AMENDED EMPLOYMENT AGREEMENT
BETWEEN
THE UNIVERSITY OF HOUSTON SYSTEM
AND
DR. RENU KHATOR

THIS AMENDED EMPLOYMENT AGREEMENT (this "Agreement") is effective on September 1, 2018 (the "Effective Date") by and between THE UNIVERSITY OF HOUSTON SYSTEM (the "System") and DR. RENU KHATOR ("Dr. Khator").

RECITALS

WHEREAS, Dr. Khator has diligently and successfully served in the positions of CHANCELLOR OF THE UNIVERSITY OF HOUSTON SYSTEM ("Chancellor") and PRESIDENT OF THE UNIVERSITY OF HOUSTON ("President") since January 15, 2008;

WHEREAS, in establishing Dr. Khator's compensation, the BOARD OF REGENTS OF THE SYSTEM (the "Board") has taken into account numerous factors, including, but not limited to, (1) extraordinary achievements made by Dr. Khator since her appointment as Chancellor and President, including, but not limited to, (a) within three (3) years of Dr. Khator's appointment, the Carnegie Foundation for the Advancement of Teaching placed the University of Houston in a Tier One category, which is the highest classification of research universities; (b) achievement of successful record-breaking fundraising efforts by the System; and (c) recognition of the University of Houston by the Princeton Review for excellence in undergraduate education and by the Chronicle for Higher Education as an exceptional workplace; (2) the compensation of chancellors of other Texas university systems and the presidents of other flagship campuses of Texas university systems (there being no other single individual in Texas higher education who is discharging the responsibilities of both the system chancellor and flagship campus president); (3) the multiple duties being undertaken by Dr. Khator; (4) Dr. Khator's qualifications, talents, abilities, and experience; and (5) the need to offer competitive remuneration to attract an individual such as Dr. Khator who is currently successfully employed in a significant senior administrative position at another university of significant size and national standing.

WHEREAS, Dr. Khator has served as Chancellor and President for the System for ten (10) years, and has agreed to continue to serve the System in this capacity;

WHEREAS, the parties desire to replace the previous employment agreements between Dr. Khator and the System with this Agreement, subject to the terms and conditions set forth in this Agreement; and

WHEREAS, This Agreement has been approved and its execution has been duly authorized by the Board.

NOW, THEREFORE, for and in consideration of the mutual benefits and consideration received and to be received by the respective parties, Dr. Khator is employed as Chancellor and President upon the following terms, conditions, covenants, and agreements:

I. EMPLOYMENT AND APPOINTMENTS

Dr. Khator's employment with the System and the appointments as Chancellor and President shall be effective as of the beginning of the ("Term") term of this Agreement.

II. TERM OF AGREEMENT

Dr. Khator's employment with the System shall continue for a period of three (3) years ("Initial Term"), commencing on September 1, 2017 and ending on August 31, 2020. If not otherwise terminated, on September of each year commencing with September 1, 2018, the Initial Term shall be extended for one additional year ("Renewal Term"). For example, if the Agreement is in full force and effect on September 1, 2018, the expiration of the Initial Term shall automatically be extended until August 31, 2021.

III. SALARY AND OTHER COMPENSATION

A. Base Salary. Dr. Khator shall be remunerated for services rendered as Chancellor and President based on an annual base rate of salary of $900,409.58 per year payable in accordance with the System's established pay practices. The Board will review Dr. Khator's performance and overall compensation at least annually commencing on or before the anniversary date of the Effective Date of this Agreement, and every anniversary date thereafter during the Term of this Agreement, with any increases to Dr. Khator's salary and benefits to be within the sole discretion of the Board commensurate with faculty/staff percentage increases. Further, the Board will consider percentage adjustments to faculty/staff when determining any adjustments to Dr. Khator's salary. During the Term of this Agreement, Dr. Khator's salary may be increased but not decreased.

B. Consumer Price Index Adjustment. In addition to any increases set forth in Section IIIA above, Dr. Khator's Base Salary will be adjusted each year on the anniversary of the Effective Date if there is an increase in the Consumer Price Index for All Urban Consumers for the Houston Metropolitan Area as reported by the Bureau of Labor Statistics of the United States Department of Labor for the previous calendar year.

C. Annual Retention Bonus. In consideration of Dr. Khator's commitment and service described in this Agreement, the System agrees to pay Dr. Khator an annual retention bonus in the amount of $100,000 (the "Retention Bonus"). The Retention Bonus shall be due and payable within thirty (30) days of the Board's completion of Dr. Khator's annual performance evaluation.

D. Contingent Performance Review Bonus. Subject to Dr. Khator's extraordinary performance review results, and annual achievement efforts, as determined by the Board, the System may pay Dr. Khator, in the Board's sole and absolute discretion, an additional annual performance bonus in the amount of $100,000 (the "Contingent Performance Bonus"). The Contingent Performance Bonus, payable in the Board's sole and absolute discretion, shall be due within thirty (30) days of the Board's completion of Dr. Khator's annual performance evaluation.

E. Dr. Khator shall receive an additional (2) weeks of vacation time annually in addition to the vacation time authorized under Texas State Law.

F. Notwithstanding anything to the contrary herein, the payments described in this Section III are subject to Section VIII of this Agreement.

IV. PERFORMANCE

Dr. Khator shall oversee and administer the affairs of the System with maximum application of effort, experience and ability in serving the System consistent with Board policy. Dr. Khator agrees to devote her full time and attention and use her talents, and best efforts to perform the duties assigned to her as Chancellor and President by the Board, by this Agreement, or by law. Dr. Khator may, with prior written consent of the Board, participate as a member of board(s) of directors of for-profit and nonprofit corporations. Dr. Khator may expend reasonable time on charitable and professional activities; provided that the same does not interfere with her full and faithful performance of duties as Chancellor and President. All income or other compensation received by Dr. Khator in connection with her outside activities shall be paid to and retained by her and reported in accordance with applicable tax law and established System policy. Such income, if any, shall have no effect on the amount of salary, benefits, or other compensation to which Dr. Khator may be entitled under this Agreement.

In recognition of Dr. Khator' s national and global leadership roles in higher education, which benefits the University of Houston, the Board formalizes its commitment to allow Dr. Khator to work remotely at certain times to accomplish her duties as Chancellor and President. Accordingly, Dr. Khator shall be provided the opportunity to work remotely as necessary and appropriate during the Term of this Agreement including while traveling within and outside of the United States. It is further agreed and understood that Dr. Khator shall not be entitled to a payout of any accrued vacation leave time upon separation from employment with UH for any reason.

V. RESIDENCE

Dr. Khator shall be required, as a condition of employment and for the benefit and convenience of the System, to live in the WORTHAM HOUSE at 1505 SOUTH BOULEVARD, HOUSTON, TEXAS ("Residence"). This shall assist the Chancellor to properly perform the duties of employment and to serve the best interests of the System. This requirement results from the nature of the System's business and the need for the Chancellor/President to accommodate student and staff meetings, System events, and other official functions at the Residence in the performance of her duties. The System shall provide adequate clerical and custodial staff to Dr. Khator and shall provide or pay for all maintenance and operating expenses, including without limitation, grounds keeping, insurance, housekeeping, utilities, and repair on the Residence.

In the event that the costs associated with living at the Residence becomes subject to tax, the University shall indemnify Dr. Khator if the costs of any tax liability associated with requiring her to live at the Residence is imputed to her during her tenure as Chancellor/President.

Dr. Khator may use the house for entertaining community groups, associations, individuals, alumni, prospective university friends, donors and advocates all judged by the Chancellor, and if appropriate in consultation with but not the approval of the Vice Chancellor for Advancement, and if deemed appropriate, other senior officers of the University, to advance the University and its mission. Costs associated with such events shall be paid for by the System. In addition, it is acknowledged that the house serves as the personal residence of the Chancellor and, as a result, there will be occasions where entertaining of a personal, rather than business nature, will occur. In such situations the use of the house is permissible but the Chancellor will be personally responsible for the costs of such personal entertainment.

As the Wortham House and most of its contents are defined as state property under the laws of the State of Texas, the System is required to have an annual physical inventory. Dr. Khator agrees to make the Wortham House and the state property therein available to the System (Property Management Department and Internal Auditing) to conduct this inventory during the timeframe scheduled for the annual property inventory at a mutually convenient time, and prior to termination of this Agreement.

Upon termination of this Agreement or upon cessation of service as Chancellor/President, Dr. Khator agrees to vacate the Residence within thirty (30) days. The family of Dr. Khator has ninety (90) days to vacate the residence if Dr. Khator dies or becomes permanently disabled while in office. All property within the Wortham House that is deemed state property shall remain in the Wortham House upon Dr. Khator vacating the Residence as described herein.

VI. BENEFITS

1. Employee Benefits Generally. Dr. Khator shall be entitled to participate in all benefits programs customarily available to senior administrators of the System in accordance with applicable state and federal laws and the System's rules and regulations governing such programs.

2. Supplemental Retirement Provisions. Subject to the terms of the four deferred compensation plans entered into by Dr. Khator, Dr. Khator acknowledges that she vested in the First Deferred Compensation Plan on December 31, 2010, in the Second Deferred Compensation Plan on December 31, 2013, in the Third Deferred Compensation Plan on August 31, 2015, and in the Fourth Deferred Compensation Plan on August 31, 2017.

Dr. Khator and the System agree that for the period September 1, 2017 through August 31, 2020 (the "Fifth Deferred Compensation Plan") Dr. Khator shall participate in the 401(a) and 415(m) plans with a vesting period ending on August 31, 2020.

At the completion of the Fifth Deferred Compensation Plan on August 31, 2020, Dr. Khator and the System agree that she shall begin participation in the 457(f) plan with an annual vesting period commencing on September 1, 2020 through August 31, 2021 (the "Sixth Deferred Compensation Plan"). Dr. Khator shall continue to participate in the 457(f) plan each year thereafter until she retires, and subject to the terms provided in Section VIII.

Dr. Khator and the System shall enter into her Fifth Deferred Compensation Plan effective September 1, 2017. The parties agree that the Fifth Deferred Compensation Plan shall have a vesting period of September 1, 2017 through August 31, 2020. The Fifth Deferred Compensation Plan provides Dr. Khator with retirement or other deferred compensation benefits during the period from September 1, 2017 through August 31, 2020 in the following amounts and subject to the following vesting provisions: for the prorated fiscal year commencing 2017 through 2020, the System will credit Dr. Khator's account under the Fifth Deferred Compensation Plan with $200,000 each year, prorated monthly. Subject to acceleration of vesting in the case of death, disability, or involuntary termination without cause (as determined under this Agreement), Dr. Khator will vest in the amounts credited to her account in the Fifth Deferred Compensation Plan for the period September 1, 2017 through August 31, 2020 on August 31, 2020.

Dr. Khator shall enter into the Sixth Deferred Compensation Plan effective September 1, 2020. The Sixth Deferred Compensation Plan will provide Dr. Khator with retirement or other deferred compensation benefits during the period from September 1, 2020 through August 31, 2021 in the following amounts and subject to the following vesting provisions: for the fiscal year commencing 2020 through 2021, the System will credit Dr. Khator's account under the Sixth Deferred Compensation Plan with $200,000 prorated monthly. Subject to acceleration of vesting in the case of death, disability, or involuntary termination without cause (as determined under this Agreement), Dr. Khator will vest in the amounts credited to her account in the Sixth Deferred Compensation Plan for the September 1, 2020 through August 31, 2021 period on August 31, 2021. Each subsequent annual plan will have the same term and conditions as set forth herein.

The Fifth Deferred Compensation Plan shall be established as a qualified plan or benefit under Section 401(a) or 403(b) of the Internal Revenue Code, with any excess amount to be credited to a 415(m) arrangement. The Sixth Deferred Compensation Plan, and all deferred compensation plans thereafter, shall be established as nonqualified deferred compensation plans under Section 457(f) of the Internal Revenue Code. Dr. Khator shall forfeit her entire benefit (1) for the September 1, 2017 through August 31, 2020 period under the Fifth Deferred Compensation Plan; and/or (2) for the September 1, 2020 through August 31, 2021 period under the Sixth Deferred Compensation Plan, if she is terminated for Cause (as determined under this Agreement) at any time during the foregoing periods.

All accrued deferred compensation shall vest and be payable on the earlier of: Dr. Khator's death, Dr. Khator's permanent disability (as defined by Internal Revenue Code Section 409(a)(2)(C), Dr. Khator's termination without Cause by the System (pursuant to Section VIII.3) or Dr. Khator's completion of the Term of this Agreement. If Dr. Khator is terminated for Cause (pursuant to Section VIII.2) or voluntarily resigns from her employment (pursuant to Section VIII.1), she shall not receive any accrued deferred compensation under this "ineligible" deferred compensation Plan. Any other terms and conditions of the deferred compensation Plan shall be set forth in a document separate and apart from this Agreement, but shall include a substantial risk of forfeiture provision.

3. Automobile. In order to assist her in the discharge of her duties, Dr. Khator shall be provided an automobile, which shall be maintained and owned by the System. The Board shall determine the type of automobile so provided. The System shall pay all costs and expenses (including insurance, maintenance, fuel and other operating costs) of the automobile. Dr. Khator shall annually report to the Chief Financial Officer of the System any personal use in accordance with Internal Revenue Service rules and regulations then in effect.

4. Club Memberships. In order to assist Dr. Khator in the discharge of her duties, Dr. Khator shall be provided the use of a membership in, and payment of the dues and reasonable expenses for a country club (subject to waiver of the initiation fee), a dinner club, and any other memberships deemed appropriate by the Board.

5. General Expenses. Subject to the limitations of the laws of the State of Texas, the System shall allocate sufficient funds for Dr. Khator's office and for salaries for personnel required to staff such office, travel, entertainment expenses, relocation costs to Houston, and other official activities. Dr. Khator's reasonable travel, entertainment and other business expenses incurred in her capacity as Chancellor and President shall be paid on a cost reimbursement basis through the System's annual operating budget. Subject to State of Texas travel guidelines and laws, when Dr. Khator's spouse accompanies her on travel or entertainment for the benefit of the System, the System shall cover the reasonable costs of his travel and entertainment expenses. The expenses of Dr. Khator and her spouse shall be reviewed no less than annually by the Chair of the Board.

VII. TENURE

Subject to normal academic review and approval procedures, the Board shall appoint Dr. Khator as Professor of Political Science at the University of Houston. Dr. Khator shall be a tenured faculty member in accordance with existing policies and procedures established for such appointments. Pursuant to such tenure, Dr. Khator shall be eligible for one year of paid leave assignment commencing at the end of the Term of this Agreement in order to prepare for faculty duties at the assigned academic rate. Said one year of paid leave shall be at the level of the last year of her presidency; subject to repayment for failure to assume and continue in such faculty position for at least a one-year period of service following such leave assignment unless such failure is due to involuntarily termination or other matters beyond her control. Notwithstanding the forgoing, Dr. Khator shall not be eligible for such one year paid leave assignment if she voluntarily resigns her positions of Chancellor and President or if her employment under this Agreement is terminated pursuant to the provisions of Section VIII.2.

VIII. TERMINATION

1. Resignation. If, during the Term of this Agreement, Dr. Khator resigns from her positions as Chancellor and President, no further compensation or benefits shall be due under this Agreement; provided, however, that the provisions of Section VIII.6 shall apply to any such resignation. In the event Dr. Khator resigns from her positions as Chancellor and President, Dr. Khator shall not incur any penalty or owe any damages to the System as a result of any claim of

breach of this Agreement. Dr. Khator shall provide the System ninety (90) days written notice of her resignation.

2. Termination by the System for Cause. The Board may terminate Dr. Khator for Cause after giving Dr. Khator thirty (30) days written notice, during which time Dr. Khator shall have the right to cure the allegations for Cause, if curable, and a reasonable opportunity to be heard with respect to the grounds for Cause. "Cause" is defined as (1) commission of a felony, (2) commission of a misdemeanor involving moral turpitude that materially impairs Dr. Khator's ability to discharge her duties hereunder, (3) fraud, (4) embezzlement, (5) theft, (6) engaging in conduct that displays a continual or serious disrespect or disregard for the University and/or the System; or (7) failure to promptly advise and fully report to the Board any matter known by Dr. Khator that tends to bring public disrespect, contempt or ridicule upon the University of Houston and/or the System, or creates a material adverse effect on the reputation and/or brand of the University of Houston and/or the System. Upon termination for cause, no further compensation or benefits shall be due under this Agreement; provided, however, that the provisions of Section VIII. shall apply to any such termination.

3. Termination by the System Without Cause. The System may terminate this Agreement without cause at any time by giving ninety (90) days written notice to Dr. Khator. In such event, Dr. Khator shall be entitled to receive her base salary for the remainder of the Term of this Agreement, as set forth in Section III and as in effect immediately prior to such termination. In the event of such termination, Dr. Khator will be entitled to a one year paid leave assignment pursuant to Section VII and shall assume her faculty role. Dr. Khator will be entitled to continue her participation in the System's retirement program, health and dental, life insurance as an employee of the System consistent with then-current System policy and state and federal law. The System's obligations to make payments as described above shall be reduced to the extent of Dr. Khator's compensation from new full-time employment after such termination and during the remainder of the Term of this Agreement. Such reduction shall include amounts received by Dr. Khator by reason of her taking a one-year paid leave assignment and/or assuming faculty status as provided in Section VII. Dr. Khator agrees to provide reasonable evidence of her new full-time employment salary under this paragraph 3. The provisions of Section VIII.6 shall apply to any such termination.

4. Permanent Disability. If Dr. Khator shall become permanently disabled during her service as Chancellor/President, this Agreement shall terminate effective on the date of permanent disability and she shall receive all benefits to which she is entitled pursuant to the System's disability insurance plans in which she participates and payout of the then-current balance in the Section 457(f) Plan.

For purposes of this Agreement, "Permanent Disability" shall mean the inability of Dr. Khator to perform the essential functions of the positions of Chancellor of the System and President of the University for a period of six (6) continuous months, with reasonable accommodations (as such term is defined in 42 U.S.C. § 12111(9), as amended, and in the common law interpreting same).

5. Death. In the event of the death of Dr. Khator during the Term of this Agreement, her compensation and benefits shall cease immediately and this Agreement shall terminate effective

on the date of death. As determined by state and/or federal laws, Dr. Khator's estate shall be entitled to receive all benefits to which she is entitled under the System's various insurance plans and payout of the then-current balance in the Section 457(f) Plan.

6. Effect of Termination. Termination of this Agreement under any of the foregoing paragraphs shall not affect any retirement, welfare (including but not limited to medical, death, and disability programs), or any other benefits accrued as of the date of such termination under any program or plan established and maintained by the System for which Dr. Khator qualifies or in which Dr. Khator participates, all of which shall be governed by their respective terms.

IX. MISCELLANEOUS

1. General. This Agreement is the complete agreement between Dr. Khator and the System concerning the employment of Dr. Khator by the System and the appointment of Dr. Khator as Chancellor and President, and shall, as of the Effective Date hereof, supersede all other agreements between the parties. The parties stipulate that neither of them has made any representation to the other with respect to the subject matter of this Agreement except such representations as are specifically set forth herein. No modification of this Agreement or any part thereof shall be valid unless in writing and signed by both Dr. Khator and the System. If any provision of this Agreement shall be determined to be void, invalid, or unenforceable or illegal for any reason, it shall be ineffective only to the extent of such prohibition, and the validity and enforceability of all the remaining provisions shall not be affected. Any notice required or permitted to be given under this Agreement shall be sufficient if in writing and sent by registered mail to her residence address, in the case of Dr. Khator, or to its principal office, in the case of the System, addressed to the attention of the Chair of the Board. The rights and obligations of the System under this Agreement shall inure to the benefits of and be binding upon successors and assigns of the System. Dr. Khator cannot assign any of her rights or obligations under this Agreement. This Agreement is intended to fully comply with all applicable state and federal laws and System regulations and any provision to the contrary shall be null and void. This Agreement shall be governed and construed, and the rights and obligations of the parties hereto shall be determined, in accordance with the laws of the State of Texas, excluding its choice of laws rules.

2. Tax Liability. Dr. Khator shall be responsible for any and all income tax liabilities incurred as a result of the compensation, benefits, and perquisites provided under this Agreement, regardless of the status of any tax laws at the time this Agreement is made.

3. Enforcement. The payments and benefits provided in Section VIII (or cessation thereof) have been carefully considered and agreed upon by the System and Dr. Khator and represent the sole obligations of the System resulting from Dr. Khator's termination under the circumstances defined therein, inclusive of any other remedy whatsoever. If a dispute arises out of or related to this Agreement and the dispute cannot be settled through direct discussions, the System and Dr. Khator agree that they shall first endeavor to settle the dispute in an amicable fashion, including the use of non-binding mediation. Within fifteen (15) days after delivery of a written notice of a request for mediation from one party to the other, the dispute shall be submitted to a single

mediator chosen by the parties in Houston, Texas. The cost of mediation shall be borne by the System.

4. Counterparts. This Agreement may be executed in counterparts, and by the parties on separate counterparts each of which, when so executed, shall constitute but one of the same instrument.

5. Definitions. For purposes of this Agreement, the following terms will have the meanings ascribed to them below.

a. "Initial Term" means the (3) three year contract period commencing on September 1, 2017 and ending on August 31, 2020.

b. "Renewal Term" means the continuous one (1) year period of renewal occurring at the completion of the Initial Term, unless otherwise terminated pursuant to Section VIII. of this Agreement.

c. "Term" means the complete term of the agreement which includes the "Initial Term" plus any then existing "Renewal Term", if any.

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SIGNED AND EXECUTED in duplicate originals as indicated below, but effective as of the Effective Date.

Renukhator

Renu Khator, Ph.D.

Date Signed: 9/18/2018

THE UNIVERSITY OF HOUSTON SYSTEM

By: _____

Tilman Fertitta
Chairman, Board of Regents

Date Signed: 9-20-2018

APPROVED AS TO FORM BY:

Dona H Cornell

DONA H. CORNELL
OFFICE OF THE GENERAL COUNSEL
UNIVERSITY OF HOUSTON SYSTEM