mr. Luck gave us the convoluted explanation of Brady Ackerman's tenure at WVU.
4. Mr. Luck at a press conference stated that the Facilities Building had not been renovated since 1980 when it has in fact had several million dollars of renovations since then.
5. Mr. Luck is the person who has us playing Iowa State instead of Pitt.
6. Mr. Luck is the person who has assigned WVU's tier one and tier two television rights to the Big 12 for the next 12 years.
7. Mr. Luck has executed questionable provisions in Coaches' contracts with Huggins, Holgorson, DeForest and Mazey to name a few. Football team's record was 7 – 6, and basketball was 13 – 19.
8. Mr. Luck has led us to a \$12.9 million dollar deficit through June 2012 when the Athletic Department has operated in the black for the past 20 or more years.
9. Attorney General Patrick Morrissey singled out Luck for providing relevant confidential information to WVU Board of Governors Chairman Drew Payne both before and during the procurement process.
10. On Dec. 20, 2011, Luck provided Payne with WVU's complete documentation of its multimedia rights arrangement, including an analysis from Rockbridge Sports Group, which Luck hired as an outside consultant to review its multimedia rights. Luck also furnished Payne with WVU's financial information, projections for the athletic department and other documentation related to the university's media rights.

11. Luck emailed Payne a copy of WVU's RFP on May 3, 2012, two weeks before it was submitted to the procurement office and more than a month before the RFP was released to the prospective bidders.
12. On May 14, 2012, Luck forwarded Payne an email that contained a detailed, 14-page prospectus on one of West Virginia Media's potential competitors, Legends Sales & Marketing, a company that is jointly owned by the New York Yankees, Dallas Cowboys and Goldman Sachs.
13. Legends' vice president George Manias sent the informational packet to Dave Johnston at Rockbridge Sports, who Luck hired as an outside consultant. Johnston received the email at 3:30 p.m. May 14 and forwarded it to Luck at 5:40 p.m., describing Legends as a "strong horse in the race."
14. Within five minutes of receiving that message, Luck forwarded the email to Payne and updated him on the process of WVU's RFP. Payne responded the next day, thanking Luck and saying that he was "very curious to see the range of bids," and that "**it has been a long time to get to this point.**" (Emphasis added).
15. On the same day that Luck provided Payne with confidential documentation, he refused to provide West Virginia Radio Corporation's Dale Miller with any information on the RFP, saying he needed "the lawyers" to give the go-ahead.
16. See Attorney General Patrick Morrissey's Report for Luck's participation in the Media Right's Bid Proposal.
17. Luck's overall management of the Media Right's Bid Proposal has led WVU to its biggest, most embarrassing, procurement mess in school history.